

2023



Netcare Limited Environmental, Social and Governance Report

for the year ended 30 September 2023

Our reporting suite



Integrated report

Primary report to stakeholders available in print and online

Provides material information on the Group's strategy to create a sustainable competitive advantage and deliberate social, economic and environmental value; in particular how Netcare creates and preserves enterprise value and mitigates its erosion over time, in relation to the six capitals. The integrated report contextualises and connects material information and data that is analysed in more detail in the supplementary reports. It complies with the JSE Limited (JSE) Listings Requirements and the South African Companies Act 71 of 2008, as amended (Companies Act).

Reporting frameworks applied:

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

Strategic pillars covered:



Supplementary reports

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



Shareholder report

Provides detailed disclosure on the Group's approach to corporate governance, its full remuneration policy and implementation report, and the summarised Group annual financial statements; of particular interest to shareholders, investors, debt providers and regulators. The report complies with the JSE Listings Requirements and the Companies Act.

Reporting framework applied:

- King IV.

Strategic pillars covered:



Environmental, social and governance report

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

Reporting frameworks applied:

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

Strategic pillars covered:



Quality report

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

Strategic pillars covered:



Annual financial statements

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

Reporting frameworks applied:

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

Strategic pillars covered:



Additional information

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

Strategic pillars



Consistency of care



Disruptive innovation



Transformation of our society



Organic growth



Integration



Investment



Environmental sustainability

Feedback

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

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Contents

- IFC Our reporting suite
- 2 Our ESG performance highlights
- 4 Our environmental, social and governance report

7 Our business

- 8 Who we are
- 10 Message from the Social and Ethics Committee chair
- 13 ESG governance overview
- 18 Our material matters
- 20 Our stakeholder concerns and expectations
- 26 Our ESG risks and opportunities
- 30 Our strategy
- 34 How we address the United Nations Sustainable Development Goals
- 36 Our ESG accolades and performance against external benchmarks

38 Environment: minimising our impact on our planet for a better future for all

- 40 Progress against our 2013 – 2023 environmental sustainability strategy
- 41 Our FY 2023 environmental sustainability performance
- 43 Our environmental sustainability programme
- 49 Reducing our emissions
- 52 Optimising efficiencies and investing in renewable energy
- 55 Reducing waste sent to landfill
- 60 Reducing consumption and minimising our impact on SA's freshwater reserves

64 Social: caring for our people, our patients, and our country

- 66 Our FY 2023 people performance
- 67 Our FY 2023 social transformation performance
- 70 Our people
- 73 Supporting our people's health, safety, resilience and wellbeing
- 79 Curating a meaningful and engaging employee experience
- 82 Ensuring fairness in the workplace
- 84 Driving blended learning and development and talent management initiatives
- 89 Fair, responsible and competitive remuneration and retention
- 92 Our social transformation imperatives
- 96 Benefiting our communities through broad-based black ownership
- 99 Cultivating a diverse and inclusive workplace
- 103 Driving socioeconomic inclusion in our sector
- 108 Caring for the health of our communities

112 Governance: upholding our values and principles

- 114 Our FY 2023 governance performance
- 115 Ensuring ethical and compliant business conduct
- 118 Ensuring ethics in our supply chain
- 119 Protecting our data and our stakeholders' privacy

122 Additional information

- 123 Task Force on Climate-related Financial Disclosures Index
- 125 Additional Data
- 127 United Nations Sustainable Development Goals: descriptions of relevant targets
- 128 Glossary
- 130 Corporate information
- ibc Disclaimer on forward-looking statements

Our ESG performance highlights



Environment

Since 2013

R1.5 billion

in operational savings achieved since the launch of our environmental sustainability programme.

39%

reduction in energy intensity per bed achieved – exceeding our stretch target of 30% – as we close out our 2013 – 2023 environmental sustainability strategy.

For FY 2023

20-year

renewable energy supply arrangement completed for six Eskom-supplied sites.

1 667 tonnes (44%)

of general waste recycled by the Hospital Division.

63%

increase in waste recycled across the Group.

13%

decrease in municipal water consumption across the Group, including an 8% reduction for the Hospital Division.

134%

increase in water recycled.

 PG 38



Social

Our people

Improved

voluntary, overall and nurse turnover.

Care4YOU

modules 3 and 4 rolled out to all our hospitals. All modules (including those to be rolled out next year) are now digitised.

18 565

employees received training over the course of the year.

Our social transformation imperatives

Level 3

B-BBEE status maintained for the second year.

54%

of doctors with admissions privileges, and 71% of doctors recruited this year are black.

88%

of all recruitments and promotions went to black people.

Significantly increased

our procurement spend on SMME's, black-owned and black women-owned businesses.

 PG 64



Governance

Our environmental, social and economic performance is underpinned by mature and robust governance structures and processes with oversight of our ESG-related risks, opportunities and impacts.

 PG 13

 PG 112



Our environmental, social and governance report

Scope and boundary

Our ESG report for the period 1 October 2022 to 30 September 2023 (FY 2023)¹, sets out in detail the Group's economic, social, and environmental impacts and the governance practices and approaches we use to ensure these are appropriately managed. While the report is aimed at all stakeholders, it is likely to be of particular interest to shareholders, analysts, regulators and broader society.

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

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

Stakeholder feedback helps us to ensure that our reporting is balanced, transparent and comprehensive. Please provide us with your views on our report at ir@netcareinvestor.co.za.

Changes to our reporting

Our reporting structure for 2023 has been streamlined to better highlight key sections for review and enhance connectivity within our reporting suite. For this year's report, we have:

- Consolidated governance information on ESG and moved this to the introductory section of the report;

 [GRI index](#).

 [TCFD index](#): PG 123.

- Included a dedicated section on material matters, noting which are covered in the ESG report and which can be located elsewhere in our reporting suite;
- Expanded our section on how we address the UN Sustainable Development Goals, linking to key areas of this report where relevant;
- Removed our operating context section from the introductory pages to this report, instead reporting on key contextual concerns in the relevant performance sections of this report; and
- Updated our reporting on ESG-related elements of the Group's strategic objectives and performance, clearly tying these to the Group BSC.

The glossary of all acronyms and abbreviations used in this report can be found in the glossary on  page 128. Common-use items are defined only in the glossary, with more unique items defined in footnotes and the glossary.

Reporting frameworks

Our ESG report has been prepared with consideration given to the principles of King IV, the GRI Standards², TCFD, the UN Global Compact and the UN Sustainable Development Goals. Closer alignment with the International Sustainability Standards Board's sustainability-related (IFRS S1) and climate change-related (IFRS S2) standards for capital markets will be considered over the coming years.

1. Material information up to SEC approval is also included, where necessary.
2. The 2021 standards came into effect in January 2023.

Materiality

Our material matters are the issues we believe influence the conclusions stakeholders may draw about Netcare's ability to create, preserve or erode value for them in the short, medium and long term. These are defined at Group level, with due consideration of environmental, social and governance concerns and impacts.

Our materiality determination process



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

Reporting

Integrated report

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

ESG report

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

 Read more about our ESG-related material matters: PG 18.

Time horizons

Short term

FY 2024, in which we expect to complete implementation of our digitisation and data strategies, drive user adoption and begin to see the benefits reflected in our market position and performance. During this period, we will also actively participate in structures that influence policy decisions relating to the production of nursing skills for SA's healthcare system.

Medium term

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

Longer term

FY 2027 and beyond, specifically pertinent to our goal of being the leaders in delivering person centred health and care, and our environmental programme's aim to use only renewable sources for energy supply by FY 2030.

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

Our environmental, social and governance report continued

Assurance

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

Independent assurance provided includes:

- The British Standards Institution: ISO 9001:2015 certification.
- Empowerdex (verification): broad-based black economic empowerment scorecard.
- Verify CO2 (limited assurance): carbon emissions, energy and water usage, and waste generation.
- Deloitte & Touche (unmodified assurance): Group annual financial statements.

Process disclosures

Executive management is responsible for the preparation and presentation of the report, led by the CFO. The Social and Ethics Committee is directly responsible for reviewing and approving the ESG report, as are the chairs of the Board and other relevant governance committees, the CEO and the Executive Committee.

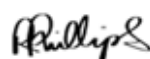
The following steps were taken to ensure the integrity of Netcare's disclosure:

- Our material matters are determined through a robust independent process. Our material matters informed the preparation of the integrated and ESG reports.
- Content on our economic, social and environmental impacts and the governance practices and approaches that ensure these are appropriately managed was drawn from various sources, predominantly Board papers, presentations to the Social and Ethics, Consistency of Care, Risk and Audit Committees and interviews with the Social and Ethics Committee chair, Board chair and CEO. Relevant external research reports have also been used.

- The heads of various functions review content during the drafting process. A specially convened Review Panel of selected Executive Committee members and the CFO review the report when it is near completion, followed by a final review by the CEO (who is also chair of the operational Sustainability Committee).
- Approval of various sections of the integrated report and supplementary reports in the reporting suite was delegated by the Board to the chairs of various Board committees, as appropriate, being the chairs of the Audit Committee, Risk Committee, Social and Ethics Committee, Remuneration Committee and Consistency of Care Committee. Where a section or report did not align with any committee's responsibilities, approval was delegated to the CEO and CFO.

Approval

The chair of the Social and Ethics Committee is responsible for overseeing the preparation and presentation of the ESG report and ensuring its integrity. The report was approved on 4 December 2023.



Dr Roze Phillips

Social and Ethics Committee chair

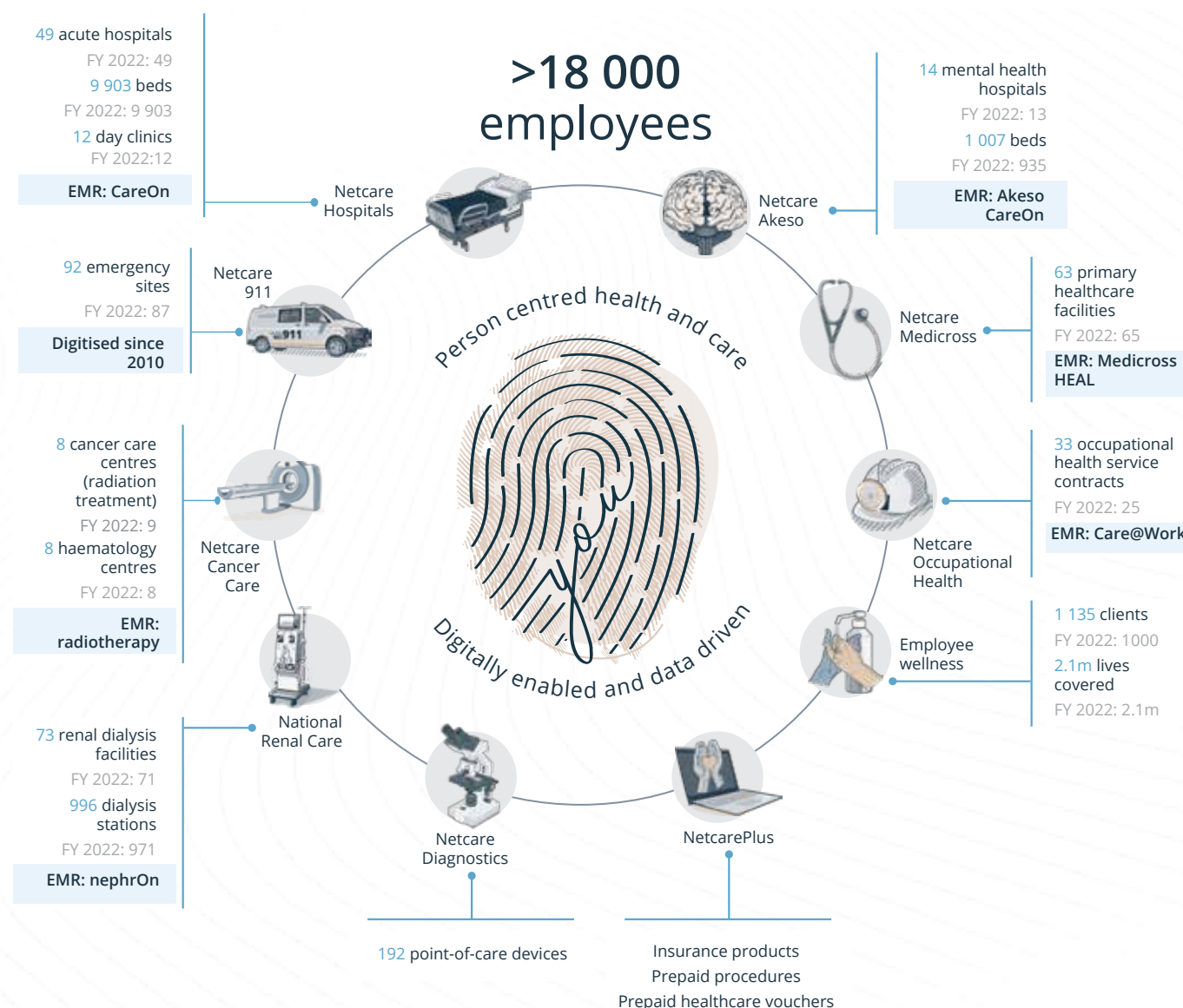
Our business

- 8** Who we are
- 10** Social and Ethics Committee chair's review
- 13** ESG governance overview
- 18** Our material matters
- 20** Our stakeholder concerns and expectations
- 26** Our ESG risks and opportunities
- 30** Our strategy
- 34** How we address the United Nations Sustainable Development Goals
- 36** Our ESG accolades and performance against external benchmarks



Who we are

Our unique ecosystem of services

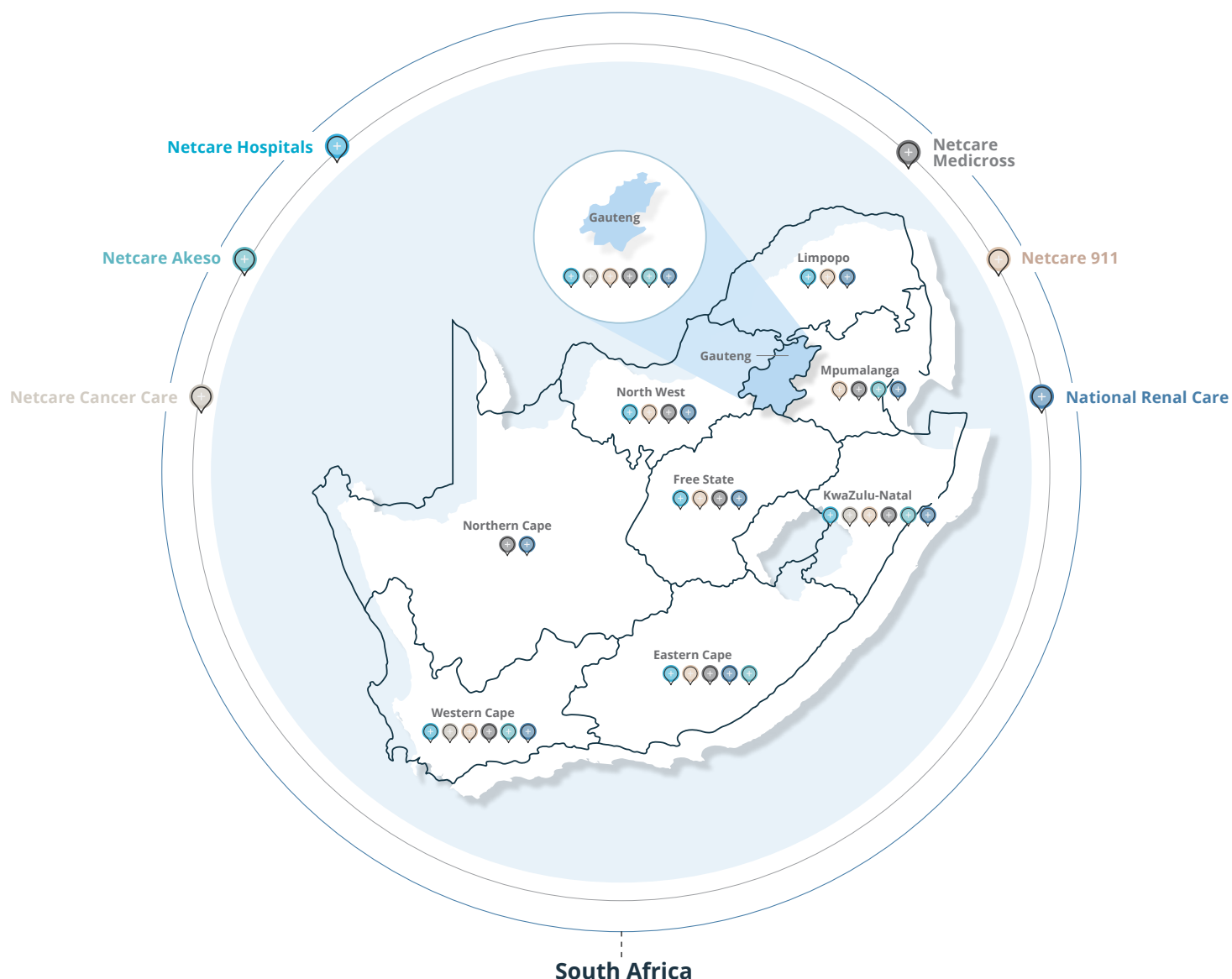


Group ● **NETCARE**

Divisions ● **NETCARE hospitals** **NETCARE 911** **NETCARE mediacross** **NETCARE akeso** **NETCARE national renal care** **NETCARE diagnostics** **NETCARE plus**

Products and services ● **NETCARE cancer care** **NETCARE pharmacy** **NETCARE Education** **NETCARE occupational health** **NETCARE appointmed™**

EMR: electronic medical record.



Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo
2 Netcare hospitals (489 beds) 2 Netcare 911 bases 1 Netcare Akeso facility (72 beds) 5 Primary care facilities 10 NRC¹ facilities	4 Netcare hospitals (408 beds) 5 Netcare 911 bases 1 Primary care facility 3 NRC facilities	26 Netcare hospitals (5 625 beds) 26 Netcare 911 bases 4 Netcare Akeso facilities (415 beds) 8 Cancer care centres 20 Primary care facilities 27 NRC facilities	10 Netcare hospitals (2 031 beds) 11 Netcare 911 bases 3 Netcare Akeso facilities (176 beds) 4 Cancer care centres 14 Primary care facilities 14 NRC facilities	1 Netcare hospital (200 beds) 12 Netcare 911 bases 3 NRC facilities
Mpumalanga	North West	Northern Cape	Western Cape	
22 Netcare 911 bases 1 Netcare Akeso facility (75 beds) 2 Primary care facilities 1 NRC facility	1 Netcare hospital (211 beds) 9 Netcare 911 bases 2 Primary care facilities 2 NRC facilities	2 Primary care facilities 1 NRC facility	5 Netcare hospitals (939 beds) 5 Netcare 911 bases 5 Netcare Akeso facilities (269 beds) 4 Cancer care centres 17 Primary care facilities 12 NRC facilities	

1. National Renal Care.
1. National Renal Care.

Message from the chair of the Social and Ethics Committee



Dr R (Roze) Phillips

Netcare exists to preserve the sanctity of life. This is the sworn duty of our medical professionals on the front line who provide healthcare services directly, and it extends in various ways to those of us across the organisation who support them.

Our purpose to provide the best and safest care, vests in an ethos that says care for the wellbeing of people is inseparable from care for the wellbeing of society and the environment – a relationship that, in these fragile and fractious times, is moral, ethical and empirical.

The Social and Ethics Committee is the Board's guardian of that ethos. As leaders, our duty to protect and enhance the lives of people translates into ethical decisions that ensure the best and safest care for our patients at an effective and sustainable cost to society; creating an engaging, caring, safe and rewarding work environment for our people and partners in the healthcare value chain; and running sustainable operations that generate resilient financial returns for our shareholders and allow us to invest in excellence and innovation. Our duty of care means we must uphold our commitments to our stakeholders in a manner that both deepens the social good and preserves the natural environment, as a function of good corporate citizenship and unimpeachable governance.

The Group's human, social and environmental strategies and initiatives are grounded in and referenced to local and global frameworks for social and environmental justice, that have as their goal a more peaceful, secure, equitable and sustainable world. Besides the B-BBEE framework and codes, specific to local socioeconomic redress, we consider the UN Universal Declaration of Human Rights, the principles of the International Labour Organization and other voluntary codes (including the principles of the UN Global Compact and global climate frameworks) in operationalising our commitment to good corporate citizenship. Our faithful conformance to the principles of King IV grounds our governance approach, making stakeholder inclusion and sustainable development intrinsic to our business stewardship.

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

Caring for our sector

The nursing skills shortage remains a major challenge for the South African healthcare sector and for the Group itself. While we are proactive in our management of this challenge, regulatory constraints on our ability to train and develop nurses make it more difficult to attract the highly skilled nurses we need; place pressure on our existing nursing employees, increasing their risk of experiencing emotional exhaustion; and ultimately could undermine the quality of care we are able to provide to our patients. It also curtails our ability to invest in our people to the degree that we believe appropriate and necessary.

Netcare is active in trying to resolve this threat to the national health system by, among other initiatives, engaging in the Future of Nursing Project, which offers a pragmatic financial and operational model to address the shortage. Beyond this, our approach includes collaborating with the HASA¹ and SANC². Our case before the SANC Appeal Committee to review the low number of students approved for enrolment at Netcare Education is progressing.

If not addressed urgently and decisively, the worsening nursing skills shortage will become increasingly dangerous to patient safety and standards of care within this decade. As a Board and Social and Ethics Committee, we commend the executive leadership team's pragmatism in dealing with those who have the power to contain this danger, and are encouraged by reports of progress in overcoming practical obstacles and misunderstandings. Nothing should stand in the way of ensuring we have enough skilled nurses – and indeed doctors and other medical professionals – to save lives and enhance wellbeing in a country with a heavy and growing burden of disease.

 Read more about how we are addressing the skills shortage: PG 72.

 Read more about how we meet our skills development spend: PG 84.

1. Hospital Association of South Africa (HASA).
2. South African Nursing Council (SANC).

Caring compassionately for our people

Our wide-reaching human capital initiatives respect the dedication of healthcare professionals to their calling and seek to remove hindrances to its fulfilment through digitally enabled and data-led ways of working. We value our employees as the single most important driver of the Group's strategic, operating and financial wellbeing as we move into the digital era.

We invest continuously and responsively to offer a safe, supportive and inspiring work environment that supports emotional resilience, particularly for our nurses. Our person centred approach translates into key programmes that promote compassionate care not only for our patients, but also our people. We continue to develop an attractive value proposition for our employees by understanding and providing for their needs and remunerating them fairly and competitively for their contribution to the Group's strategic, operating, and financial performance. Our approach to remuneration supports our commitment to progressively narrow the income gap between highest and lowest income earners, and we conduct an annual income differential analysis to ensure that there are no unfair pay differentials based on gender, race or any other social demographics.

We continue to prioritise the recovery of employees, especially those who experienced the full impact of the COVID-19 pandemic. Cognisant of the lasting psychological impact on these employees and the ongoing impact of working in a stressful and traumatic environment, we continue to invest significantly in our Care4YOU programme to facilitate healing, restoration and resilience. The programme aims to make compassion a way of living and working, and to foster the intrinsic motivation our employees have to care for others.

 Read more about how we care for and support our people: PG 73.

Caring for the environment

Currently, it is impossible to provide the best and safest health and care without contributing to the degradation of the environment, so we accept our responsibility to mitigate our environmental impact. Our initial environmental strategy was developed more than a decade ago to ensure uninterrupted services and to systematically reduce our ecological impact. We are proud of Netcare's sector-leading and measurable progress in environmental sustainability, which has garnered consistent local and international recognition.

Whereas the primary objective of our environmental sustainability programme is to support the uninterrupted provision of care to our patients, it is now the foundation to achieve our long-term goal of net zero emissions by 2050. Our bold strategy and stretch targets will continue to set us apart as a sector leader and will drive further financial savings. We aim to significantly increase our use of renewable energy to 100% utilisation by 2030. Alongside this ambitious target, we are aiming for zero waste to landfill, and a 20% further reduction in water use over the same timeframe.

 Read more about our environmental sustainability programme and performance: PG 38.

Caring for society

Almost thirty years into our democracy, with stark inequality still very much a feature of the South African economy and society, diversity and inclusion are not only ethical and legal obligations, but they are also requirements that we must fulfil to live up to our purpose. Our efforts to promote a just, equitable and prosperous society are born from our duty to provide compassionate, personalised care of the highest quality. We cannot and will not be trusted to provide care for the people of our country if we do not represent them, and if we do not champion their socioeconomic wellbeing within our sphere of influence.

In transforming our organisation, we have made significant progress across many areas and have met or surpassed most of the Department of Trade, Industry and Competition thresholds to maintain our Level 3 B-BBEE rating for 2023. Of note, was our improvement across all dimensions of preferential procurement. We will look to raise our procurement spend still further with exempted micro enterprises and qualifying small enterprises, and to amplify our enterprise and supplier development efforts. We will continue to drive our people development initiatives, with our focus on maintaining the diversity we have achieved across our workforce, and improving it at senior and executive leadership levels. Regarding skills development, the regulatory challenges in training and developing nurses discussed earlier, limit our ability to improve performance against this target. Resolving this would stand us in good stead for attaining Level 1 B-BBEE status, something we believe should be the aim of all South African businesses.

Of special note, for the second year in a row, Netcare has been recognised as the leading employer of persons with disabilities in healthcare. Colleagues with disabilities now make up 4.6% of our workforce, exceeding the national average of 1.2%.

Our Health Partners for Life trusts were established to support previously marginalised people and communities. As such, they are reflective of our commitment to building a transformed SA characterised by values of social and economic equality and inclusion for all. Our trusts create value opportunities for beneficiaries through exposure to our share price performance, ensuring that our people and communities benefit when Netcare performs well.

Through our trusts and the Netcare Foundation, we also support various social development initiatives attuned to the Group's focus. These include providing access to quality medical care to those who could not otherwise afford it, providing medicolegal support to survivors of sexual assault, and supporting the development of clinicians who serve our communities and generate knowledge through research. Our Physician Partnership Trust, in particular, administers the Professor Bongani Mayosi Netcare Clinical Scholarship which funds black clinical scholars completing their doctorates locally and abroad. The scholarship has funded 24 clinicians since inception, adding to the body of clinical research and supervising the work of numerous postgraduate students.

 Read more about our social transformation strategy and initiatives: PG 92.

Message from the chair of the Social and Ethics Committee continued

A caring digital future

Digital enablement and data driven decision-making are becoming a feature of Netcare's operational reality, as we move into a new phase of our person centred health and care strategy. The future of healthcare, which Netcare is aiming to deliver to more South Africans, means our people will be able to fulfil their professional oath to the sanctity of life, with the help of accurate, timely, predictive insights. The power of AI¹ will enable us to engage with our patients in ways that they understand and which are more personalised to their uniqueness, making them partners in their health journeys.

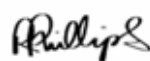
Our strategy to create a digitised health and care ecosystem is being implemented with the best interests of our stakeholders in mind. A digital future enables us to discover tremendous opportunities for efficiency, excellence, innovation and entrepreneurship. Utilising AI to extract insights from data will support our abilities to deliver better services to society, while strengthening efficiency and outcomes in the private healthcare sector as well as the national health system. Indeed, AI could be a great equaliser in the healthcare sector.

The 'digital dividend' will help patients become more involved in their own healthcare. It will also improve digital literacy among our people to prepare them for the future. Data and digitisation will not only unlock commercial opportunities for Netcare but also allow us to reshape our role in society, ensure our legitimacy and protect our license to operate.

Digital and data are becoming more integrated into our operations – references to related systems and initiatives can be found throughout this report. A detailed review of our digital and data performance for FY 2023 can be found in our [integrated report](#).

Netcare's future is rich with opportunity to make a real and lasting difference in the lives of South Africans, and to invest our best efforts in the wellbeing of our society and our world in a time of volatile and dynamic change. I thank the Board and executive team of Netcare, and my colleagues on the committee for their contribution to realising that future. I thank the people of Netcare for their tireless dedication and resilience in the face of great pressure and great change. And I extend our heartfelt thanks to our patient community and their families for entrusting us with their care.

Above all, I salute the unwavering commitment of this organisation – irrespective of the part we each play – to preserving the sanctity of life itself.



Dr Roze Phillips
Social and Ethics Committee chair

1. Artificial Intelligence (AI).

ESG governance overview

The Board's integrated application of King IV's principles and recommended practices aim to achieve the intended governance outcomes of an ethical culture, good performance, effective control and legitimacy. These outcomes are pivotal to the delivery of the Group's purpose – to deliver the best and safest care. They support the Group's achievement of the international sector-specific objectives of the *Quadruple Aim* – to balance the value of our services with their cost to society while supporting meaningful work for healthcare providers – the ultimate expression of our commitment to good corporate citizenship. Hand in hand with our commitment to the *Quadruple Aim* is our strong focus on, and sector-leading approach to, environmental sustainability – a keen example of how we embrace our ESG commitments as fundamental to our strategy.

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

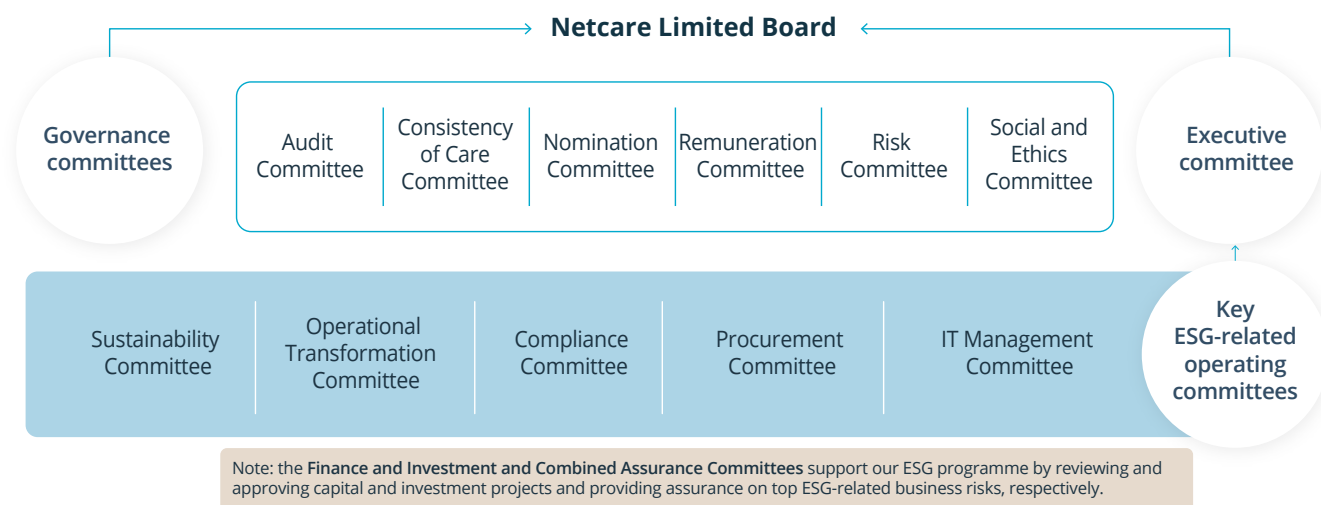
Our Board:

Comprises seven independent non-executive directors who apply their diverse and relevant mix of skills and knowledge to Board deliberations and constructively challenge and hold executive management to account.	Approves strategy, sets policy, ensures capital prudence and oversees the Group's governance frameworks and control environment.	Clearly defines roles and responsibilities within the Group and delegates its obligations to appropriate individuals, functions or committees.	Is assisted by various governance committees that focus on specific areas, assisting the Board to discharge its responsibilities.
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Note: The CEO and CFO sit on the Board as executive directors.

We operate a well-developed governance and delegation of authority framework to progress the achievement of our strategy while ensuring we comply with legislation, practice good corporate behaviour, and balance the interests of our stakeholders. The day-to-day management of Netcare is assigned to key executives and senior management. Discussions between the Board and the executive team on governance, risk and operations are appropriately and constructively challenging and hold executive management to account.

Board oversight and accountability for our ESG impacts



Detailed information on our approach to governance, including our full delegation of authority framework, can be found in our shareholder report: [Governance report](#).

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

ESG governance overview continued

ESG-related roles and responsibilities of key governance committees

Audit Committee

Met three times during FY 2023

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

Consistency of Care Committee

Met twice during FY 2023

- Oversees implementation of the consistency of care strategy, including Care4YOU, a priority strategic initiative focused on building our people's resilience, enhancing their wellbeing and improving patient experience.
- Reviews quality management systems and monitors clinical governance, including our OHS processes, initiatives and performance.

Nomination Committee

Met once during FY 2023 with several ad-hoc meetings held regarding CEO succession

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

Remuneration Committee

Met twice during FY 2023

- Sets the remuneration policy and approves the implementation report, both of which incorporate ESG aspects in key performance indicators.

Risk Committee

Met twice during FY 2023

- Reviews the Group's ESG practices and assessments, including plans to deal with availability and quality of skills, electricity outages, water shortages, fire and civil unrest.
- Monitors compliance risk (this is managed through the compliance framework and regular compliance reviews).
- Oversees interventions to manage cybersecurity, information management and data security; assesses implementation of cybersecurity models; and evaluates the ability of third-party security providers to adequately address emerging cybersecurity risks.

Social and Ethics Committee

Met three times during FY 2023

- Oversees environmental sustainability at Board level and reviews progress on the Group's environmental sustainability projects.
- Oversees fair labour practices and social and economic development, particularly the Group's progress in relation to our B-BBEE plans and scorecard, and our employment equity plan, as well as the governance of our Health Partners for Life trusts and NPOs affiliated with Netcare (including the Netcare Foundation).
- Assists the Board in setting the tone for an ethical organisational culture and oversees our commitment to environmental responsibility, ethical leadership and good corporate citizenship.
- Oversees plans to embed an ethical culture and the appropriate management of organisational ethics, including ethics within the supply chain and outsourced relationships.
- Works with the Risk and Audit Committees to assist the Board to ensure strict adherence to anti-bribery and corruption, fraud and anti-money laundering laws and regulations.

Read more about:



Environment

How we manage our environmental impacts and our Sustainability Committee

PG 38



Social

How we manage our social impacts and our Operational Transformation Committee

PG 64



Governance

Our approach to ethical business conduct, supply chain ethics and impacts, and how we protect our data.

Our Procurement, Compliance, and IT Management Committees

PG 112

Our approach to responsible corporate citizenship



Environment

Our environmental sustainability strategy recognises that not only do climate change and a deteriorating environment place the wellbeing of entire populations at risk, but also that our sector and operations unavoidably contribute to the problem. While our strategy was initially largely driven to secure the resources needed to provide optimal care, it has become foundational to achieving our long-term target of net zero emissions by 2050.

PG 38



Social

Netcare's intention to be a powerful force for social good finds expression through our efforts to transform our employee profile, diversify our supply chain, contribute to reforming SA's health system, find ways to provide affordable access to healthcare for more South Africans, and the medical procedures we support for indigent patients. We work openly and transparently with government, NGOs, NPOs, and lobby groups.

PG 64



Governance

Relevant committees

The Social and Ethics Committee monitors overall corporate citizenship performance and oversees the Group's commitment to social and economic development, fair labour practices and environmental responsibility, ensuring that the Group deliberately improves its socioeconomic and environmental outcomes. The committee's mandate includes oversight of human rights, safety, developing and retaining a skilled and diverse workforce, and responding to the changing regulatory environment.

Frameworks

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

PG 112



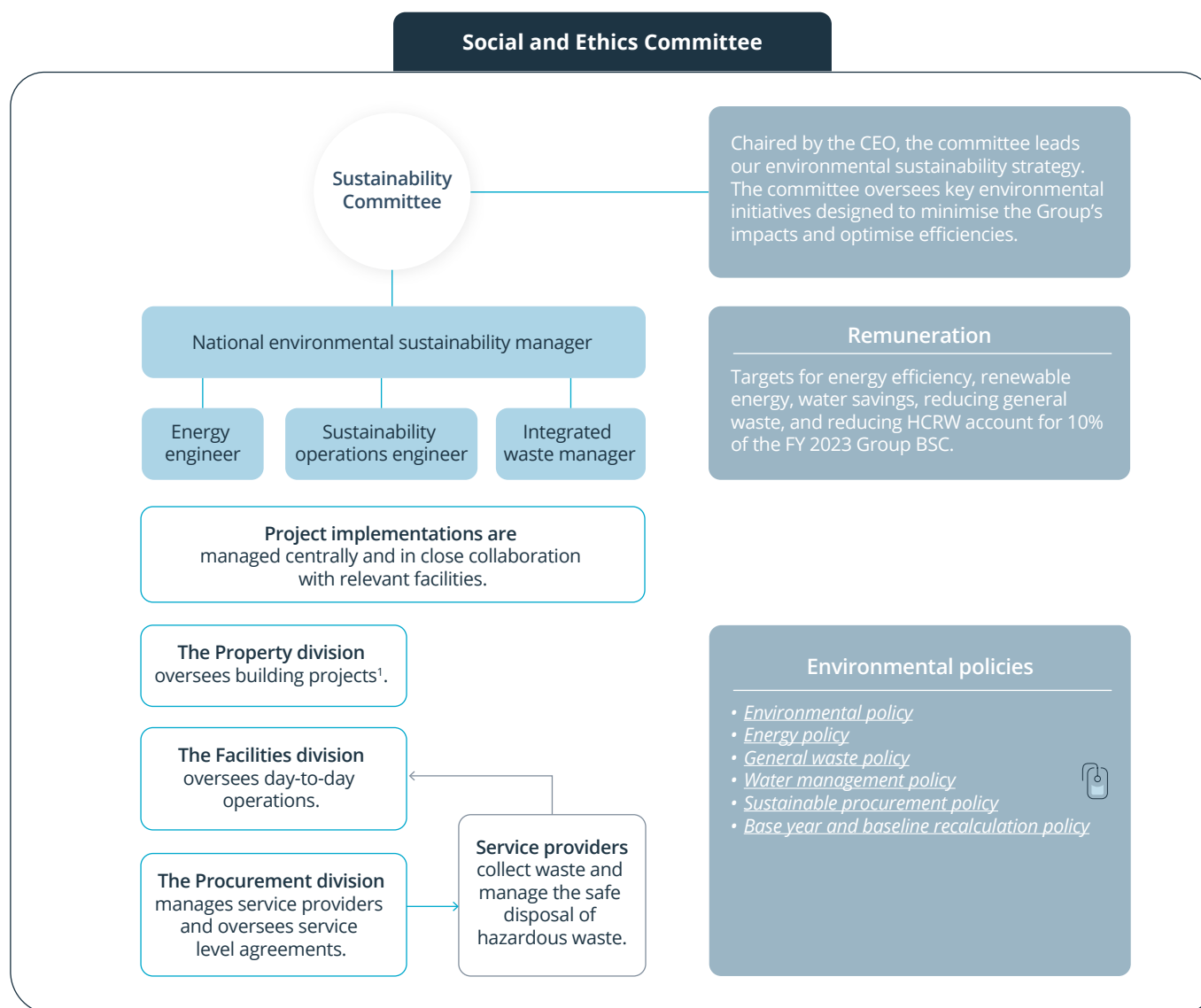
.....Read more about our approach to responsible corporate citizenship in the integrated report: [Governance overview](#).

ESG governance overview continued

How we manage our environmental and social impacts

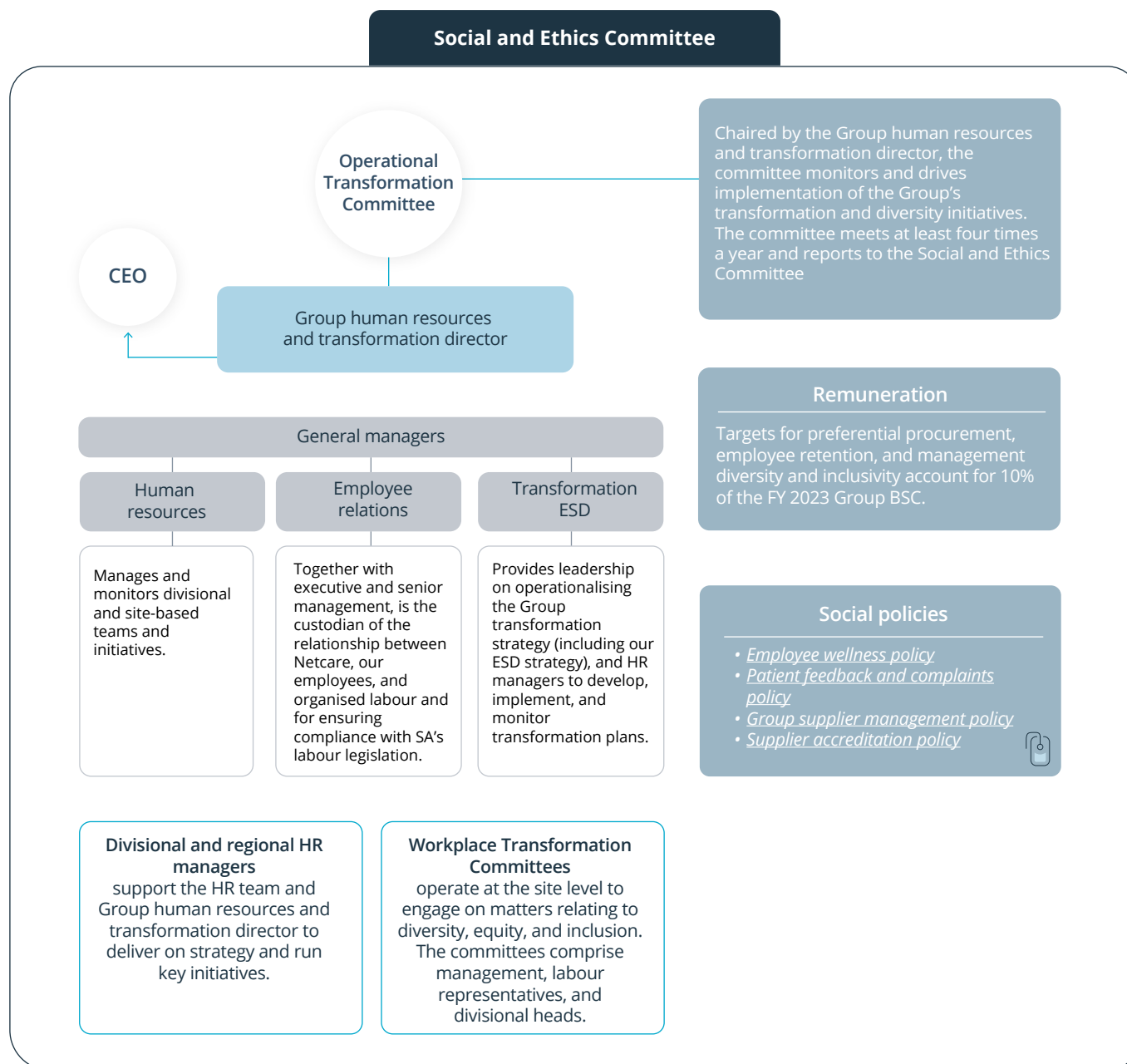
Assisted by all governance committees, the Board governs the Group's approach to environmental and social issues as well as compliance with relevant labour laws.

How we manage our environmental impacts



¹. Environmental impact assessments are conducted by specialists, where needed. All new construction is guided by the consultant guideline for green construction which is updated regularly.

How we manage our social impacts



Read about how our Procurement Committee ensures ethics in the supply chain as well as how we manage related environmental and social impacts: PG 118.

Our material matters

Our FY 2023 material matters

Material matters

In our other reports

	<u>Integrated report</u>	<u>Quality report</u>	<u>Shareholder report</u>
 Deliver outstanding person centred care • Consistent and measurably better quality of care. • Improved patient experience.	• Our digitisation initiatives and digital health interventions. • Our user-friendly digital patient engagement initiatives and solutions.	• A detailed review of clinical governance measures and how we ensure safe, high-quality care for our patients.	
 Attract, retain and invest in employees and healthcare practitioners • Attraction and retention of independent doctors. • Recruitment and retention of highly skilled and specialised employees with scarce skills. • Digitisation, standardisation and optimisation of HR processes and policies.	• Digital and data initiatives designed with doctor input.	• How we manage our relationship with doctors.	
 Collaborate with the public sector and civil society to extend access to quality health and care and accelerate transformation • Structural factors impacting the healthcare sector in SA. • Doctor and workforce transformation and diversity. • Inclusive and diversified supply chains. • Employment creation. • Impactful socioeconomic development initiatives that improve access to high-quality health and care.	• Our operating context, including an overview of key regulatory changes and structural factors impacting the SA healthcare sector. • Attracting doctors and allied health professionals.		
 Recover and grow long-term profitability • A challenging operating context. • Sufficient liquidity, access to funding and a strong statement of financial position. • Competitive differentiation to defend and grow market share.	• How we are responding to a challenging operating context. • Our financial and strategic performance. • Our value proposition and investment case.		• How our remuneration policy rewards our people for delivering on our strategy.
 Effective leadership and good business conduct • Leadership capability. • Effective governance procedures. • Stakeholder engagement.	• Key messages from our leaders. • How we create value for our stakeholders	• A detailed review of our approach to clinical governance.	• A detailed review of our corporate governance framework, procedures and key developments for FY 2023. • Our approach to stakeholder engagement and inclusion.



Environment



Consistent and measurably better quality of care

- Emergency measures (energy, water etc.).
- Longer-term environmental initiatives for continuous care delivery.



Competitive differentiation to defend and grow market share

- Strong ESG performance.

PG 38



Social



Consistent and measurably better quality of care

- Highly skilled nursing and specialised staff.



Recruitment and retention of highly skilled and specialised employees with scarce skills

- An engaging, caring, rewarding, compassionate, inclusive and safe working environment.
- Targeted initiatives that optimise our value proposition for skilled nursing staff and specialised employees.
- Digitally enabled engagement initiatives that reduce risk of emotional exhaustion (particularly for nursing staff) and promote compassion for the self and others.
- Talent identification and development that build institutional capacity.
- Productive relationships with organised labour.

Digitisation, standardisation and optimisation of HR processes and policies

- Enhanced workforce planning and talent acquisition.
- Improved industrial relations policies and practices.



Structural factors impacting the healthcare sector in SA

- Collaboration with government and healthcare sector stakeholders.

Doctor and workforce transformation and diversity

- Enhance diversity and inclusivity commensurate with national demographics, particularly at management and leadership levels.

Inclusive and diversified supply chains

- Local manufacturing and production.
- Inclusive socioeconomic growth and development through preferential procurement.
- Support for initiatives providing positive socioeconomic and environmental impacts.

Employment creation

- Support for small businesses, integrating these into our supply chains.
- Skills development and inclusive workplace-based experiential learning programmes.

Access to high-quality health and care

- Impactful socioeconomic development initiatives.



Competitive differentiation to defend and grow market share

- Digital transformation, product development and strategic expansion.
- Strong ESG performance.



Leadership capability

- Diverse and empowered leaders.
- Strong succession pipeline and talent development.

PG 64



Governance



Structural factors impacting the healthcare sector in SA

- Impact of regulatory change on the healthcare system.



Effective governance procedures, including a focus on:

- Cybersecurity and data governance frameworks that protect against escalating cyberthreats.
- Enhanced anti-fraud, anti-bribery and anti-corruption compliance and awareness initiatives.

PG 112

Our stakeholder concerns and expectations

Our stakeholders are integral to our ability to provide care for our patients, deliver on our strategy and maintain our social licence to operate. Various mechanisms help us to meaningfully engage with our stakeholders to understand and respond to their legitimate concerns and expectations, as well as any risks that may impact the quality of our stakeholder relationships. Our digital transformation continues to reshape how we engage and – over the short term – is enabling progressively more person centred patient engagement. Over the short to medium term, our focus on digitisation will generate valuable insights that will equip our stakeholders with accurate and relevant information on which they can base their decisions about Netcare.

Our patients

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

Private medical funders

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

Our people

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

Our suppliers

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

Doctors and allied health professionals

Doctors: independent specialists across all clinical disciplines, including physicians, surgeons, anaesthesiologists, nephrologists, radiologists, psychiatrists and pathologists, GPs and dentists.
Allied health professionals: psychologists, radiographers, dental hygienists, occupational therapists, physical therapists, radiographers etc.

Regulators and government

Authorities that regulate healthcare providers, funders and the sector.

Investors

Shareholders and the investment community.

Society

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



Our patients



Environment

- The ability to operate without disruption to care resulting from utility or service outages during municipal infrastructure failures or load shedding.



Social

- Access to high-quality, safe and compassionate health and care.
- An excellent patient experience.
- Competent and professional healthcare practitioners.
- Affordable healthcare services.



Governance

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

How we engage

- Person centred care teams.
- Digital patient feedback surveys (quantitative scores and free-text responses).
- Summary of Care reports.
- CareNet, our complaint management system with dashboards that refresh every 30 minutes for every hospital.
- MyNetcare Online (patient portal).
- Various digital initiatives that enhance patient experience and perception of care (Netcare **appointmed**™, online pre-admissions and the Netcare and National Renal Care mobile apps).
- Patient focus groups and listening forums.
- NetcarePlus service centre and outsourced call centres.
- 'ONE Netcare' website and social media platforms.
- Our Netcare App that includes features like enhanced emergency response capabilities, digital medical record management, and streamlined hospital admission processes.

Our people



Environment

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



Social

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



Governance

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

How we engage

- How we engage with our people |  PG 79.
- How we engage with trade unions |  PG 82.

Our stakeholder concerns and expectations continued

Doctors and allied healthcare professionals



Environment

- Uninterrupted supply of electricity and water.



Social

- Qualified and experienced nurses.
- Continuous professional development.
- Enterprise development support and opportunities.



Governance

- Partnering with a well-governed, ethical and socially responsible organisation.

How we engage

- Hospital Division: personalised clinical information tools that support one-on-one engagement with doctors, various structures that support the sharing of information on quality of care and multi-disciplinary meetings between doctors to plan care for patients.
- Netcare Akeso: clinical governance engagements.
- Primary Care Division: Netcare Medicross Managing Practitioners Forum, quarterly meetings, engagement surveys etc.
- National Renal Care: national relationship manager.
- Online platforms: online doctor portal, Netcare **appointmed**™ and VirtualCare (telehealth platform).

Private medical funders



Environment

- Efficiency and optimisation initiatives.



Social

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



Governance

- Combatting medical fraud.
- Partnering with a well-governed, ethical, and socially responsible organisation.

How we engage

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

Suppliers



Environment

- Collaboration to reduce environmental impacts in the supply chain, particularly GHG emissions.



Social

- Long-term, mutually beneficial relationships.
- ESD and supply chain diversification, including preferential procurement with B-BBEE compliant and black-owned suppliers.
- Procurement from local suppliers to support their sustainability and growth.
- Automation of the procurement cycle to enhance efficiencies.
- Fair and transparent negotiations.
- Timely payment of invoices.



Governance

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

How we engage

- Review meetings with key suppliers (quarterly) and strategic commodity suppliers (monthly).
- Development support and mentorship opportunities, particularly for smaller suppliers.
- Tender processes and contract negotiations.
- Service level agreements.
- Supplier assessments, both prior to entering Netcare's supply chain and later against KPIs.
- Medical conferences, exhibitions and webinars.
- Online supplier surveys.



Our stakeholder concerns and expectations continued

Regulators and government



Environment

- Addressing disruptions caused by failing electricity and municipal infrastructures.



Social

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



Governance

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

How we engage

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

Investors



Environment

- Our environmental sustainability programme and performance.
- The impact of load shedding on operating costs.



Social

- Navigating the challenging socioeconomic context in SA.
- Effective leadership and succession planning.
- Appropriate remuneration and targets.



Governance

- Including ESG-related metrics in the Group BSC.
- Reporting against key climate- and sustainability-related indices (e.g. TCFD).
- Effective governance.

How we engage

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

Society



Environment

- Minimising negative environmental impacts.



Social

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



Governance

- Ethical and effective governance of organisations.

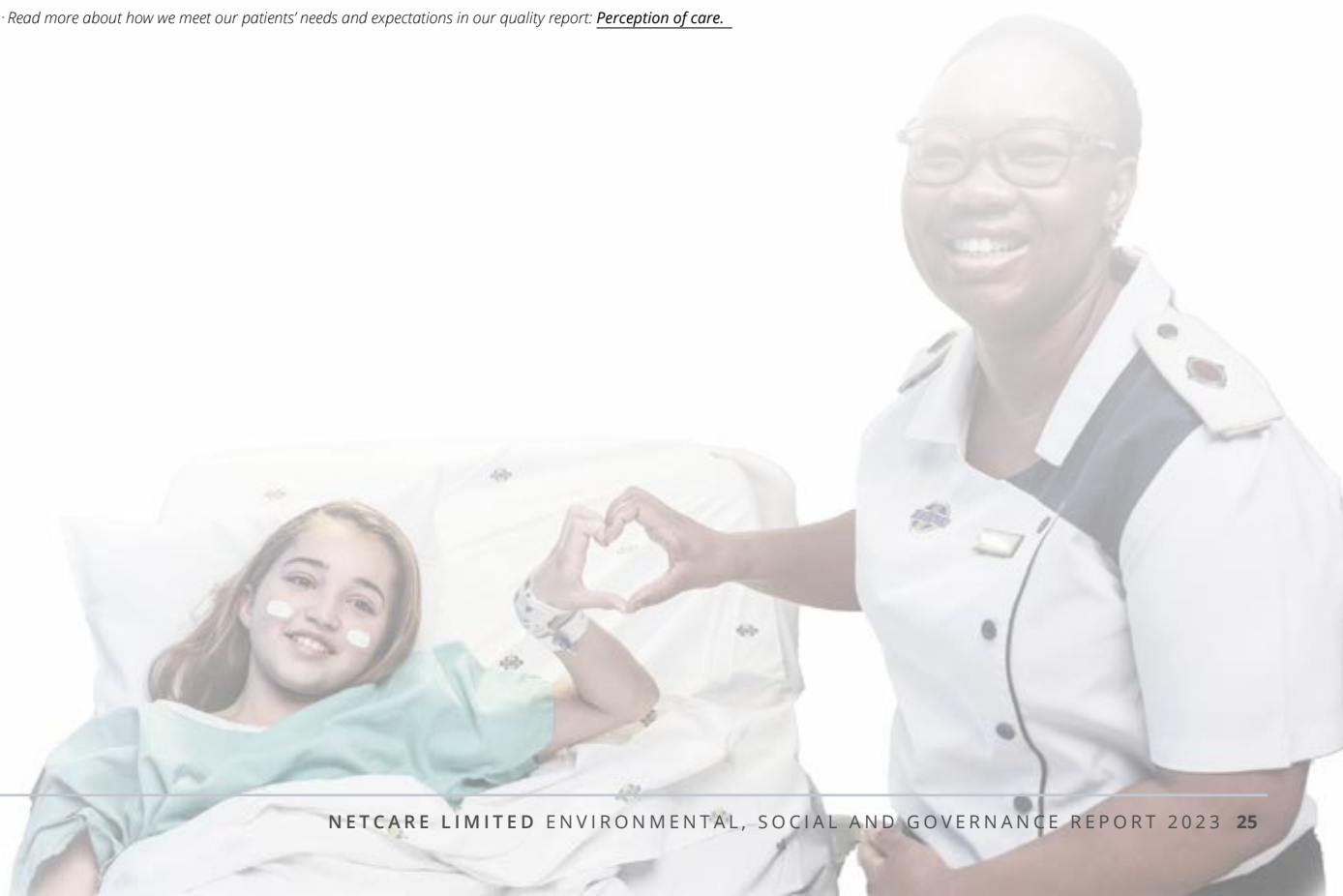
How we engage

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

 Read more about our stakeholders, their concerns, how we engage with them, and how we address their needs in our integrated report: [Our stakeholders](#).

 Read more about our approach to stakeholder engagement and inclusion in our shareholder report: [Governance report](#).

 Read more about how we meet our patients' needs and expectations in our quality report: [Perception of care](#).



Our ESG risks and opportunities



Environment

 PG 38

Climate

- Extreme weather events could disrupt supply chains, damage our facilities and lifesaving equipment, and prevent patients from accessing care when it is needed most.
- Extreme temperatures can negatively impact infection control and facilities' abilities to maintain the temperature control required for certain procedures.
- Higher temperatures and lower rainfall impact the length and severity of droughts and could further disrupt access to critical utilities (e.g. energy and water).
- Climate change negatively impacts human health increasing demand for care, potentially increasing strains on employees and other resources and resulting in errors, delays or loss of care.
- Non-compliance with regulatory changes could expose the organisation to fines and/or declines in investor confidence.
- Carbon taxes require us to invest in increasing operational efficiencies and reducing emissions to minimise impacts on operating costs.
- Failure to sufficiently curb GHG emissions, minimise our environmental impacts and communicate our progress could negatively impact our reputation and value as an organisation.
- While intensified by (but not solely caused by) climate change, utility interruptions (including water and energy supply disruptions) limit our ability to provide high-quality healthcare, negatively impacting our competitiveness, investor confidence and patient satisfaction. Detailed information on our response:  PG 47.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy to eliminate Scope 2 emissions by achieving 100% renewable energy and to reduce Scope 1 and 3 emissions, waste generation and water consumption.
- Data and analytics capabilities to increase efficiencies and support cost-saving measures.
- Demonstrating our commitment to environmental sustainability through our strategy and performance.
- Various solutions to secure the supply of water and backup supplies of water and emergency electricity generation capacity for short-term supply disruptions.
- Major disruption, incident and blackout plans, as well as well-entrenched relationships with preferred diesel and water suppliers¹.

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





Social

PG 64

Availability and quality of skills

- Fierce competition for specialised healthcare skills driven by an escalating nursing skills shortage in SA (as well as SA's limited capacity to train doctors, an aging specialist population and increasing emigration rates for doctors and specialists) is driving up nursing salary demands and may limit our ability to provide consistently optimal care and place existing nursing employees under intensified pressure, ultimately posing a risk to the sustainability of SA's healthcare sector.
- High demand from local and foreign companies for digital and data analytics skills may negatively impact delivery of our digital transformation strategy and our ability to create a sustainable competitive advantage for the Group.

Opportunities and mitigation

- An attractive employee value proposition and a compassionate, inclusive and ethical working environment that is responsive to employee feedback and supports career growth.
- Rewarding outstanding contributions to delivering person centred health and care.
- Recruitment and retention initiatives for employees with critical skills.
- Six-month in-service certificate programmes for nurses to keep their skills current despite constraints on training numbers.
- Collaborate to maximise our under-utilised education capacity to produce an adequate high-quality nursing pipeline for Netcare and the broader national healthcare sector.

 Read more about the nursing skills crisis and our response: PG 72.

Employee wellbeing and resilience

- If left unaddressed, the challenging and traumatic conditions experienced working within a healthcare setting increase the likelihood of our people experiencing emotional exhaustion, impacting retention, productivity, and mental health and wellbeing.

Opportunities and mitigation

- Sustainable programmes that support the wellbeing of our employees (e.g. Care4YOU).

Socioeconomic

- A stagnating local economy, intensified load shedding, soaring costs of living and high interest rates and inflation continue to pressure consumers, placing traditional medical scheme membership at risk and decreasing access to healthcare as more people opt for lower-cost options that require them to pay for care out-of-pocket.
- Extreme income inequality, high poverty and endemic unemployment – alongside increasing frustration with poor service delivery, widespread corruption, and weak education and healthcare systems – continue to raise the risk of state failure, economic collapse and civil unrest.

Opportunities and mitigation

- Successfully deliver on key strategic projects, drive revenue and market share growth, increase divisional contributions to Group performance and identify efficiencies to carefully manage the cost of delivering care (and inflationary risk).
- Reduce reliance on the traditional medical aid market and grow in new markets by increasing Netcare's accessibility to the uninsured but employed market, developing new products for the insured population (including cover for non-network hospital co-payments) and driving digital patient engagement to attract new patients and retain existing patients.
- Collaborate with public and private stakeholders to find solutions that address the systemic and structural inequalities in SA, including sustainable universal access to healthcare.
- Our documented and tested major incident plan is based on global best practices in major incident medical management and disaster management. It covers the specific actions to be taken and procedures to be followed in response to a major incident, including civil unrest. We also ensure that our strategic suppliers (medication, security, cleaning, catering etc.) have robust business continuity plans, incorporating our learnings from the civil unrest in 2021.
- CSI initiatives that provide, healthcare access to those who cannot afford it without assistance.

 Read more about how we are increasing access to healthcare: PG 94.

Our ESG risks and opportunities continued



Social continued

PG 64

Supply chain diversity

- Failure to fortify our supply chain could result in a lack of the critical medicines, devices and medical equipment we need to provide care for patients.
- The administrative burden facing SMMs in SA remains high, discouraging growth, negatively impacting employment in SA and potentially negatively impacting our local procurement strategies.
- Negative environmental or social impacts arising from our supply chain could result in reputational damage, causing financial loss.

Opportunities and mitigation

- A procurement strategy that drives greater localisation through our targeted ESD initiatives.
- An ESD programme with a clear focus on supporting black, young and women entrepreneurs that is designed to integrate SMMs into our supply chain and enable sustainable operational and financial growth through financial and non-financial assistance.
- Ensuring ethics in our supply chain, including monitoring environmental and social impacts (PG 118).

Transformation

- Our B-BBEE status and ability to meet transformation targets impact our competitiveness, sustainability, relevance and reputation.

Opportunities and mitigation

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





Governance

PG 112

Regulatory and compliance

- Changes to the health system and related regulatory changes create uncertainty and may impact how we operate and/or our ability to acquire licences.
- Non-compliance with environmental, labour and health and safety regulations could undermine our reputation, result in penalties and fines and negatively impact productivity.
- A challenging economic environment where people are suffering increased economic hardship can lead to increased fraud, corruption and misconduct, both by employees and stakeholders in our supply chain.
- Sector regulations and healthcare policy uncertainty can limit the delivery of organisational growth.

Opportunities and mitigation

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

Cybercrime, cybersecurity and protecting personal information

- Cyberattacks and related data breaches (particularly those related to ransomware) are becoming more complex and have the potential to impact our brand, reputation and financial position.
- Increasing reliance on third-party service providers to support our digital transformation and data enablement is also a risk, as is greater legal and regulatory exposure from new privacy laws.
- Failure to secure our systems and data could result in business disruption, litigation, and substantial penalties and fines for non-compliance as well as reputational damage.

Opportunities and mitigation

- A risk-based cybersecurity strategy that assists us to identify data assets requiring the highest level of protection and mitigates risks in the appropriate places at the appropriate time.
- A highly skilled and experienced internal cybersecurity team that works in partnership with specialised third-party service providers to identify and monitor risks, potential vulnerabilities and defence strategies.
- Various tools and initiatives that protect our data assets, including ransomware monitoring tools and detailed playbooks, continuous and proactive monitoring of threat portals and key toolsets, specialised security products designed to mitigate human error, security awareness training for employees, dark web monitoring, threat intelligence and hunting technology, external penetration testing and active directory security reporting.
- Rigorous monitoring and assessment of compliance with our privacy framework and control measures as well as our privacy breach reporting process.
- Processes that ensure that third-party service providers adhere to their privacy obligations when working on Netcare's behalf.

 Read about our approach to managing environmental and social impacts: PG 16.

 Read about our risk management approach and business risks and opportunities in our integrated report: [Our risks and opportunities](#).

Our strategy

Our purpose

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

Our values

Care

Dignity

Participation

Truth

Compassion

Our promise

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

Our strategic direction

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



STRATEGIC PRIORITIES


Consistency of care

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


Transformation of our society

Continuing to invest in and develop our workforce and communities.


Disruptive innovation

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


Organic growth

Driving strategic engagements with doctors and funders, investing to maintain the quality of our facilities and developing new products and services to promote inclusivity and access.


Integration

Creating strategic and synergistic partnerships between all divisions and functions.


Investment

Creating economic value and optimising capacity utilisation.


Environmental sustainability

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

ESG-RELATED ELEMENTS OF THE GROUP BSC FOR FY 2023


Social

- ☐ Improve patient experience and nurse compassion scores.
- ☒ Reduce voluntary employee turnover.
- ☒ Increase representation of black managers at middle management level.
- ☒ Improve our procurement rating on our B-BBEE scorecard¹.

PG 64

☒ Target met or exceeded.

☒ Target not met.

☐ Progress made, but below target.



Read about our performance against the FY 2023 Group BSC in our shareholder report: [Remuneration report](#).


Environment

- ☒ Reduce carbon emissions through energy efficiency and renewable energy projects².
- ☒ Reduce water consumption.
- ☒ Reduce HCRW³ and general waste to landfill.
- ☒ Lower utility consumption which in turn reduces operating costs and supports EBITDA and other financial indicators, including adjusted HEPS, ROIC and cash conversion.

PG 38

CORE ESG-RELATED STRATEGIC OUTCOME
Maintain our social licence to operate

Contribute meaningfully to the national healthcare system, maintain/improve our B-BBEE rating, deliver our 2030 environmental sustainability strategy milestones and maintain a high level of stakeholder engagement and communication.

1. Improved procurement spend on ≥30% black women-owned enterprises, ≥51% black-owned enterprises, EMEs and QSEs with overall improvement on procurement rating as % of points available for procurement on the B-BBEE scorecard.
2. Measured through year-on-year tCO₂e avoidance from energy efficiency projects and renewable energy sources.
3. Healthcare risk waste (HCRW).

ESG-related strategic progress overview



Environment

PG 38



Environmental sustainability

Weighting of **10%**
in the Group BSC

FY 2023 progress overview

Environmental sustainability projects continue to achieve greater savings than originally anticipated.

Engaged with suppliers on quantifying and reducing Scope 3 emissions.

Completed a 20-year renewable energy supply arrangement.

Rolled out the zero waste to landfill project to all but four hospitals and established waste reduction targets for each hospital.

Operational efficiency drives resulted in a significant year-on-year reduction in water consumption across the Hospital Division.



Social

PG 64



Consistency of care

Weighting of **10%**¹
in the Group BSC

FY 2023 progress overview

Rolled out additional Care4YOU modules on compassion training.

Digitised all Care4YOU modules.

1. The compassion journey accounts for 5% of this weighting. The remainder is accounted for by doctor engagement and specialist recruitment and is reported on in the integrated report.



Transformation of our society

Weighting of **10%**
in the Group BSC

FY 2023 progress overview

Reviewed the impact of Care4YOU across ten hospitals.

Launched a number of initiatives to address areas of improvement identified through the FY 2022 employee engagement survey.

Nurse turnover decreased, indicating that our retention strategies are having an impact.

Launched our next iteration of diversity, equity and inclusion training and awareness.

Awarded selected formulary agreements to EMEs and QSEs.

ESD beneficiary performance for the year was positive despite a challenging year.

The Netcare Foundation launched a male medical circumcision programme, and we took the first steps towards implementing a gender-based violence programme (with a particular focus on the deaf community in SA).



Read about our progress against the Group's strategy for FY 2023 in the integrated report: [Overview of strategic progress](#).

How we address the United Nations Sustainable Development Goals

We believe that our strategic priorities make a material and impactful contribution to the following global challenges identified by the UN's Sustainable Development Goals.

..... Detailed descriptions of these targets can be found on page 127 of this report.

PG 38



Environment



Targets
6.3 | 6.4



Targets
7.2 | 7.3



Target
12.5



Target
13.1

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

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

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

PG 64



Social



Targets
3.1 | 3.2
| 3.3 | 3.4
| 3.8

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



Targets
4.3 | 4.4
| 4.5

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



Target
5.5

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



Social continued



Targets

8.2 | 8.3
8.4 | 8.5
8.6 | 8.8

Our digital transformation initiatives enhance efficiencies and productivity, support our efforts to reduce our impact on the environment and enable improved health outcomes for our patients. Through our environmental sustainability programme initiatives, we continually strive to decouple economic growth from environmental degradation, particularly through our focus on resource intensity per bed (PG 41). As an equal opportunity employer, we focus on aligning our workforce and leadership with the national economically active population and support the development of historically marginalised groups, including black people, black women, young people and persons with disabilities. Our ESD programme for local businesses (including SMMEs) supports their growth, sustainability and their ability to create jobs in SA. Our internships and learnerships (particularly our Sinako and YES4Youth programmes) provide young South Africans and persons with disabilities with workplace experience and skills development opportunities to enhance their employability – we also provide opportunities to work at Netcare. We are committed to protecting labour rights and providing safe and secure working environments for all our employees as well as those working for third-party service providers.



Targets

9.3

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

Read about how our digital strategy improves patient outcomes in our [quality report](#).

Read about how our digital strategy enables productivity in our integrated report: [Digital transformation and data](#).



Governance



Targets

16.5 | 16.6
16.7 | 16.10

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

Read about our governance structures and approach to stakeholder engagement in our shareholder report: [Governance report](#).

Our ESG accolades and performance against external benchmarks



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



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



Global Green and Healthy Hospitals¹

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

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



Southern African Energy Efficiency Confederation

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

19 national awards for transformation and CSI initiatives since 2007



Diversity, equity and inclusion

For the second consecutive year IRAS³, in partnership with the National Coalition for and of Persons with Disabilities, recognised Netcare for having the highest disabled persons rate in the health and social work sector, and one of the top five disabled persons rates of all JSE listed companies.



My Walk Made with Soul

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

PG 134.

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

Environment:

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

- 40 Progress against our 2013 – 2023 environmental sustainability strategy
- 41 Our FY 2023 environmental sustainability performance
- 43 Our environmental sustainability programme
- 49 Reducing our emissions
- 52 Optimising and investing in renewable energy
- 55 Reducing waste to landfill
- 60 Reducing consumption and minimising our impact on SA's freshwater reserves



External commitments, frameworks and standards

- King IV Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact¹
- United Nations Sustainable Development Goals
- Task Force on Climate-related Financial Disclosures²
- Climate and Water CDP³
- ISO⁴ 14064-3:2019 (Specification with guidance for the verification and validation of greenhouse gas statements)
- WBCSD/WRI Greenhouse Gas Protocol Corporate Accounting Standard, 2nd Edition, 2004⁵
- GRI Standards⁶: 302-1 and 3 to 5 / 303-1 to 5 / 305-1 to 5 / 306-1 to 5

1. Our 2023 Communication on Progress is available on the [UN Global Compact website](#).
2. Our Task Force on Climate-related Financial Disclosures:  PG 123.
3. <https://www.cdp.net/en>.
4. International Organization for Standardization (ISO).
5. Used for assurance purposes.
6. Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the [Netcare investor relations website](#).

Key legislation

- Waste Management Act 59 of 2008
- National Environmental Management Act 107 of 1998

Scope of reporting

Our environmental data covers all Netcare hospitals, Netcare Akeso mental health facilities, Netcare Medicross medical and dental centres, and laundry and hospital vehicle transport. The following are included in the scope for energy and water consumption and waste generation:

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

Assurance

Our energy, carbon footprint, waste generation and water usage reported in the ESG and integrated reports have been independently assured by Verify CO2. Our CDP disclosures are assured by Talbot & Talbot, and our compulsory emissions reporting is assured by GCX. Verification is undertaken at a limited level of assurance.

Progress against our 2013 – 2023 environmental sustainability strategy

Awards

36

industry awards received between 2013 and 2023 for outstanding environmental performance, climate leadership and climate resilience¹.

Funding

Over R1.5 billion

in sustainability-linked bonds and green funding secured.

Investment

Cumulative benefits delivered to date equate to **234%** of capex² invested.

40%

internal rate of return.

Savings

R130 million

in savings from tariff optimisation initiatives since FY 2013.

R145 million

additional recovery from tenants since FY 2013³.

Projects

255

environmental sustainability projects⁴ initiated across the Group since 2013.

97% of our investment has been in energy efficiency and renewable energy projects.

Emissions (baseline: FY 2013)

36% decrease

in Scope 1 and Scope 2 emissions per bed per year since FY 2013.

FY 2013: 33.6 tCO₂e⁵ per bed per year

13% decrease

in absolute Scope 1 and Scope 2 emissions since FY 2013.

FY 2013: 269 804 tCO₂e

158% increase

in Scope 3 emissions since FY 2013. The increase is largely attributable to improvements in Scope 3 reporting by Netcare and our suppliers.

FY 2013: 41 961 tCO₂e

Energy (baseline: FY 2013)

39% decrease

in electricity usage per bed per year since FY 2013, exceeding our stretch target of 30%.

FY 2013: 28 442 kWh⁶

Waste (baseline: FY 2017)

14% decrease

in total volume of waste generated since FY 2017.

FY 2017: 9 394 tonnes

Water (baseline: FY 2014)

28% decrease

in overall water consumption per bed since FY 2014.

FY 2014: 216 kl⁷ per bed per annum

Cumulative financial results of our 2023 environmental strategy (Rm)

	Capex to 2023	Operational costs to 2023	Operational saving to 2023 ⁸	Cash saving	Cost avoidance
Energy (since 2013)	608	110	1 275	328	947
Waste (since 2017)	14	5	58	10	48
Water (since 2014)	2	8	130	53	77
Total	624	123	1 463	391	1 072

1. From the Global Green and Healthy Hospitals network, Association of Energy Engineers and the South African Energy Efficiency Confederation.

2. Capital expenditure (capex).

3. Due to accurate usage monitoring.

4. 56 projects in our environmental sustainability programme are still active.

5. Tonnes of carbon dioxide equivalent (tCO₂e).

6. Kilowatt hours (kWh).

7. Kilolitres (kl).

8. The Hospital division contributed 90% of total savings.

Our FY 2023 environmental sustainability performance

Group performance

Scope 1 and 2 emissions

3% increase

in Scope 1 and Scope 2 emissions to **21.4 tCO₂e** per bed per year.

FY 2022: 20.8 tCO₂e per bed per year

4% increase

in absolute Scope 1 and Scope 2 emissions to **233 603 tCO₂e**.

FY 2022: 225 655 tCO₂e per bed per year

Scope 3 emissions

88% increase

in Scope 3 emissions to **108 118 tCO₂e** due to reporting improvements made by Netcare and our suppliers.

FY 2022: 57 447 tCO₂e

Energy consumption

9% increase

in total energy used¹ to **1 011 723 gigajoules**. Energy purchased decreased 6%.

FY 2022: 925 719 gigajoules

Energy efficiency

1 324

additional year-on-year tCO₂e avoided from energy efficiency projects.

2023 BSC target: 1 026 tCO₂e

FY 2022: 1 480 tCO₂e

Energy intensity

6% decrease

in electricity usage per bed per year to **17 325 kWh**.

FY 2022: 18 448 kWh

Over FY 2023, our emissions and energy performance has been negatively impacted by significantly higher levels of load shedding than in past years. This has resulted in increased generator usage, impacting our Scope 1 emissions, direct energy used and the overall amount of energy used. The positive impact of our efficiency initiatives, however, can still be seen in our energy intensity performance, and in comparisons between actual costs and consumption and what these would have been without optimisation.

Renewable energy

14.6 GWh²

renewable energy generated through our **72** solar PV installations³, achieving a **R34 million** cost saving for the year.

FY 2022: 15.6 GWh saving R28 million

1 081

additional year-on-year tCO₂e avoided from renewable energy sources.

2023 BSC target: 1 072 tCO₂e

FY 2022: 861 tCO₂e

Total waste generation

1% decrease

in total volume of waste generated to **8 064 tonnes**.

FY 2022: 8 185 tonnes

Healthcare risk waste

4% decrease

in HCRW⁴ generated to **4 963 tonnes**.

FY 2022: 5 150 tonnes

Recycling

63% increase

in waste recycled to **1 780 tonnes**.

FY 2022: 1 093 tonnes

Water consumption

13%⁶ decrease

in municipal water consumed to **1 695 949 kl**.

FY 2022: 1 953 678 kl

Water intensity

14% decrease

in total water consumption per bed per annum⁷ to **155 kl/bed**.

FY 2022: 180 kl/bed

Water recycling

134% increase

In water recycled to **63 345 kl**.

FY 2022: 27 043 kl

1. Includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover 100% of the hospital network, 75% of Primary Care and 100% of Netcare Akeso facilities' electricity expense.
2. Gigawatt hours (GWh).
3. This is the largest solar photovoltaic (PV) fleet of all healthcare groups in SA.
4. Healthcare risk waste (HCRW). Excludes HCRW sent for incineration.
5. Polyvinyl chloride (PVC).
6. For all facilities with water meters installed.
7. Calculated as the ratio of total water used to registered beds.

Our FY 2023 environmental sustainability performance continued

Hospital division performance

Healthcare risk waste

2.07 kg

of HCRW waste per patient day.

FY 2023 target: <2.21 kg/ppd

FY 2022: 2.36 kg/ppd

9.3% (452 tonnes)

of **4 881 tonnes** of HCRW diverted from landfill.

FY 2023 BSC target: 6.9%

FY 2022: 6.0% (5 126 tonnes)

Recycling

44% (1 667 tonnes)

of **3 759 tonnes** of general waste reused or recycled.

FY 2023 BSC target: 40%

FY 2022: 28% (403 tonnes)

Water efficiency

8%¹ decrease

in water consumed to **1 411 369 kl.**

2023 BSC target: 3%

FY 2022: 1 533 526 kl

1. For all facilities with water meters installed.

2023 financial results of our environmental strategy (Rm)

	Capex	Operational costs	Operational saving	Cash saving	Cost avoidance
2023	39	24	377	102	275
2022	35	23	265	41	224

Our environmental sustainability programme

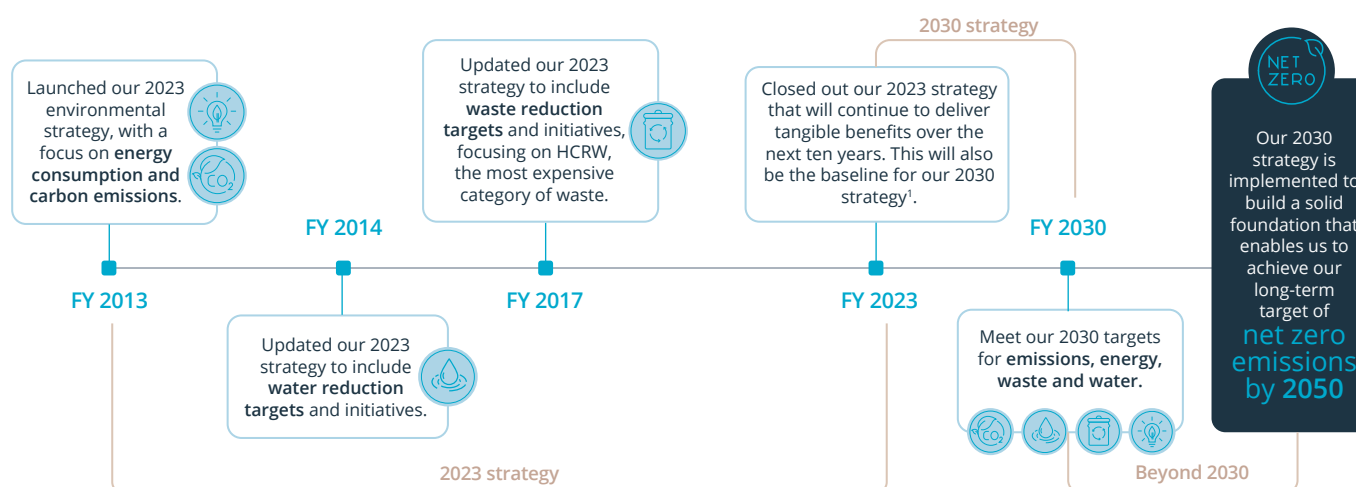
Our environmental sustainability programme aims to enhance efficiencies across our facilities while addressing climate change-related risks, regulatory changes and resource scarcity as well as minimising the Group's negative environmental impacts and ensuring self-sufficiency – both of which will play a key role in ensuring our long-term sustainability.

The programme comprises various initiatives that fall under two primary strategic phases:

Our 2023 strategy was developed and implemented in FY 2013 with a strong initial focus on energy (a major contributor to emissions and costs) that was expanded to incorporate waste and water. As of FY 2022, we had already exceeded our targeted R1 billion in cumulative operational savings (FY 2023: R1.5 billion), as well as our stretch target for reducing energy intensity per bed by 30% (FY 2023: 39%). The strategy continues to deliver tangible benefits that we expect will continue growing over the next ten years.

Our 2030 strategy, adopts an even bolder approach that will continue to set us apart as leaders in healthcare sustainability while driving further financial savings with lower capex, and also getting us closer to our long-term 2050 net zero target. The strategy is aligned with and enabled by the recently approved Just Energy Transition Investment Plan and is aligned with the 1.5-degree pathway specified by the Paris Accord. Over the short to medium term, we also aim to improve our CDP reporting to an A rating for climate and water.

Our environmental sustainability journey



1. Originally reported as FY 2020. This has been adjusted to accommodate the changes already achieved since targets were set. 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.

Until recently our environmental sustainability programme was primarily focused on capital-intensive initiatives that achieved significant savings and return on investment. While we will continue to pursue capital-intensive projects where necessary, we are now beginning to prioritise operational efficiency by optimally managing available resources while aiming to achieve the same outcomes, including reduced costs and environmental impact.

Return on environmental sustainability projects

All environmental sustainability capex projects are reviewed 12 months after completion using the SANS 50010 measurement and verification standards, comparing performance against our original predictions. Reviews conducted on projects with a cumulative capex of R443 million

indicate a net present value of R141 million against a predicted R119 million, demonstrating that our projects are achieving greater savings than originally anticipated. Payback periods continue to shorten as utility costs increase.

Sustainability-linked bond

In FY 2021, we entered into a sustainability-linked bond with Standard Bank, raising 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 on the bond reducing from March 2023 to March 2024, representing a R1 million saving.**

Our environmental sustainability programme continued

Our 2030 environmental sustainability strategy



1. We are now prioritising maintaining this reduction and have added a stretch target of an additional 5% (overall reduction of 40% against our 2013 baseline).

Key initiatives to achieve these goals



We monitor consumption and measure progress through our Enterprise Sustainability Platform

The ESP¹ gathers sophisticated data on our energy and water consumption, enabling us to establish baselines, benchmark our facilities and set clear targets per facility. The platform has proven a critical first step in detecting inefficiencies early and guiding improvement initiatives (e.g. switching to lower electricity tariff structures, accurately billing our tenants for electricity consumption and rectifying incorrect billing for electricity, water and waste), resulting in significant financial savings. As of FY 2023, more than 95% of the Group's energy, water and waste consumption is monitored by our fully digital ESP; this includes more than **900 meters** across **114 sites**, providing us with more than **12 000 data points** to track, and enabling us to **evaluate the real-time consumption** of each one of our energy assets.

1. Enterprise Sustainability Platform (ESP).

Challenges to achieving our 2030 targets

Continued load shedding and deteriorating electricity and water supply infrastructure.

Increasing utility services costs for electricity, water and waste.

Limited availability of potable water due to drought, flooding and deteriorating potable water quality.

Investing in our 2030 targets

For FY 2024, we have allocated **R77 million in capex** and budgeted for **R16 million in operational costs** towards achieving our 2030 strategic targets.

Digitising asset management

Over FY 2024, we will pilot a mobile work management app, replacing our current manual process. We expect this to yield significant benefits in the form of optimisation and efficiencies as well as in relation to environmental sustainability – the system is not only expected to decrease paper consumption but, through optimisation, will also enhance decision-making and resource allocation, potentially enabling us to further reduce our environmental impact.

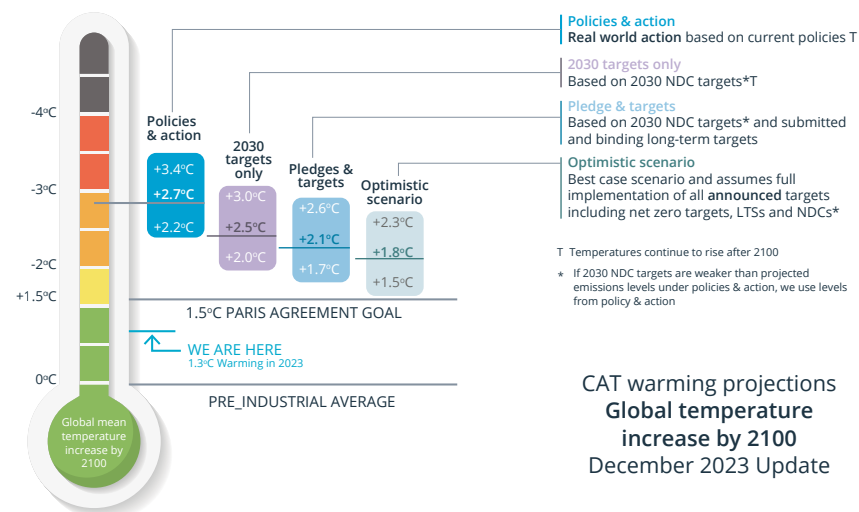
Our environmental sustainability programme continued

Climate change

The concentration of carbon dioxide in the atmosphere is the highest in human history, with 2015-2022 being the eight warmest years recorded¹. The global Climate Action Tracker² indicates that the world's current efforts are not sufficient to meet the Paris Accord target of 1.5 degrees and that only the most optimistic scenarios predict an increase below 2.0 degrees.

Without significant policy change, investment and full and rapid implementation of all announced targets, climate change impacts will continue to amplify natural disasters and threaten natural resources, food supplies and livelihoods.

The Climate Action Tracker



Climate change and healthcare

Modern healthcare is a major emitter of environmental pollutants and a significant contributor to GHG emissions³. Affecting the physical environment as well as socioeconomic conditions and healthcare systems, climate change is a fundamental threat to human health. The WHO cautions that, without mitigating strategies, climate change-mediated health hazards are estimated to cause 250 000 premature deaths per year between 2030 and 2050 as well as direct damage costs to health totalling between USD2 and USD4 billion each year by 2030⁴.

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

Current health impacts⁵

- Twice as many heatwave days are occurring annually compared to 1986-2005, disproportionately affecting adults over 65 years and infants under one.
- A record 1.4 billion people are at risk of diarrhoeal disease, severe wound infections and sepsis due to warmer seas that are more hospitable to *Vibrio* bacteria (a type of bacteria living in some coastal waters).

Climate change in SA

Our vulnerability to water shortages – and the high likelihood that climate-induced changes in water cycles and drought will increase across Southern Africa over the next decade⁶ – is one of the most pressing climate-related concerns facing the country at present, particularly in light of our water system's inability to meet increasing demands. Water shortages increase the risk of waterborne disease outbreaks, resulting in an increased need for healthcare.

Key developments

- **The Just Energy Transition Investment Plan** approved by Cabinet in September 2022 signals a period of intensified climate action for SA. The proposed legislative changes and policies will further enable our transition to renewable energy sources.
- **The Electricity Regulation Amendment Bill**, published for comment, is set to reshape and unlock SA's electricity market, providing for additional electricity, new generation capacity and electricity infrastructure, and an open market platform for competitive electricity trading. The full benefits of large-scale private sector investment in alternative energy generation will likely materialise over the next three to five years⁷.
- Water cuts have already been implemented in Gauteng and Nelson Mandela Bay with warnings of increased water disruptions for Johannesburg, Pretoria and Ekurhuleni.

1. World Meteorological Organization: Past eight years confirmed to be the warmest on record: January 2023.

2. An independent scientific project that tracks government climate actions, measuring this against the globally agreed Paris Accord aim of "holding warming well below 2°C and pursuing efforts to limit warming to 1.5°C".

3. Health Care Without Harm, Healthcare's climate footprint, 2019.

4. WHO Climate Change Fact Sheet: 12 October 2023.

5. The 2023 Global Report of the Lancet Countdown.

6. The United Nations body for assessing the science related to climate change, 2023.

7. SARB Monetary Policy Review, October 2023.

Mitigating our risks to ensure continuous care

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



Electricity

- 2023 has been the worst year for load shedding yet. Eskom's aging fleet had an average EAF¹ of 55% at October 2023 compared to the average of 58% for 2022 and 62% for 2021 – when the EAF declines, less power is available, which typically leads to load shedding². For Eskom to not be a binding constraint on GDP growth, the average EAF needs to be about 70%³.
- Eskom performance continues to decline due to poor maintenance and increased unplanned outages.
- The National Energy Regulator of SA approved a 34% increase in energy prices for 2023 – 2025, hastening procurement of renewable and reliable sources of energy for industry and households.
- 5 501 hours of load shedding have taken place between January and September 2023⁴ compared to 1 949 over the same period in 2022.
- Diesel generators (needed during power outages) are detrimental to the environment, increase our Scope 1 emissions and cost around 3.5 times more than electricity sourced from the national grid.
- National or regional blackout remains a risk – this would disrupt water and sanitation services, transport, communications and likely social result in unrest.
- In the case of a national blackout, it is estimated that it could take up to two weeks to restore power.



Water

- SA's water supply is impacted by insufficient water infrastructure maintenance and investment, deteriorating water quality and a lack of skilled water engineers.
- Around 56% of over 1 150 municipal wastewater treatment works and 44% of 962 water treatment works are in poor or critical condition⁵.
- Load shedding is impacting the country's water-processing and distribution networks, leading to water cuts in some areas.
- Water shortages and prolonged cuts in supply are likely to become increasingly common.

Mitigation

Our 2030 environmental sustainability strategy seeks to minimise the Group's negative impacts on the environment while driving utility intensity and related costs down, benefiting both the Group and the country. While this is crucial to reducing energy and water-related risks in the long term, it cannot significantly reduce our exposure to immediate risks (blackout and water supply disruptions). To address this, we have several initiatives in place to mitigate short-term risks to our water and energy supplies, including major disruption, incident and blackout plans; well-entrenched relationships with preferred suppliers of diesel and water; and additional initiatives with short-term and/or long-term benefits.

1. The energy availability factor percentage indicates what proportion of Eskom's power stations are generating power relative to its total installed capacity.
2. Council for Scientific and Industrial Research Statistics on power generation in South Africa for 2022.
3. Chris Holdsworth, Chief Investment Strategist at Investec Wealth & Investment.
4. Eskom se Push.
5. Greencape 2023 Water Market Intelligence Report.

Our environmental sustainability programme continued

Mitigating our risks to ensure continuous care continued

Electricity

- Distributed advanced satellite push-to-talk radios throughout the Group to enable communication during a blackout and conducted a survey to identify employees and doctors willing to assist during a blackout.
- Emergency generation and backup capacity enabled by uninterrupted power supplies and a fleet of 192 backup diesel generators that support all facilities across the Group. This includes full island generation capacity for the majority of acute, day and psychiatric hospitals. More than half of acute and day hospitals are equipped with additional generation capacity to ensure patient safety (by providing dual redundancy for critical functions).
- Long-term power purchasing agreement with a renewable energy supplier.
- Via the HASA, lobbied the NDoH for load shedding exemptions for private hospitals. 19 of our hospitals currently benefit from full or partial load shedding exemptions.

Water

- Conducted a comprehensive desktop analysis on groundwater availability for 11 high-risk sites and began to develop specific contingency plans for these sites in case of water shortage.
- Our borehole and potable water risk-adjusted strategies: we have 16 boreholes and seven filtration plants, with additional installations planned over the short term. Our risk-adjusted potable water strategy for the Hospital Division secures our ability to operate should a water-related disaster occur.
- Most hospitals are equipped with a 24-hour water backup supply and some with 48-hour supplies. When needed, water conservation mode is automatically implemented, allowing us to maximise water availability during prolonged outages.
- We are planning to implement wastewater recycling plants for selected hospitals. Feasibility studies are being conducted on two Johannesburg-based hospitals and a regulatory approvals process is underway for Netcare Alberton Hospital.
- A desalination plant at Netcare Christiaan Barnard Memorial Hospital is equipped to supply additional water to all Western Cape facilities.
- The Netcare Milpark Hospital and Netcare Garden City Hospital reservoirs are able to supply around one million litres of water to hospitals in Gauteng if needed.
- All National Renal Care units have indirect feed reverse osmosis units installed, achieving usage reductions of around 30%.
- Agreements for private firefighting services, fire water designs incorporated in new hospital builds and major expansions, and fire infrastructure upgrade projects based on relevant fire risk analyses for remaining hospitals.



Reducing our emissions

Securing 100% renewable energy will enable us to reach our goal of zero Scope 2 emissions by 2030 but will not reduce our Scope 1 and 3 emissions. To do this, we will need to undertake carbon offset projects and implement procurement strategies that target reductions in upstream and downstream emissions. Reaching net zero by 2050 will require agility, adaptability, experimentation and innovation as we evaluate, pilot and implement emerging technologies and solutions that enable both better functionality (increasing reductions) and accurate and reliable performance monitoring data.

2030 targets	Scope 1 Reduce Scope 1 and Scope 2 emissions by 84% in total.	Scope 2 Reduce Scope 2 emissions to zero.	Scope 3 Reduce Scope 3 emissions by 6%.
Definition and inclusions	Direct GHG emissions from sources controlled or owned by an organisation. <i>Mobile fuels (diesel, petrol and aviation fuel), stationary fuels (natural gas, diesel for generators, LPG¹ and coal), fugitive emissions (medical and refrigerant gases).</i>	Indirect GHG emissions associated with purchasing electricity, steam, heat, or cooling. <i>Purchased electricity only.</i>	All other indirect emissions occurring in an organisation's value chain. <i>Waste (general, hazardous and medical waste), water (electricity usage to pump and treat water and wastewater), business travel (air travel and car hire), transport (upstream transport and distribution), purchased electricity (transmission and distribution losses), purchased goods and services (water and major vendors).</i>
Measurement	Convert volume data from actual purchases from suppliers into equivalent CO₂ emissions.	Measure the amount of electricity used at each of our facilities, converting this into equivalent CO₂ emissions based on how the electricity was generated.	Measure the amount of water consumed and waste generated at each of our facilities and source emissions data directly from service providers.

1. Liquid petroleum gas (LPG).

Reducing our emissions continued

Reducing our Scope 1 emissions

Our Scope 1 emissions are impacted by external factors including supply interruptions that increase generator fuel usage; patient needs that drive medical gas usage; and road and air ambulance services that rely primarily on fossil fuel use. Reducing these is challenging – we will, however, continue to closely monitor market trends, product innovation and product development to secure alternative solutions as they become available.

Netcare 911

While our emergency ambulance services contribute significantly to our Scope 1 emissions, our fleet is essential to our ability to provide quality emergency care for patients, including by providing free care to those who cannot afford to pay for these services.

92

sites

225

petrol and diesel vehicles and 8 helicopters.

Key initiatives

In progress

- Generator load curtailment to decrease diesel consumption during load shedding (e.g. reducing use of high-consumption and non-critical equipment).
- Fully automated the laundry boiler system, reducing coal and electrical energy consumption.
- Continuing to convert our remaining domestic hot water systems from onsite natural gas boilers to alternative energy efficient sources.

Short- to medium-term

- Exploring ways to reduce Netcare 911 emergency ambulance services fleet emissions by sourcing electric ambulances and biofuel¹.
- Exploring battery energy storage solutions as an alternative to running generators. This year, we received approval for and took the initial steps towards our pilot – the project will be completed in FY 2024 and is also expected to provide additional energy cost advantages by storing energy in off-peak periods and discharging in peak periods.
- Rolling out the Netcare Medicross inverter project, following a successful pilot at Medicross Krugersdorp.

Reducing our Scope 2 emissions

Our Scope 2 emissions comprise the bulk of our total emissions and are related to electrical energy consumption.

Key initiatives

In progress

- Increasing our solar PV footprint.
- Entered an agreement with an energy trader to purchase grid wheeled renewable energy for six sites.
- Our energy efficiency initiatives that reduce both Scope 1 emissions as well as energy consumption (Scope 2).



Read about how we are reducing our Scope 2 emissions: PG 52.

Reducing our Scope 3 emissions

Currently, our reporting on Scope 3 emissions is limited and must be calculated based on several assumptions. Accurately quantifying these will be a major step towards determining and declaring science-based targets for Scope 3 emissions and is a priority for the Group and our environmental sustainability team.

Key initiatives

In progress

- Engaging with suppliers to establish emissions associated with procured goods and services (e.g. development, production and transportation) and on reducing their emissions.
- Fully quantifying our Scope 3 emissions so that we can set a science-based target linked to all of our emissions.

Short- to medium-term

- Engaging with members of key Netcare teams (e.g. finance, HR, SHEQ² and project teams) to:
 - Estimate emissions produced by employee commuting, specific projects and inter-facility transportation.
 - Determine emissions associated with investments and leased assets (upstream and downstream).
 - Enhance reporting on landfill and recycled waste.

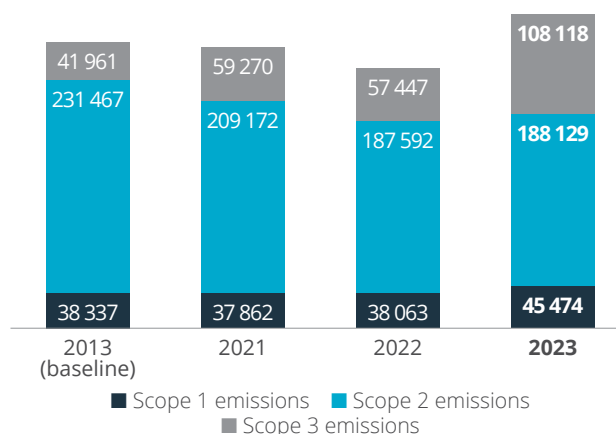
1. This initiative remains in its very early stages and implementation is likely to commence in the medium to long term.

2. Safety, health, environmental sustainability and quality management (SHEQ).

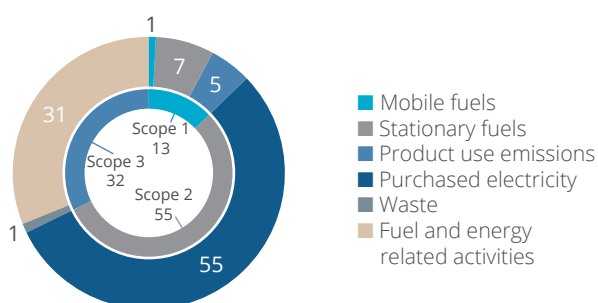
FY 2023 performance

- Total Scope 1 emissions increased due to a significant increase in load shedding hours over the year.
- Diesel usage increased 316% due to increased load shedding, negatively impacting Scope 1 emissions.
- Scope 2 emissions increased marginally this year. In FY 2022, we purchased 15GWh of renewable energy, contributing 15GWh of emission-free energy to our FY 2022 energy mix. In FY 2023, no renewable energy purchase was made, and coal-generated energy was used, shifting the year's energy mix (had the FY 2022 purchase not been made, around an 8% reduction would have been seen for FY 2023).
- Scope 3 emissions increased, mainly due to improvements in calculating and reporting these emissions (by Netcare and our suppliers). Water and waste (which contribute to these emissions) decreased significantly during this period.

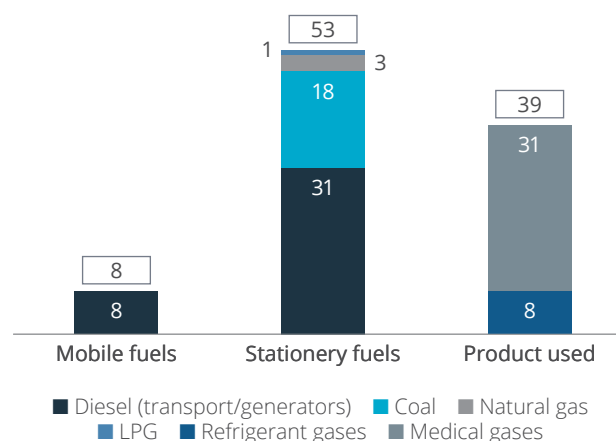
Breakdown of GHG emissions by scope (tCO₂e)



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



Scope 1 GHG emissions breakdown (%)



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

Key data: emissions

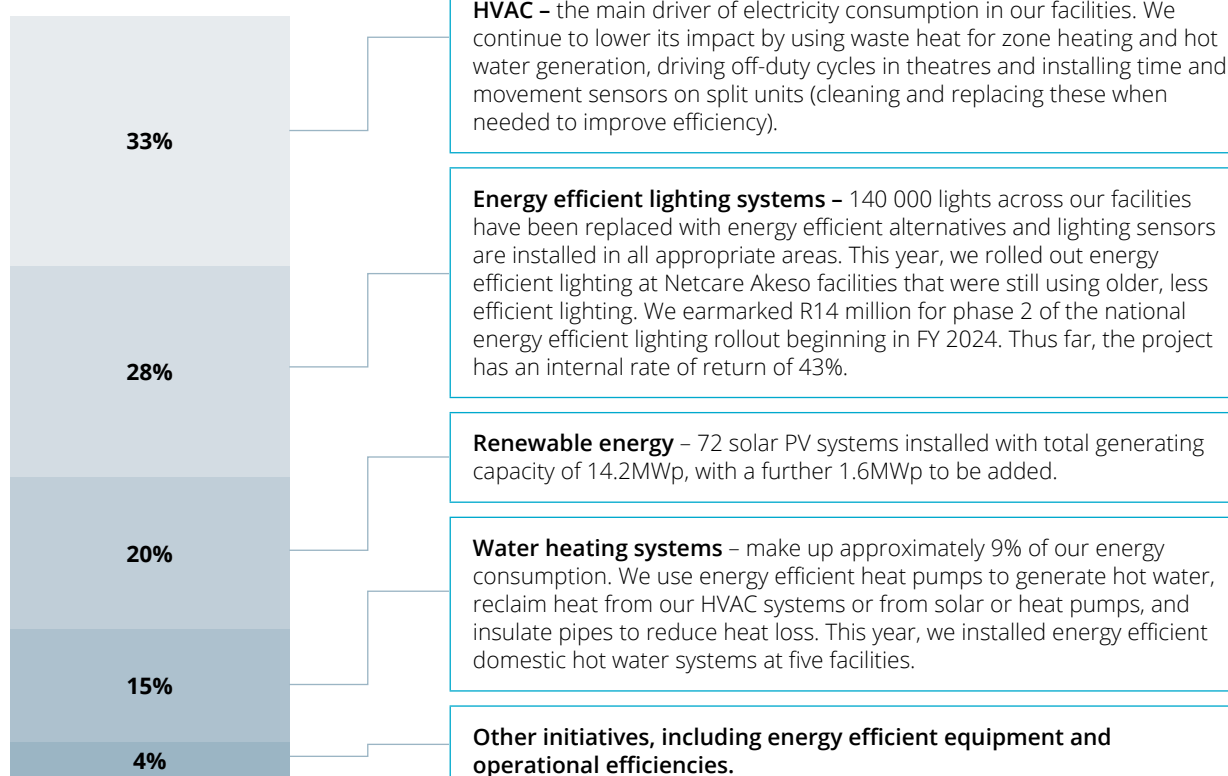
	Unit	2023	% change	2022	2021	Baseline (2013)
CO₂ emissions						
Scope 1 emissions	tCO ₂ e	45 474	19.5%	38 063	37 862	38 337
Scope 2 emissions	tCO ₂ e	188 129	0.3%	187 592	209 172	231 467
Total Scope 1 and 2 emissions	tCO ₂ e	233 603	3.5%	225 655	247 034	269 804
Scope 3 emissions	tCO ₂ e	108 118	88.2%	57 447	59 270	41 961
Total Scope 1, 2 and 3 emissions	tCO ₂ e	341 721	20.7%	283 102	306 304	311 765
Emissions falling outside the Kyoto Protocol	tCO ₂ e	1 662	(12.7%)	1 904	889	2 689
Total measured GHG emissions	tCO ₂ e	343 383	20.5%	285 006	307 193	314 454
CO₂ intensity ratios						
Ratio of Scope 1 and 2 to:						
– Revenue	tCO ₂ e/Rm	9.86	(5.5%)	10.43	11.65	20.09
– Registered beds	tCO ₂ e/bed	21.41	2.8%	20.82	21.82	33.56

Note: independently assured – limited level of assurance. Data covers SA and Lesotho up to FY 2021 and thereafter only covers SA.

Optimising efficiencies and investing in renewable energy

Our energy targets are ambitious and can only be met by reducing energy usage and intensity while also investing in and growing our renewable energy programme.

How we reduced our energy intensity



Additional energy efficiency projects :

- Maintaining and optimising cooling towers and chillers.
- Ensuring that unoccupied theatres, wards and units do not draw unnecessary power.
- Setting geyser, freezer and refrigerator thermostats to effective and efficient temperatures.
- Procuring energy efficient equipment and new technologies; for example, fresh air pre-treatment units to pre-treat the air in plantrooms, reducing energy consumption.
- Identifying plant consolidation opportunities and reducing redundancies.
- Using tinting to reduce heat load through windows.
- Reviewing and building a case for replacing old technologies.

Our energy efficiency projects have somewhat mitigated the significant escalation in costs associated with increased reliance on diesel-powered generators during sustained load shedding periods. Even so, load shedding levels experienced in FY 2023, combined with the higher price of diesel, resulted in **generator diesel costs increasing 235% to R124 million; we have calculated that load shedding costs Netcare an average of R3 million per stage per month.**

How we measure and track energy

Our energy efficiency initiatives are underpinned by our ability to accurately monitor energy usage. As these initiatives mature – and to align with our strategic focus on operational efficiencies – so must our approaches to measurement. For FY 2023, this has meant focusing on closing gaps in our monitoring capabilities by installing meters on plants at facilities that were previously excluded due to their smaller footprints. We have also installed meters on our generators and diesel tanks, allowing us to track real-time generation and fuel consumption and enabling us to timeously identify low fuel levels. These initiatives will enhance our ability to report on and identify further opportunities for efficiencies.

We measure energy consumption through electricity purchased and calculate reductions against our performance in FY 2013; this is adjusted year on year to accommodate for growth in activity and floor space expansion¹. Meters are critical for establishing accurate baselines against which to measure, verify and report energy reductions, as well as to accurately record our tenants' usage. National audits enable us to identify opportunities to reduce our electricity consumption and additional projects for implementation.

New monitoring initiative: medical air compressors

Over FY 2023, we began integrating our medical air compressors and vacuum pumps into our plant monitoring platform, enabling insight into the energy intensity and performance of these crucial, energy intensive assets. Monitoring these systems enables data visualisation, remote monitoring and preventative maintenance; extends compressor lifespan; eliminates manual tasks; and results in cost savings.

21 Gauteng facilities were selected for integration this year, with the aim of rolling out to all facilities in FY 2024.

100% renewable energy by 2030

Achieving 100% renewable energy will enable the Group to access the market at scale, maximise our ability to reduce emissions and lower our operational costs.

Last year, we launched phase one of our 100% renewable energy programme, entering negotiations with an energy trader to wheel² renewable energy produced by wind turbine and solar to five hospitals and the Group's head office. These six sites are supplied directly by Eskom and represent around 11% of the Group's annual electricity consumption. The 20-year power purchasing agreement has been completed with oversight and approval by the Netcare Procurement and Finance and Investment Committees as well as the Board – we anticipate that this energy supply will be available from 2026 (pending site development and construction). No capex is required from the Group³. In the coming year, we will explore viable renewable energy wheeling solutions for 12 – 15 municipal-connected facilities.

Projected impact

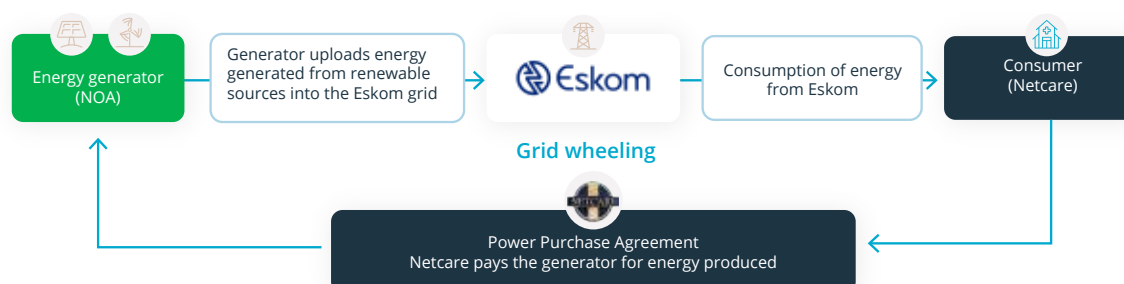
Around 26%

total energy consumption from renewable sources.

Around 40%

total energy consumption from renewable sources when the project is expanded to the selected municipal-supplied sites.

Grid wheeling



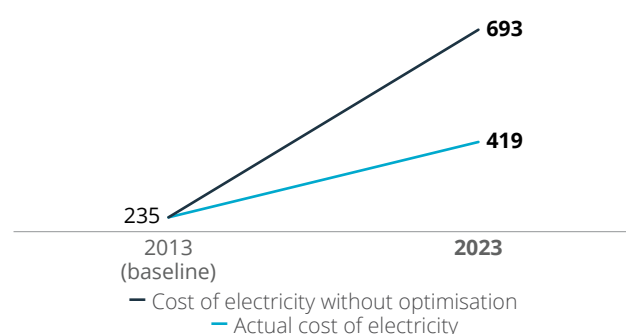
1. The baseline was calculated using energy audits undertaken across our network, with baselines and targets established for each facility. Our baselines and targets are reviewed annually, and the baseline is used to declare savings reflected directly in the financial statements. We primarily measure energy intensity based on energy consumption per bed in use rather than patient days. This is because measures of patient days do not take into account the base energy consumption of a facility (e.g. HVAC and lighting requirements) required whether or not the beds are in use. Only once a facility exceeds 60% of capacity does patient days become a driver of energy consumption.
2. 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.
3. The agreement can be prematurely terminated due to provider default, force majeure, or corruption events. It can also be terminated due to Netcare default or business continuity – in this case Netcare will be liable for compensation.

Optimising efficiencies and investing in renewable energy continued

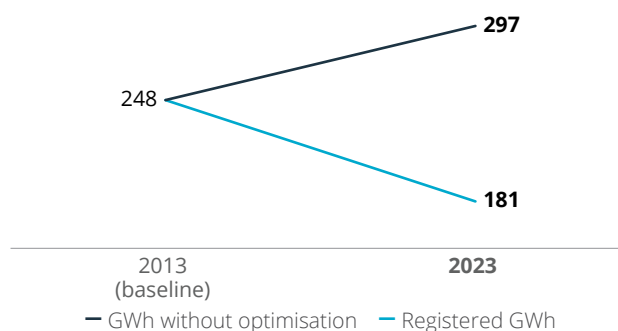
FY 2023 performance

- While actual tariff increases amounted to 15%, actual year-on-year costs increased 9% to R419 million due to our energy efficiency and renewable energy initiatives.
- The cumulative electricity tariff increase since 2013 has been 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.
- Finalised the Netcare Alberton Hospital PV installation and will complete installation of the Netcare Pretoria East Hospital PV system in early FY 2024 (contributing a combined total of 4GWh of electricity/year). We also installed three additional PV systems in FY 2023.
- Six facilities have fresh air pre-treatment cooling units installed as of FY 2023. Based on the favourable financial performance of this initiative, four facilities were approved for installation this year and a further five are earmarked for future installations.
- Installed energy meters at nine additional Netcare Medicross sites.
- Installed meters at four sites with piped gas infrastructure.
- Recovered costs for 18 MWh from tenants (FY 2022: 19 MWh).

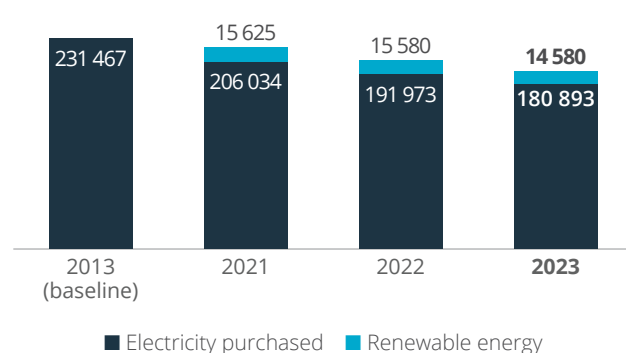
Optimisation impact from energy saving initiatives (Rm)



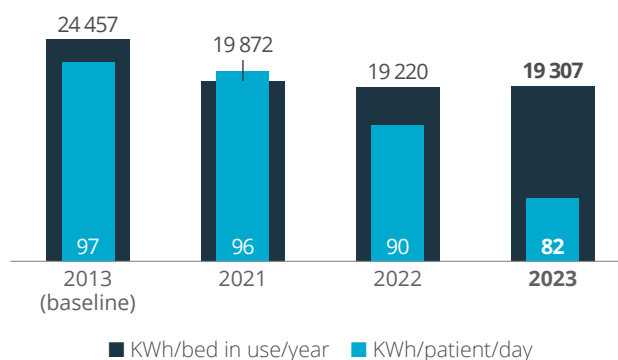
Optimisation impact from energy saving initiatives (GWh)



Energy consumption (MWh)



Energy intensity on monitored facilities



Key data: energy use

	Unit	2023	% change	2022	2021	Baseline (2013)
Direct energy used	gigajoules	360 509	53.7%	234 616	212 969	205 259
Indirect energy used	gigajoules	651 214	(5.8%)	691 103	741 723	833 281
Total energy consumed	gigajoules	1 011 723	9.3%	925 719	954 692	1 038 540

Note: total energy use includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover 100% of the hospital network, 75% of Primary Care's electricity expense and 100% of Netcare Akaso facilities' electricity expense. Data covers SA and Lesotho up to FY 2021 and thereafter only covers SA.

Looking ahead

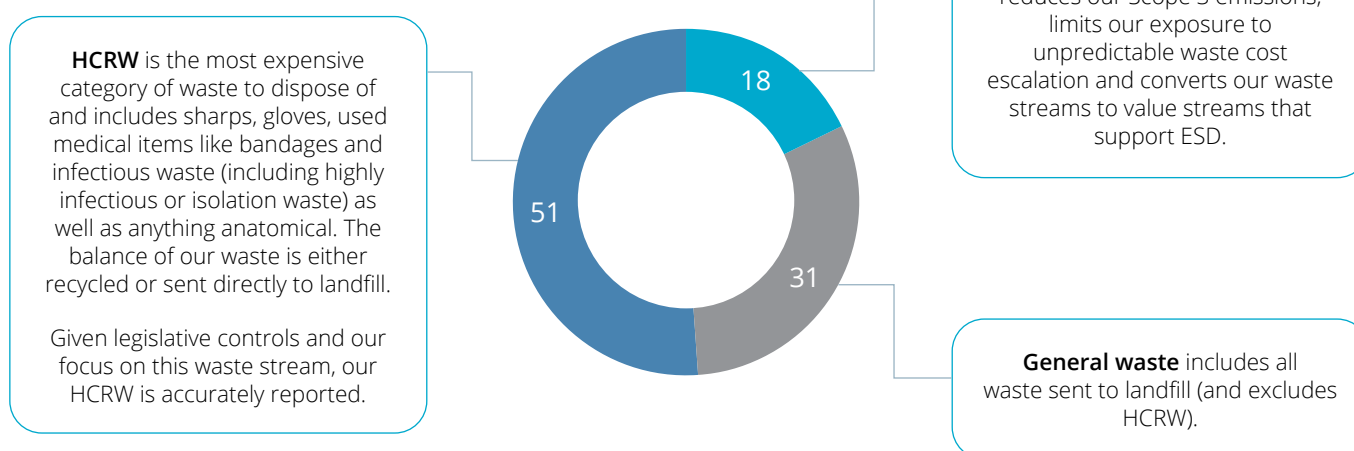
- Pilot a food waste-to-energy initiative at Netcare Alberton Hospital.

Reducing waste sent to landfill

We remain committed to our zero waste to landfill goal and to transitioning towards a circular economy. As such, we have set a target to reduce landfill waste to zero by 2030¹. Achieving this will reduce the Group's environmental impact and carbon footprint while decreasing costs, creating employment opportunities, and contributing to a less polluted and greener SA.

Landfill space in SA is rapidly decreasing and waste disposed through landfills is associated with severe environmental costs, including pollution and GHG emissions.

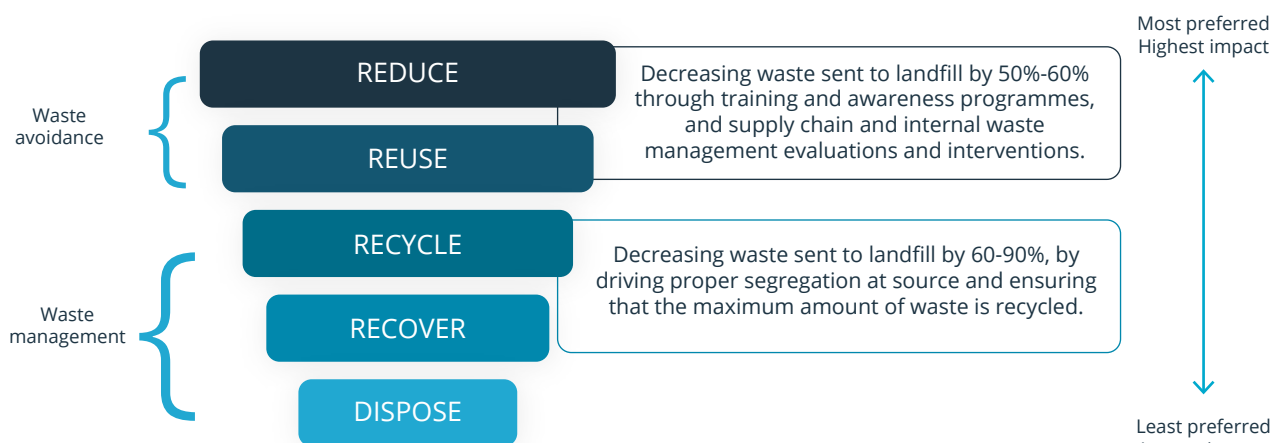
Our waste breakdown by category for FY 2023 (%)



Our zero general waste to landfill strategy

With landfill space in SA rapidly decreasing and the high environmental burden of waste disposal via landfill, general waste diversion is currently a top priority for Netcare. Our zero general waste to landfill strategy targets zero general waste certification for the Group² by FY 2027³ (provided logistical and legal factors do not cause delay) and is now implemented at all Netcare hospitals, bar four (UCT Private Academic Hospital, Universitas Private Hospital, Netcare Pelonomi Hospital and Netcare Kokstad Hospital). This year, the Hospital Division recycled 44% of its general waste, exceeding our internal target.

The waste hierarchy guides our zero general waste strategy:



1. Ahead of the targets proposed by the SA National Waste Management Strategy.
 2. Beginning with rollout to the Hospital Division.
 3. A year later than originally anticipated and reported last year.

Reducing waste sent to landfill continued

Key initiatives

Service provider engagement

In February 2023, we appointed general waste service providers at all participating Netcare hospitals to enhance waste recovery for recycling and improve tracking data across the Group. These service providers have agreed to specified targets for waste diversion for 2023 and have committed to prioritising diverting 100% of specific waste streams from landfill, including:

- Electronic waste, including electronic medical equipment.
- Food and garden waste.
- Plastic and paper packaging.
- Shredded confidential paper waste.
- Glass, steel, metal and aluminium waste.

We have also secured commitments for recovery of residual and non-recyclable waste; this will be diverted from landfill to energy production.

Food waste to energy

We received approval for a pilot study at Netcare Alberton and Netcare Milpark hospitals investigating the feasibility of transforming organic waste (collected from the hospital kitchen and NetCafé) into biogas to supplement the facilities' renewable energy supplies and used for cooking or water heating. The gas is produced through an anaerobic digestion process that breaks food waste down to compostable material. The pilot will commence in FY 2024.

Organic waste composting and recovery

387 tonnes

of organic waste diverted from landfill over FY 2023. All Netcare hospitals implementing the zero general waste strategy are currently participating in this initiative.

FY 2022: 400 tonnes

Onsite and offsite composting solutions are used to reduce the volume of organic and wet waste (primarily food waste from our kitchens) diverted to landfill. The compost is sold or donated to small-scale farmers. During FY 2023, we rolled out composting and anaerobic biodegradation solutions (capable of treating 50 tonnes of organic wet waste per day) to 46 Netcare facilities.

Additional general waste initiatives :

- Paper: reduce printing; recover paper waste for recycling.
- Plastic: increase supplier awareness; phase out disposable cutlery; use reusable containers; recover and recycle bed screens and other plastic waste.
- Garden waste: compost in collaboration with an accredited partner.
- Redundant/unused furniture: refurbish; donate; recover for recycling.

Our zero general waste process

Current state assessment

Reviewing and evaluating current waste management procedures.

Waste characterisation

Assessing the presence and proportionality of different categories of waste across our facilities.

Standard operating procedures

Identifying and recommending corrective actions for any gaps between current and desired procedures.

Service provider alignment

Engaging with waste service providers to reach agreement on proposed changes to operational processes.

Zero waste strategy

Developing and implementing a zero waste strategy that is aligned with generally accepted waste hierarchy principles.

Strategy implementation plan

Implementing and tracking zero waste initiatives across the Group, periodically assessing performance.



Electronic waste recycling

4 tonnes

diverted from landfill over FY 2023. All Netcare hospitals implementing the zero general waste strategy are currently participating in this initiative.

FY 2022: 2 tonnes

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

HCRW diversion

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

HCRW beneficiation

212 tonnes

of HCRW treated and diverted from landfill. Four hospitals are currently participating in this initiative which is run in partnership with the Council for Scientific and Industrial Research and Tech4Green.

FY 2022: 230 tonnes



HCRW is treated to a low-risk, sterile standard that poses no risk to human handling or the environment. A variety of uses for the transformed waste are being investigated, including whether it can be used to produce fuel cells for market or sold as a raw material for making secondary products.

Clinical glass recycling

109 tonnes

clinical glass diverted from landfill. The initiative was trialled at three hospitals last year and has now been rolled out to all inland hospitals and five hospitals in KwaZulu-Natal, with plans to roll out to additional hospitals in KwaZulu-Natal and all hospitals in the Western Cape in FY 2024. The initiative is run in partnership with Netcare HCRW service providers.

FY 2022: 24 tonnes



Clinical glass is removed from participating hospitals and treated to a low-carbon coal product. Presently, this is donated to the cement and building industries where it is used as a coal supplement (reducing their emissions).

HCRW container recycling

61 tonnes

of single-use HCRW container waste diverted from landfill as of the end of September 2023. All KwaZulu-Natal and inland hospitals are currently participating in this initiative run in partnership with Compass Medical Waste.

FY 2022: reported for the first time in FY 2023



Single-use HCRW containers are recycled, reducing plastic and cardboard waste sent to landfill. Reusable containers are also used at various Netcare hospitals, reducing plastic waste sent to landfill (as well as needlestick injuries). Reusable containers accounted for 621 kg of the 61 tonnes diverted from landfill.

PVC waste

26 tonnes

recycled in FY 2023. The initiative will be extended to our KwaZulu-Natal facilities in FY 2024.

Internal target: 19 tonnes

FY 2022: 17 tonnes



High-quality, single-use PVC waste is used to make waterproof, recyclable school shoes for underprivileged children as part of our My Walk Made with Soul initiative | PG 105.

Reducing waste sent to landfill continued

Freeflex drip bags

26 tonnes

diverted in FY 2023. The project is now active at 27 hospitals.



Drip bag residue is converted to refuse-derived fuel that is used to run the boiler at the waste treatment plant.

Sterile medical theatre wrap

3 tonnes

diverted in FY 2023.

FY 2022: 3 tonnes



The wrap is recycled and used to make plastic products like pallets and tiles.

Disposable ward curtains

8 tonnes

endurocide diverted in FY 2023.

FY 2022: reported for the first time in FY 2023



Disposable curtains used in hospital wards are shredded and sent to plastic manufacturers where they are reused to make plastic products (e.g. plastic bags and pallets).

How we measure and track waste

A set of baseline metrics has been established to measure performance with the indicator for hazardous waste volume per patient day distributed monthly to leadership to track progress. Targets have been assigned to all facilities to reduce waste by increasing recycling volumes. Our audits of waste service providers cover compliance with waste management regulations, training, competency of staff, waste information systems, control and security, transportation, monitoring, environmental impact, and health and safety.

Our integrated waste management platform

Waste governance is managed on SafeCyte (the Group SHEQ information management system) and a data management dashboard is used to track waste volumes at hospitals.

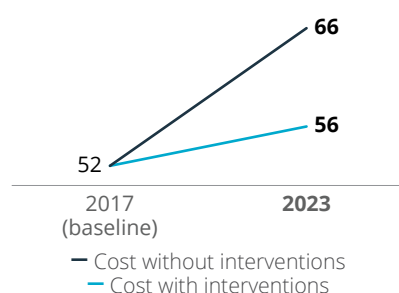


..... Read more about SafeCyte in our quality report: [Governance](#).

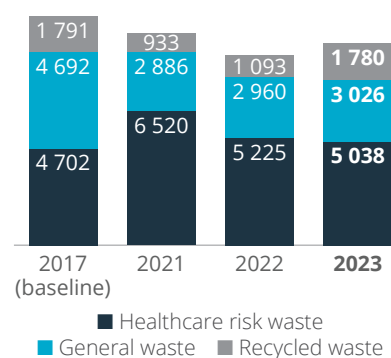
FY 2023 performance

- HCRW generation decreased but the year-on-year cost of HCRW increased by 7% (with the balance of waste disposal costs increasing by 18%). This is attributable to HCRW treatment cost adjustments.
- Enhanced waste performance tracking dashboards to include benchmarks and reduction targets for each hospital.
- Implemented a HCRW 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.
- Launched HCRW pilot studies investigating:
 - The feasibility of using plasma gasification to treat various HCRW streams, transforming HCRW residue into a gas that can be used for energy.
 - Opportunities for using pyrolysis to convert treated HCRW into secondary materials.
- 289 tonnes of treated infectious waste diverted by the Hospital Division.
- All untreated effluent is discharged into municipal sewer systems.
- There were no significant spills in FY 2023.

Optimisation impact from waste sorting initiatives (Rm)

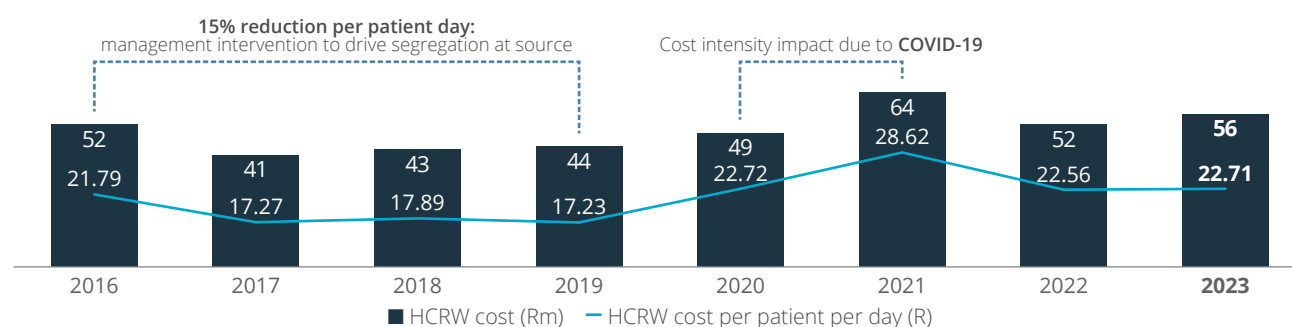


Total waste volume (tonnes)¹



1. Total provided for HCRW includes incinerated HCRW.

HCRW cost and HCRW cost per patient day (Rm)



Key data: waste management

	Unit	2023	% change	2022	2021	Baseline (2017)
HCRW						
– Incinerated	tonnes	75	0%	75	76	72
– Treated and landfilled	tonnes	4 963	(3.6%)	5 150	6 391	4 630
General waste (landfilled)	tonnes	3 026	2.2%	2 960	2 886	4 692
Total waste¹	tonnes	8 064	(1.5%)	8 185	9 406	9 394
Recycled waste	tonnes	1 780	62.9%	1 093	933	1 791
Ratio of total waste generated to:						
– Revenue	kg/Rm	340	(10.1%)	378	444	491
– Registered beds	kg/bed ²	739	(2.1%)	755	831	886

Note: data covers SA and Lesotho for FY 2021 and only SA for FY 2017, FY 2022 and FY 2023.

1. Excludes recycled waste.

2. Registered beds for the Hospital Division and Netcare Akeso.

Reducing consumption and minimising our impact on SA's freshwater reserves

We continue to develop our water strategy roadmap and are aiming to reduce water consumption from 500 litres per bed per day to 400 litres per bed per day by FY 2030 (a 20% reduction of our impact on water sources)¹. Currently, we are focused on establishing a solid baseline for benchmarking (in line with global best practice), reducing consumption through water saving initiatives and rolling out boreholes to reduce reliance on municipal infrastructure. We also continue to investigate wastewater treatment options as they remain the most comprehensive and beneficial solution for supplementing and securing our water supply while reducing our environmental impact and demand on the national water supply.

South Africa is one of the driest countries in the world and receives around half the world average rainfall.

A review of water storage for socioeconomic development in South Africa (2018). Journal of Water Resource and Protection, 10 (3).

Over FY 2023, we introduced a water stewardship programme that raises awareness on best practice water management, conservation and our water saving initiatives. The programme prioritises closing gaps in our water measurements and completing a water risk assessment to quantify the financial impact of water-related risks and opportunities on the business (including those within our value chain). This will be foundational to developing a capex programme for water saving and water sustainability initiatives in the future. We also aim to introduce new water policies (aligned with international best practice) and set facility-level water targets across the Group.

Key water saving initiatives

Wastewater harvesting

We are awaiting municipal approval to construct an onsite greywater treatment plant at Netcare Alberton Hospital (the plant will treat recycled greywater to potable standards, meeting around 60% of the hospital's projected water demands). We are also conducting feasibility studies on two Johannesburg-based hospitals.

Netcare Alberton Hospital

An estimated

50 000 kl

of water can be saved annually through the plant.

Reverse osmosis plants

All National Renal Care units have indirect feed reverse osmosis units installed, achieving water savings of around 30%. While this is below our initial expectations, it remains a significant water conservation initiative.

Around 60 000 kl

of water saved each year².

Other water efficiency initiatives in FY 2023

- Renewed our focus on operational efficiencies.
- Leak identification and repair.
- Harvesting rainwater for irrigation.
- Low-flow fittings and fixtures.
- Efficiently managing onsite laundry facilities and recycling initiatives at our central laundry facility.
- Engaging on water initiatives at facility level and with cleaning and catering suppliers.
- Converting our water-intensive HVAC cooling towers to alternative energy efficient technologies that do not require water.

Operational efficiency drives resulted in an **8%** reduction in water consumption at hospital facilities for FY 2023.

¹ The 20% reduction refers to actual water used per bed (from 500 to 400 litres).

² The plants store water that is not used during the dialysis process.

How we measure and track our water use

We use water meter readings to set targets and a list of interventions and associated implementation plans for each facility. We measure water consumption against our baseline performance set in 2014. Our baselines and targets are reviewed annually, and we have used our water baseline to declare savings since FY 2021.

Water meters are installed at all Netcare hospitals, and over FY 2023, we began installing meters at 13 Netcare Akeso facilities to enhance reporting and assist in identifying opportunities for efficiencies. We also began installing borehole water meters at sites not currently being metered.

Water sources

The Hospital Division uses municipal water at all sites barring Netcare Alberlito, Netcare Kroon, Netcare Margate, Netcare Pholoso, Netcare St Annes, Netcare Ferncrest and Netcare Greenacres hospitals, which are supplied by both borehole and municipal water. A desalination plant at Netcare Christiaan Barnard Memorial Hospital supplies 100% of the hospital's water. No water sources are significantly affected by our operations.

National borehole rollout

In FY 2023, we approved a national borehole strategy¹ to reduce our reliance on municipal infrastructure, mitigating short-term risks to our water supply. Feasibility studies have been completed at 35 hospitals, rollout at feasible-yield sites has begun for around 20 boreholes, and Netcare Greenacres Hospital is already able to operate independently of the municipal network. However, boreholes do not represent a sustainable solution for climate change or broad environmental and longer-term water supply challenges. To address this, we must also reduce our water consumption, continue to supplement our water supply with treated wastewater and deliver on the other elements of our environmental strategy.

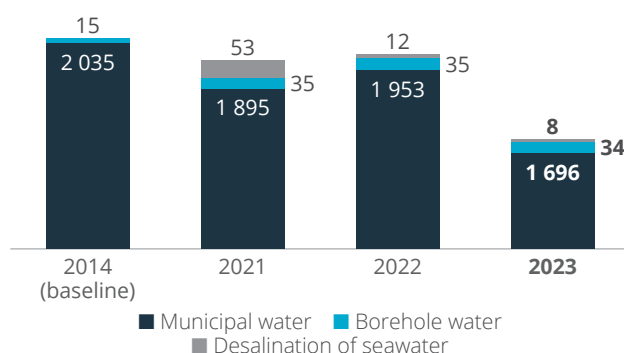
1. The strategy complies with national and by-laws.

Reducing consumption and minimising our impact on SA's freshwater reserves continued

FY 2023 performance

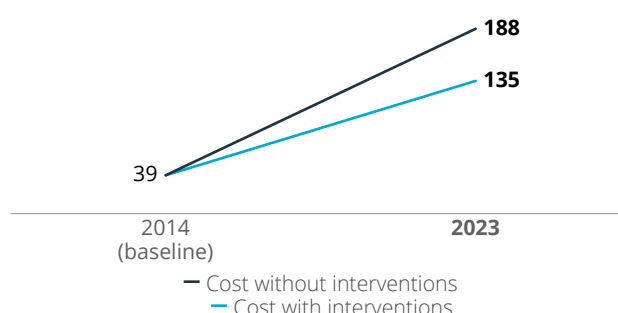
- Total water consumption decreased, however, costs increased year on year by 42% due to inflation and cost-corrections applied by the municipalities; some facilities were underbilled for a number of years and others received credits in FY 2022, lowering their costs. Accrual provisions were made for these facilities.
- Total consumption decreased 13%, with our operational efficiency drives and water saving initiatives offsetting increases in patient days as business recovery continues.
- Completed the feasibility analysis on constructing a wastewater treatment plant at the Netcare Greenacres Hospital (noted in last year's report); however, the project proved financially unfeasible.

Water consumption (megalitres)



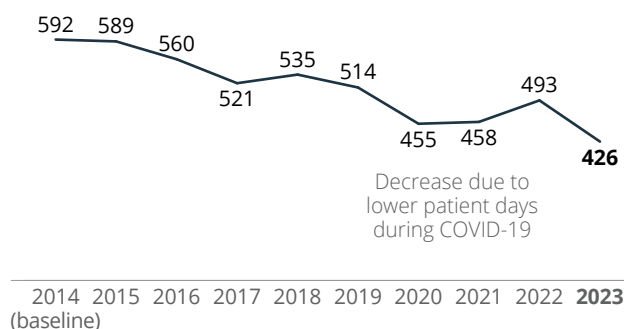
Note: FY 2014 borehole number is estimated due to limited metering capacity at the time of programme inception.

Optimisation impact from water saving initiatives (Rm)



Note: increase in water costs is due to underbilling and credits applied to certain facilities in prior years.

Water reduction (litres per bed per day)



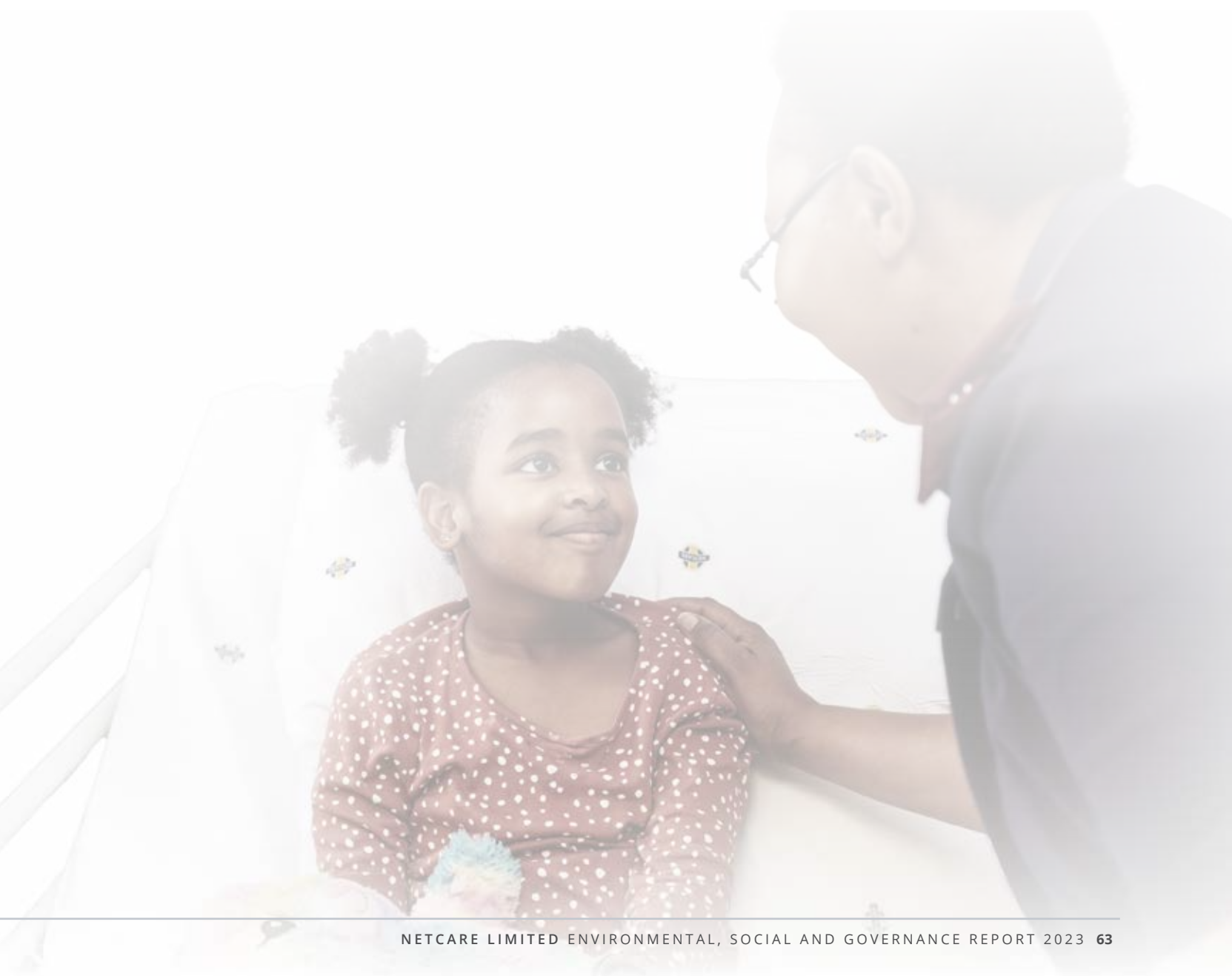
Key data: water consumption

	Unit	2023	% change	2022	2021	Baseline (2014)
Municipal water consumption	kl	1 695 949	(13.2%)	1 953 678	1 895 020	2 035 101
Ratio of total water to:						
– Revenue	kl/Rm	72	(20.0%)	90	89	125
– Registered beds	kl/bed	155	(13.0%)	180	167	216

Note: excludes re-use and borehole water. All hospitals have water meters. Data covers SA and Lesotho up to FY 2021 and thereafter only covers SA.

Looking ahead

- Continue to drive water reduction and saving projects in our facilities.
- Continue to investigate and develop possible blackwater treatment plants at facilities and evaluate the feasibility of constructing wastewater plants for hospitals located in municipalities with high water costs.



Social:

caring for our people, our patients, and our country

- 66 Our FY 2023 people performance
- 67 Our FY 2023 social transformation performance
- 70 **Our people**
- 73 Supporting our people's health, safety, resilience and wellbeing
- 79 Curating a meaningful and engaging employee experience
- 82 Ensuring fairness in the workplace
- 84 Driving blended learning and development and talent management initiatives
- 89 Fair, responsible and competitive remuneration and retention
- 92 **Our social transformation imperatives**
- 96 Benefiting our communities through broad-based black ownership
- 99 Cultivating a diverse and inclusive workplace
- 103 Driving socioeconomic inclusion in our sector
- 108 Caring for the health of our communities



External commitments, frameworks and standards

- King Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact¹
- United Nations Universal Declaration of Human Rights
- United Nations Sustainable Development Goals
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- ISO² 9001:2015 (Quality management systems)
- ISO 45001 (Occupational Health and Safety)
- GRI Standards³: 2-6 to 8⁴, 2-25 to 26 and 30/202-2/203-2/204-1/401⁴-3/402-1/403-1 to 10/404-2 and 3/405-1 and 2/406-1/413-1

1. Our 2023 Communication on Progress is available on the United Nations Global Compact website.
2. International Organization for Standardization (ISO).
3. Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the Netcare investor relations website.
4. More detailed information on these indicators:  PG 125.

Key legislation

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

Scope of reporting

Our data relating to people, training and development, diversity and inclusion, and socioeconomic development (including corporate social investment) initiatives includes all Netcare hospitals, Netcare Akeso mental health facilities, Netcare Medicross medical and dental centres, Netcare 911 and all other Netcare subsidiaries.

Assurance

Independent assurance of people and transformation data:

- Empowerdex (verification): Broad-based Black Economic Empowerment scorecard.
- Assurance on financial and certain non-financial performance indicators has been obtained in line with
- our combined assurance model, with feedback provided to the Risk and Audit Committees and the Executive Committee. Non-financial information is assured by Internal Audit on a cyclical basis.

Our FY 2023 people performance

Employment

18 568

permanent employees.

FY 2022: 18 245

R8 861 million¹

in salaries paid to our employees.

FY 2022: R8 015 million

Voluntary turnover decreased to **11.5%** with nurse turnover also decreasing. Overall turnover² decreased to **14.5%**.

2023 BSC³ target: 14.0% voluntary turnover

FY 2022: 14.8%, 17.2%

Unions

Successfully concluded wage negotiations and terms and conditions of employment for 2023/2024 with all recognised trade unions⁴.

Care4YOU

All

hospitals have rolled out modules 3 and 4 of Care4YOU.

354

compassion ambassadors spearhead Care4YOU.

OHS

5 235

employees attended OHS⁵ training.

FY 2022: 4 823

Medical surveillance

10 236

medicals conducted as part of our medical surveillance programme.

2023 target: 7 900

FY 2022: 6 111

Training and skills development

R65 million

total training spend (including **R57 million** direct spend reported to the HWSETA⁶ and an additional **R8 million** spend on clinician development bursaries, nursing student gratuities, and study loans), equating to 1% of payroll.

SDP2022⁷: R51 million reported to the HWSETA

Skills Development Act target: 1% payroll

18 565

employees (including **1 219** current and future leaders) participated in **56 428** training and/or development programmes.

SDP2022: 15 968

88% (R50 million)

of direct training spend invested in developing black employees and **81% (R46 million)** invested in developing black women.

SDP2022: 86% and 75%

53% (R30 million)

of direct training spend benefitted unskilled and semi-skilled mid-level workers.

SDP 2022: 54%

4% (R2 million)

of direct training spend invested in developing employees with disabilities.

SDP 2022: 1%

Recruitments and promotions

88%

of all recruitments and promotions went to black people with **66%** being black women.

FY 2022: 87%, 69%

Formal and clinical training

632

nurses enrolled in formal nursing programmes accredited by the SANC⁸ – **176** are new intakes.

SDP 2022: 595

Management and leadership development

7% (R4 million)

of direct training spend invested in developing talent through our management and leadership development programmes. **85%** benefitted black people.

SDP 2022: 7%

Learnerships and internships

954

YES⁹ learners have completed the YES4Youth programme since 2018.

855 (90%) of learners who successfully completed the programme are gainfully employed, with **525 (61%)** employed at Netcare.

2023 target: 90% gainfully employed

43

unemployed youth with disabilities are enrolled on our Sinako learnership programme.

SDP 2022: 45

1. Includes public private partnerships, excludes agency costs.

2. Includes voluntary turnover.

3. Balanced scorecard (BSC).

4. Three for the Hospital Division and two for Netcare Medicross. Last year, we reported on four recognised trade unions in the Hospital Divisions. As of FY 2023, one of these no longer has majority membership and did not negotiate for the 2023/2024 process. Members of this union received the same adjustment and benefits as did employees in non-bargaining units.

5. Occupational health and safety (OHS). Including basic firefighting, fire marshal, level 1 first aid, health and safety representative, health and safety induction, incident investigator,

radiation safety officer, workplace risk assessment, OHS Act training, and introductory safety management training courses (SAMTRAC).

6. Health and Welfare Sector Education and Training Authority (HWSETA).

7. Calculated for the skills development period (SDP) 1 April 2022 to 31 March 2023 as legislated by the Skills Development Act 97 of 1998. Leadership and management training is included in the overall number of employees trained.

8. South African Nursing Council (SANC).

9. South Africa's National Youth Employment Service (YES) programme.

Our FY 2023 social transformation performance

B-BBEE

Level 3 B-BBEE¹ rating

maintained for the second year.

2023 target: Level 3

FY 2022: Level 3

Taxes

R374 million

in taxes paid to government.

FY 2022: R439 million

Ownership

R1.4 billion

shares in issue, **96%** of which are mandated investments monitored for black and black women ownership. The remaining **4%** comprise HPFL² Trust and Treasury shares.

4

employee share scheme and broad-based community scheme trusts³ that allocate shares or funding in favour of black and black women beneficiaries.

28%

of voting rights held by black people and **16%** held by black women.

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

Medical doctor profile

54%

of doctors⁴ with admissions privileges are black.

FY 2022: 52%

Workforce and management diversity

82.7%

of our workforce comprises black employees. **80.6%** are women and **66.4%** are black women.

EAP⁵: 92%

FY 2022: 80.9%, 81.0%, and 65.0%

45.7%

of senior managers are black, **51.4%** are women, and **22.9%** are black women.

2023 target: 52.6% black and 28.9% black women managers

PSR⁶: 41.6% black and 35.8% women representation at senior management level

FY 2022: 50.0%, 53.1%, and 25.0%

57.5%

of middle managers are black, **61.4%** are women, and **35.9%** are black women.

2023 BSC target: 56.5% black managers

2023 target: 34.5% black women managers

PSR: 57.6% black and 42.4% women representation at professionally qualified level

FY 2022: 53.1%, 60.8%, and 32.4%

77.4%

of junior managers and skilled workers are black, **84.7%** are women, and **65.3%** are black women.

2023 target: 77.2% black and 63.4% black women managers

PSR: 77.1% black and 41.9% women representation at skilled worker level

FY 2022: 75.9%, 85.3%, and 64.5%

Socioeconomic transformation and CSI

R29 million

CSI⁷ spend of which **52%** (R15 million) was recognisable under the dtic Codes, equating to **1%** of NPAT⁸.

dtic target: 1% NPAT

FY 2022: R35 million

87%

of our CSI beneficiaries are black.

dtic target: 75%

FY 2022: 91%

R18 million

of our CSI spend was invested in training and developing doctors.

FY 2022: R18 million

>16 000

survivors assisted free of charge through our **38** Sexual Assault Crisis Centres since 2002.

The Foundation won its **fourth Diamond Arrow Award** and received the highest overall score for ESG programmes and initiatives for 2022. The award considers levels of managerial expertise, implementation of corporate governance, brand awareness and levels of innovation.

1. Broad-based black economic empowerment (B-BBEE).

2. Health Partners for Life (HPFL).

3. Established through the HPFL Trust.

4. Data for doctors with a billed revenue above R300 000.

5. SA's economically active population (EAP).

6. SA's private sector representation (PSR). Data from the 23rd Commission for Employment Equity Annual Report (2022-2023).

7. Corporate social investment (CSI).

8. Net profit after tax (NPAT).

Our FY 2023 social transformation performance continued

Leadership

44.4%

of directors¹ are black, **44.4%** are women, and **33.3%** are black women. All our directors are South African.

dtic² targets: 50% black directors and 25% black women directors

FY 2022: 54.5%, 54.5%, and 45.5%

45.5%

of Executive Committee members are black, **36.4%** are women, and **9.1%** are black women.

dtic targets: 60% black and 30% black women Exco members

PSR: 31.2% black and 25.3% women representation at top management level

FY 2022: 45.5%, 36.4%, and 9.1%

People with disabilities

4.6%

(856) of our workforce are people with disabilities, exceeding the national target of 2%. Of these, **68.5%** are black **73.0%** are women, and **48.5%** are black women.

2023 target: 4.5%

National average: 1.2%

FY 2022: 4.4% (809)

For the second consecutive year IRAS³, in partnership with the National Coalition for and of Persons with Disabilities, **recognised Netcare for having the highest disabled persons rate in the health and social work sector**, and one of the top five disabled persons rates of all JSE-listed companies.

Preferential procurement

R13.8 billion

total procurement spend of which **92% (R12.7 billion)** qualified as measurable under the dtic Codes.

FY 2022: R12.9 billion (89%)

R12.4 billion (114%)

of measurable spend was with B-BBEE compliant suppliers.

2023 target: 99%

dtic target: 80%

FY 2022: R13.2 billion (114%)

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

ESD

R72 million

ESD⁴ spend.

FY 2022: R62 million

468 jobs

jobs supported by our **64 ESD** partners with **162 new jobs** created this year.

Supplier development

R42 million

invested in supplier development of which **67% (R28 million)** was measurable under the dtic Codes, equating to **2% NPAT**.

dtic target: 2% of NPAT

FY 2022: R36 million (61%)

Enterprise development

R30 million

invested in enterprise development of which **97% (R29 million)** was measurable under the dtic Codes, equating to **2% NPAT**.

dtic target: 1% of NPAT

FY 2022: R26 million (69%)

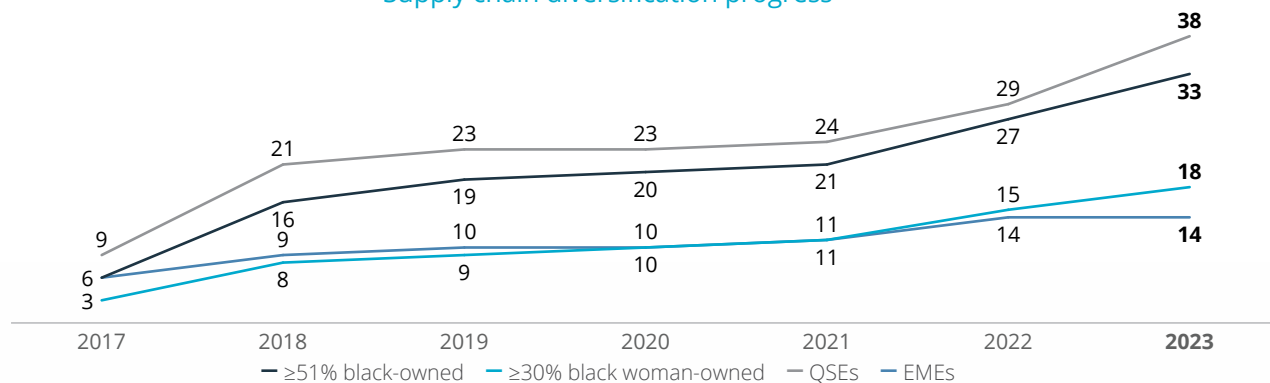
1. Normalised from FY 2022 to seven non-executive and two executive directors.

2. Department of Trade, Industry, and Competition (dtic).

3. Integrated Reporting and Assurance Services (IRAS).

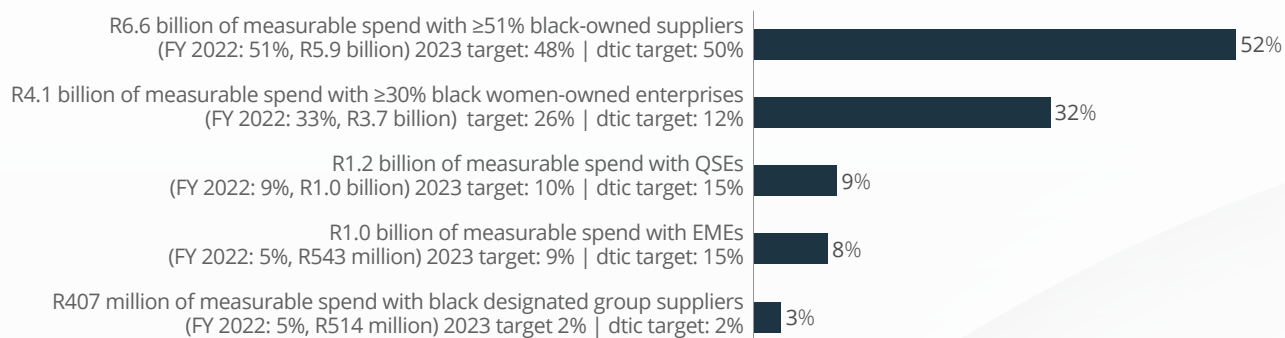
4. Enterprise and supplier development (ESD).

Supply chain diversification progress



Note: black-owned, black women-owned, EME¹ and QSE² suppliers as a percentage of total suppliers.

FY2023 supply chain diversity compared to dtic and internal targets



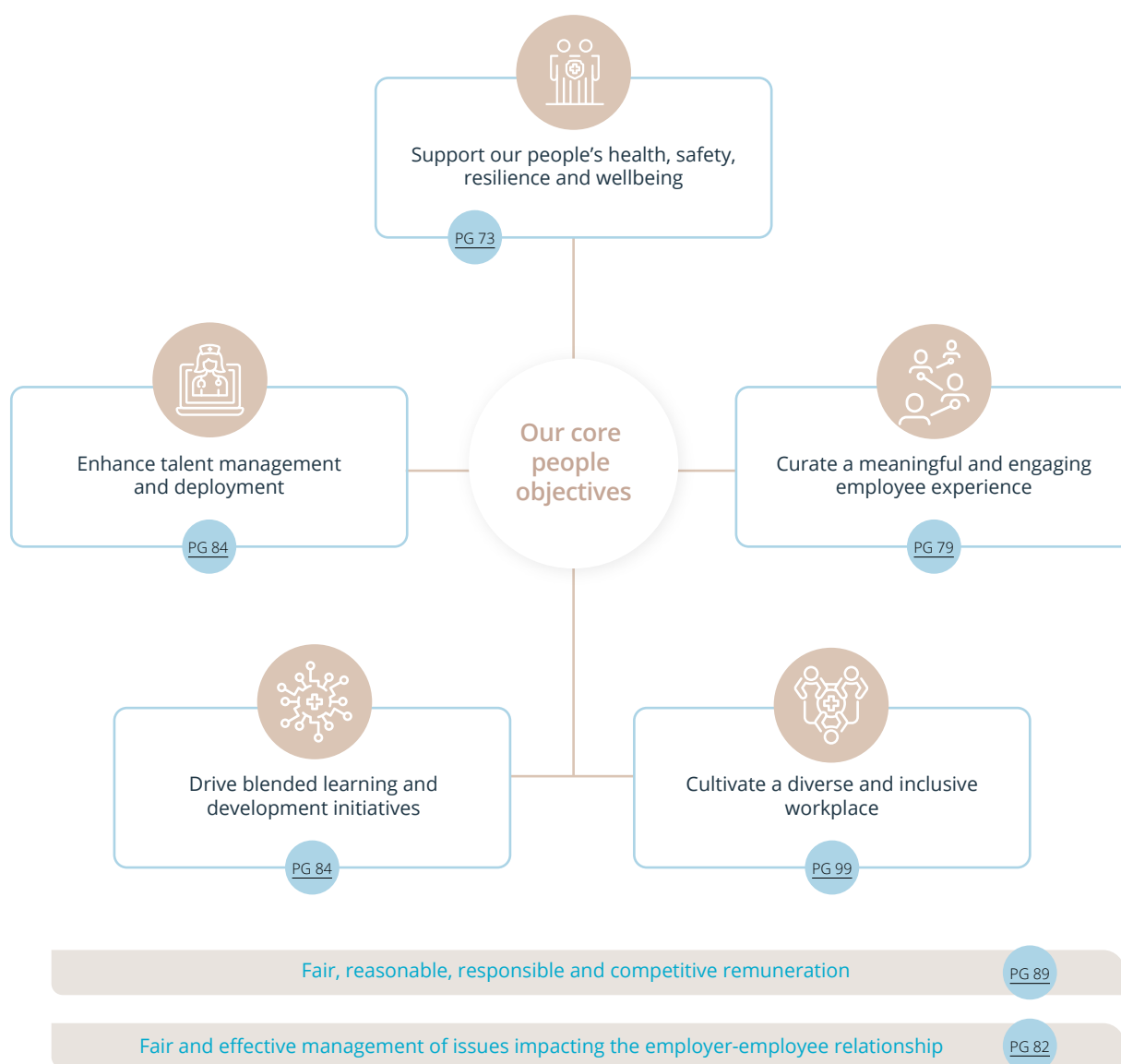
Note: year-on-year decrease in black designated group spend is due to one supplier losing their status.

1. Exempted micro enterprise (EME).
2. Qualifying small enterprise (QSE).

Our people

The Group's strategic focus on business recovery is matched by an equally important focus on the recovery of our people after the intensive and exhausting period introduced by COVID-19 and the challenging and traumatic conditions experienced working within a healthcare setting, more generally. Caring for, supporting and rebuilding the resilience of our people is not only vital to their wellbeing and commitment to the crucial work that they do but also essential to our ability to deliver on strategic objectives and ensure optimal health and care outcomes. In turn, the Group's strategy to deliver digitally enabled and data driven patient centred health and care aims to make the lives of our people and partners on the frontline easier, improving patient experience and delivering the interrelated outcomes of the *Quadruple Aim*.

Our core people objectives reflect our focus areas for FY 2023, all of which relate to our central aim of remaining an employer of choice. We continue to develop an attractive value proposition for our people by understanding and providing for their needs, and remunerating them fairly and competitively for their contribution to the Group's strategic, operating and financial performance.



Key data: our people

	2023	2022	2021
Employee by employment contract			
Permanent: full-time	18 178	17 822	18 088
Permanent: part-time	186	214	258
Fixed-term	591	664	922
Total workforce	18 955	18 700	19 268

Note: excludes public-private partnerships.

	2023	2022	2021
Permanent employee breakdown			
Hospital and Pharmacy	14 704	14 508	14 859
Radiotherapy	65	73	64
Netcare 911	1 256	1 176	1 159
Netcare Management	861	773	658
Mental Health – Netcare Akeso	540	510	484
NetcarePlus	38	28	26
Netcare Primary Care – Netcare Occupational Health	127	181	42
Netcare Primary Care	770	787	844
Total permanent employees	18 364	18 036	18 136
Public private partnerships	204	209	210
Total permanent employees including public-private partnerships	18 568	18 245	18 346

	2023	2022	2021
Permanent employees by employment level			
Executive	48	45	43
Management	1 717	1 676	1 597
Professional	7 383	7 288	6 911
Enrolled nursing and support	9 420	9 236	9 795
Total	18 568	18 245	18 346

 For additional employment data, see PG 125.



Critical nursing skills shortage

Between 2013 and 2022, the total number of nurses and midwives across the healthcare sector registered with the SANC has only grown by 4%, with 2% and 9% decreases in the number of enrolled and auxiliary nurses and midwives¹. Over the same period, the population of SA has increased by around 14%, with 2022 statistics indicating a national nurse-to-patient ratio of 1:224² and a shortage of 26 000 to 62 000 nurses which is projected to increase. To close current and future gaps, the annual intake for new undergraduate nursing qualifications will need to be substantially increased.

The nursing skills shortage and constraints on the number of nurses that can be trained, remain major challenges for the SA healthcare sector and for the Group itself. Regulatory limitations in particular, make it more difficult to attract the highly skilled nurses we seek; place pressure on our existing nursing employees, increasing their risk of emotional exhaustion; and, in time, could impact the quality of care we are able to provide to patients. It also constrains our ability to adequately and appropriately invest in our people, negatively impacting our B-BBEE rating.

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

Our response:

- Continuing to develop our compelling employee value proposition.
- Seeking to train more nurses, employing graduates of Netcare Education, and further developing the nurses we currently employ |  PG 84.
- Implementing initiatives to attract and retain nurses, particularly those with specialised skills |  PG 89.
- Actively engaging with relevant stakeholders to find solutions to the critical skills shortage (below).

Engaging with key stakeholders

- Through the HASA, we continue to engage with the NDoH, SANC, and other statutory bodies with the intent of accelerating student intake numbers to address the intensifying nursing shortage while fostering collaboration between the public and private sectors.
- Continued engagement via the Future of Nursing Project³ seeking to influence the skills production pipeline. Project deliverables for this year included conducting research on the current supply and demand gaps in SA's healthcare system, developing a business plan and costing, a draft operating model, and a financial model.
- Continued our formal appeal to the SANC Appeal Committee to review the low student numbers approved for enrolment at Netcare Education.

Netcare

A nursing vacancy rate of around **24%** at September 2023.

56% of nurses at Netcare are registered nurses, **20%** are enrolled nurses, and **24%** are enrolled nursing auxiliaries.

Netcare Education

632 new nursing enrolments and **1 322** total nursing enrolments for SDP 2023.

In FY 2023, **27%** of the student intake applied for was approved by the SANC.

Declines in nursing enrolments are attributable to the legislated transition from legacy to new nursing qualifications which resulted in SANC reducing approved student enrolments to enable a smooth transition. In the context of an existing shortage, however, this has resulted in fewer enrolments at a time when more nurses are desperately needed.

1. SANC time series statistics: Growth in registers and rolls, 2013 to 2023.

2. Centre for Risk Analysis: Nurse shortage crisis in South Africa.

3. The project is driven by the Public Private Growth Initiative (on behalf of the Presidency). Stakeholders include the NDoH, SANC, HWSETA, organised labour, and healthcare businesses.

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

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

Our people's psychosocial wellbeing is, therefore, at the forefront of our human capital initiatives and we remain committed to developing and implementing programmes and projects that embed a culture of care and compassion, and that offer appropriate support for our employees and their immediate family members. Post-COVID, we continue to work on enhancing our OHS protocols, ensuring they remain current and reflect best practice. We monitor our employees' health and our OHS performance through various initiatives and programmes, including risk- and exposure-based employee medical surveillance, major incident monitoring and prevention, and infection prevention control protocols. These, in combination with our rigorous quality assurance programme, protect the health of our employees and our patients.

 Read more about how we protect our patients in our integrated report: [Our patients](#).

 Detailed information on patient outcomes and our related initiatives can be found in our quality report: [Quality of Care](#).

Employee wellbeing and resilience

Run in partnership with ICAS¹, our employee wellbeing programme offers emotional and psychosocial support to employees and their immediate family members on a range of issues, including financial, legal, health, family, relationship, and work-related matters, as well as stress and trauma.

ICAS performance (FY 2023)

16.3%

overall engagement rate.

FY 2022: 15.7%

ICAS client company average: 15.2%

70.6%

of employees who used ICAS accessed professional counselling, with mental health challenges being the largest reported problem category.

FY 2022: 69.1%

9.0%

of cases referred for assistance.

FY 2022: 6.6%

2 303

employees and their families provided with counselling interventions.

FY 2022: 2 243

¹. Independent Counselling and Advisory Services (ICAS).

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

Care4YOU

Cognisant of the stressors inherent to working in healthcare and the lasting psychological impact of COVID-19 on our frontline employees, we continue to invest significantly in our Care4YOU programme to facilitate healing and restoration.



A priority strategic¹ initiative essential to building our people's resilience, enhancing their wellbeing and improving patient experience. The programme recognises individuals for acting with compassion; builds confidence, mindfulness and resilience; and harnesses our employees' intrinsic motivation to care for others by providing them with the tools and support to practice compassion for themselves and others, making compassion a way of living and working.

The Living and Working Compassionately Journey

- Delivered through a blended learning approach and includes Care4YOU theoretical content, experiential workshops and toolbox talks.
- Comprises four modules based on learnings from Stanford University's Applied Compassion Training programme.
- Our trained, facility-based compassion ambassadors provide support in driving compassionate behaviour and report on how employees are experiencing the programme.

Modules

1 2

Introduces the principles and practices of compassion.

Rolled out to
27 526

Netcare and third-party employees in the Hospital Division, Netcare 911, and Netcare Akeso.

Module

3

Deepens understanding around self-compassion, common humanity, and the spirit of Ubuntu (humanity to others).

Rolled out to
11 518

Netcare and third-party employees in the Hospital Division.

Module

4

Teaches how to exercise the principles of compassion and humanity in the context of power imbalances.

Rolled out to
2 165

Netcare and third-party employees in the Hospital Division.

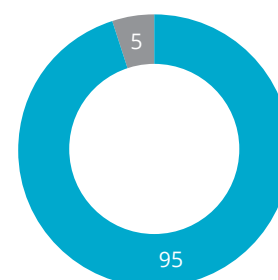
Our Gratitude platform

- Allows patients, visitors and other employees to thank individuals and teams at Netcare for acts of compassion.
- Motivates and reinforces compassionate behaviours, positively impacting patient and employee experiences.
- Gratitude cards are delivered to the mobile devices of the acknowledged employees and posted on gratitude boards displayed in the wards.

Impact

To measure this programme's progress, we consider the number of cards received and analyse the sentiments of the cards submitted².

Cards (%)



■ Positive ■ Neutral or negative

36 555

cards received.

FY 2022 and FY 2021: 17 242

96% positive

Impact

We use the nursing compassion score for the Hospital Division to measure this programme's progress.

Our nursing compassion score improved to **8.18** this year.

FY 2022: 8.11

2023 BSC target: 8.26

1. The rollout is a collaborative effort between the Nursing division and consistency of care and hospital management leadership teams.
2. Negative sentiments received via the gratitude programme are managed through our complaints management processes.

Care4YOU progress and performance for FY 2023

Programme evaluation

In collaboration with the consistency of care team, we used a digital survey and focus groups to evaluate Care4YOU's impact and to better understand potential areas for improvement.

5 857 Hospital Division employees participated in our digital survey¹, with almost **60%** of respondents indicating they found the programme beneficial to their wellbeing at both work and home, and a further **22%** indicating the programme was beneficial to their wellbeing at either work or home.

19 focus groups were conducted with **200** employees and management and leadership representatives to gain an in-depth understanding of how Care4YOU is experienced by our people. Focus group participants highlighted the positive impact of the programme and recommended increasing the number of trained compassion ambassadors and providing greater psychological support to current ambassadors. Participants also highlighted the importance of revising core principles of the programme (e.g. using a blended digital approach).

Social

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 response

- Our zero-tolerance approach to bullying, discrimination and harassment.
- Our confidential SHOUT line that enables us to identify discriminatory behaviours and practices and take decisive action whenever such cases emerge.
- Module 4 of our compassion training supports employee wellbeing and teaches how these behaviours are barriers to compassion, social cohesion and belonging.
- 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.

Leadership programme development

With our FY 2022 engagement survey indicating our leadership could benefit from a more compassionate approach, this year we launched Leading with Compassion, a Care4YOU programme tailored for leaders. The programme is designed to help our leadership create spaces of psychological safety, where employees feel supported to speak and think openly.

Additional progress made this year

Living and Working Compassionately Journey

- Fully digitised our curriculum to ensure accessibility and the long-term sustainability of compassion-based training at Netcare (and launched digital training at four sites).
- Developed two additional modules for rollout in FY 2024.
- Rolled out more than 40 900 modular training interventions for our Living and Working Compassionately Journey since inception.
- Implemented additional support measures for our ambassadors (support groups, monthly compassion and mindfulness sessions, monthly and ad hoc check-ins with lead facilitators, refresher training and appreciation events to acknowledge their important work).
- Facilitated site visits to meet with hospital leadership, regional management teams, project leads and senior Group leadership. These included ward visits, management briefings and online and face-to-face pause and reflect sessions with compassion ambassadors. We also distributed care packs to our ambassadors.

Gratitude platform

- Began devising an internal strategy for driving gratitude flows between managers and employees.

Looking ahead

- Roll out modules 5 (developing skills to build and maintain compassionate relationships) and 6 (dealing with conflict in challenging relationships) to the Hospital Division, continue to roll out earlier modules to Netcare Akeso, Netcare 911, Netcare Occupational Health, Netcare Primary Care and management, and begin rollout of Care4YOU at head office and senior leadership structures.
- Enhance the gratitude platform dashboard, integrating this with other digital systems (and ensuring cross-platform compatibility).
- Implement monthly check-ins with compassion ambassadors.
- Fully integrate Care4YOU into the business, shifting towards a business-as-usual project phase.

1. The survey comprised a ten-point Likert scale response format.

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

Other engagement initiatives

Our managerial support programme

trains our managers to effectively engage with their teams, resolve conflict and identify and support employees experiencing specific challenges.

378

managers used the managerial support programme.

FY 2022: 328

Training and development sessions

on managing trauma and the emotional impact of work stressors, and webinars on topics relating to managing disability in the workplace and securing and/or providing familial support during a divorce. The workshops and webinars were facilitated by ICAS.

661

employees reached through training sessions and **519** through webinars.

FY 2022: 409 employees

CareCall provides telephonic and face-to-face counselling, group trauma debriefing, and advice and information on everyday challenges and issues. This professional and confidential service is available 24 hours a day, 365 days a year.

Netcare Medical Aid offers employees and their family members access to a range of comprehensive healthcare offerings.

Around 80%

of our employees use the Group's medical aid.

Employee wellbeing days run in partnership with Netcare Occupational Health, ICAS and Netcare Medical Aid offer a broad range of health and wellness-related checks, screenings, and education (including on additional topics like financial wellness). The sessions are run in partnership with a range of external wellness service providers. As part of this initiative, we piloted using the Abby device (a robotic health monitoring device capable of assessing and reporting on more than 20 health factors in five minutes).

Around 8 700

employees and contractors attended wellness days.

500

employees and contractors received Abby assessments.

Occupational health and safety

OHS is integrated into our SHEQ¹ system and is overseen by the Consistency of Care Committee. Compliance is managed through our digital SHEQ compliance IT system, SafeCyte. Over FY 2023, we collaborated with Netcare Occupational Health to customise a digital occupational health app for Netcare employee clinical records (Care@work). We aim to use Care@work to digitise all medical surveillance records over FY 2024, creating a central data repository that will support the overall aims of our medical surveillance programme:

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

All divisions continue to record employee incidents on SafeCyte. We use this data to conduct trend analyses to identify significant emerging OHS risks and opportunities for improvement.

Our collective agreements with representative trade unions include OHS², ensuring that our health and safety measures comply with legislative requirements, our employees and trade unions are fully apprised on terms and conditions of employment, and enabling collaboration with management to promote compliance. Our onsite shop stewards act as union representatives in our Health and Safety Committees and report monthly to the Shop Steward Committee on health and safety issues in the workplace ( PG 82).

Medical surveillance and incident reporting (FY 2023)

Tuberculosis screening

8 682

employees screened via digital tuberculosis surveillance questionnaires. **201** employees were identified as at risk and **ten** were referred for further investigation and/or treatment, following consultations with the responsible OHS practitioner.

FY 2022: 9 807

Employee incidents

976

employee incidents recorded across the Group, with **80%** reported for the Hospital Division.

FY 2022: 2 940 (84%)

Less than 1% of incidents were categorised as high to major risk, **21%** as moderate risk, **58%** as minor risk and **21%** as insignificant risk.

FY 2022: 2% high risk, 32% moderate risk, 52% minor risk, 14% insignificant risk

COVID-19 and injury on duty claims

535

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

FY 2022: 583 (82%)⁴

COVID-19 claims for Netcare hospitals have dropped from **926** in FY 2022 to **29** in FY 2023.

4. Restated from 561 (81%) in FY 2022 due to methodological changes.

FY 2023 performance

Employee wellbeing

- Partnered with Netcare Cancer Care, Netcare Diagnostics, and Dr Eshle Nomlomo Inc. to provide male employees over the age of 40 with free prostate cancer screening.

OHS

- All Netcare hospitals conducted OHS self-assessments (using our OHSC³ inspection tools) to evaluate legislative compliance and prepare for OHSC inspections; these inspections lay the groundwork for participating in the NHI. Using our internal OHS quality review tools, peer reviews were also conducted at 38 hospitals (average score: 83%).
- OHS internal quality review self-assessments and/or peer reviews were also conducted for Netcare Mediacross, Netcare Akeso and National Renal Care (average score: 88%).

1. Safety, health, environmental sustainability and quality (SHEQ).

2. OHS agreements are updated annually as part of the broader trade union agreement on terms and conditions of employment.

3. Office of Health Standards Compliance (OHSC).

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

Key data: health, safety and wellbeing (FY 2023)

	Group total	Hospital Division	Netcare 911	Netcare Akeso	Netcare Medicross	National Renal Care
Incident						
Exposure to COVID-19	41	33	6	1	1	0
Exposure to TB/ other infectious diseases	6	6	0	0	0	0
HBA exposure: sharps injuries	183	151	20	1	5	6
HBA exposure: splashes	35	28	6	0	1	0
Exposure to hazardous chemical agents	42	33	3	1	0	5
Incident resulting in an injury	667	533	103	11	6	14
Radiation incident	1	1	0	0	0	0
Exposure to cytotoxic/antineoplastic drugs	1	1	0	0	0	0
Total	976	786	138	14	13	25

Note: data includes incidents for Netcare and non-Netcare employees. Hospital Division data includes Netcare hospitals, Netcare Head Office, the Shared Services Centre, and Netcare Education.

	2023	2022	2021
Absenteeism			
Total hours of sick leave	947 437	1 101 865	1 118 679

Note: includes overall hours of absenteeism from work for multiple reasons (e.g. illness, injury, other).

Looking ahead

Employee wellbeing

- Roll out the ICAS Hub App, making it easier for employees and their families to access a range of employee wellbeing programmes.
- Continue facilitating wellness days across the Group, delivering non-invasive health checks and screenings to our employees.

OHS

- Develop SHEQ reporting dashboards and introduce employee incident rate and lost time injury frequency rate reporting.
- Continue to implement our risk-based comprehensive medical surveillance programme and conduct more than 12 200 medicals over FY 2024, with the aim of including all employees in this programme by FY 2025.

Curating a meaningful and engaging employee experience

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

The Voice of OUR Employees

The over-arching aim of our engagement initiatives is to ensure that we grow Netcare with teams that find meaning in their job roles and are cognitively and emotionally connected to our Group vision, mission, strategy and values. Our employee engagement surveys connect us with our people and deepen our understanding of our organisational culture. Last year, we rolled out the Voice of OUR Employees survey across the Group, measuring our people's experiences of working at Netcare across nine engagement drivers and finding that engagement levels compared favourably with global sector averages.

2022 survey results

Response rate

70%

Average score

79%¹

79%

of employees scored as positively engaged (30% fully engaged and 49% key contributors)², with **13%** scoring as enticeable, and **8%** scoring as fully disengaged.

Global sector averages³: 77% positively engaged with 25% fully engaged and 52% key contributors; 19% enticeable; 4 % fully disengaged³.



73%

Trust and integrity at work



74%

Sense of achievement



74%

Fairness at work



75%

Workplace diversity, equity and inclusion



77%

Relationship with management



79%

My personal wellbeing



82%

My personal boundaries



83%

Teamwork and collaboration



85%

Compassion at work

While scores for all pillars were high, this year we focused on implementing targeted interventions to address three drivers that scored below our average of 79% – employees' sense of achievement, perceptions of trust and integrity, and fairness at work. We also continued to drive additional initiatives aimed at progressing workplace diversity, equity and inclusion; relationships with management; employee retention; embedding a culture of compassion; enabling more flexible working arrangements; and enhancing and supporting our people's wellbeing.

1. Scored out of ten. Converted to percentages for reporting.

2. We consider fully engaged employees to be highly motivated and characterised by strong discretionary effort, organisational pride, and innovation. Key contributors are considered 'strong and steady' – this population is typically heavily represented in organisations.

3. Decision Wise, 2021.

4. High levels of disengagement are likely due to high levels of stress, trauma and burnout experienced because of COVID-19, economic instability, and pervasive socioeconomic inequality in SA.

Curating a meaningful and engaging employee experience continued

The Voice of OUR Employees continued

Key initiatives

- **Trust and integrity at work:** division- and site-level employee engagement feedback sessions to engage on actions for improving overall employee sentiment.
- **Sense of achievement:** ensuring our people receive positive feedback from their colleagues and patients |  PG 74.
- **Fairness at work:** standardised HR policies and their application |  PG 82.
- **Workplace diversity, equity and inclusion:** various diversity and inclusion initiatives and programmes, including onsite Workplace Transformation Committees comprising management representatives, employees and shop stewards that promote inclusion, cohesion and a sense of belonging |  PG 99.
- **Relationships with management:** leadership compassion training |  PG 74.
- **Employee retention:** various retention strategies for nursing and non-nursing employees |  PG 89.
- **Group culture:** continued to embed a compassionate culture through our Care4YOU journey |  PG 74.
- **Flexible working arrangements:** hybrid working models for various support departments.
- **Mental wellbeing:** continued to roll out our Care4YOU initiative and support our employees' wellbeing and resilience by providing access to social workers and targeted webinars through our employee wellbeing programme that is run in partnership with ICAS |  PG 73.

Nurse engagement

Nurse engagement is associated with safety, quality and patient experience outcomes¹. As such, it is integral to delivering outstanding patient centred quality health and care. Over the last few years, COVID-19 has taken a particularly hard toll on our frontline employees (and nurses worldwide), and we have implemented various initiatives to support them as we recover from the pandemic.

Key initiatives

- Intensive national intervention designed to support our nursing staff to deliver compassionate care.
- Targeted support for flagship sites.
- Care4YOU |  PG 74.
- Empowering our leaders to lead with compassion while ensuring psychological safety.
- Using International Nurses Day as a positive touchpoint.

2022 survey results

74%

of nurses scored as positively engaged (28% fully engaged and 46% key contributors).

FY 2017:68%

International Nurses Day

This year, our International Nurses Day theme was **United in Care**, celebrating our nurses for their competence, compassion, commitment and dedication as well as their strength when united. As part of our celebrations, we gave the Netcare family an opportunity to share their appreciation and gratitude for our nurses via the Care4YOU gratitude card platform. We also promoted awareness of nursing careers and the critical shortage of nurses in SA.

Additional engagement initiatives

- Strategy roadshows and Leadership in Touch Forums, providing two-way engagement between managers and employees on specific or general issues.
- Agreements on annual salary negotiations and quarterly national consultative forums with trade unions representing employees in the Hospital and Netcare Primary Care Divisions.
- Change management interventions (change readiness surveys and emotional impact assessments).
- Individual development discussions.
- Employee wellness and wellbeing days.
- Confidential SHOUT hotline for employees to report alleged or perceived incidents of racism, sexism, discrimination, harassment, or any human rights violation.

¹. Dempsey, C (2016). Nurse Engagement: What are the Contributing Factors for Success? *The Online Journal of Issues in Nursing*, 21(1).

HR optimisation and digitisation

In late 2022, we embarked on a new project (MyNetCareer) focused on evaluating critical HR business processes to identify and eliminate inefficiencies; optimise, digitise and integrate key HR systems and business processes; and leverage HR data to improve employee experience. The ultimate aim of MyNetCareer is to provide our people with processes and platforms that enable them to take ownership of their career journeys at Netcare. It is designed to place our people's needs and experiences at the centre of our HR processes and, when completed, will provide them access to a seamless, digital experience.

Our initial focus was on interrogating our current processes to understand where inefficiencies lay so that we could begin optimisation before digitisation. Through this, we identified five areas for optimisation, four of which we prioritised for FY 2023.



Workforce planning & talent acquisition



Onboarding & orientation



Termination



Human capital & skills development



Business intelligence reporting

Prioritised for FY 2023 and ongoing for FY 2024

Prioritised for FY 2024

Digitisation of our HR processes will take place in partnership with market-leading providers of end-to-end HR information system solutions. To ensure an appropriate provider is selected, we convened a working committee to evaluate the systems of proposed providers; the committee comprises representatives from the IT, procurement, HR, nursing and GRAFS¹ teams.

FY 2023 performance

- Conducted change management workshops with HR manager teams in the Hospital Division to create a collective understanding of change management principles, provide guidance on how to approach change in the workplace, and establish a network of change agents.

Looking ahead

- Continue to drive HR integration and digitisation processes to standardise, create efficiencies and improve user experiences across the employee lifecycle.
- Conduct a smaller-scale employee engagement survey to evaluate the impact of our engagement interventions and monitor progress against FY 2022 benchmarks.

1. Group Risk, Audit and Forensic Services (GRAFS).

Ensuring fairness in the workplace

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

Industrial relations

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

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

Fairness at work

Scoring 74% against a high average of 79%, perceptions of fairness at work was identified as a focus area for FY 2023 by our employee engagement survey. Our analysis indicated that this is linked to the inconsistent application of HR rules, policies and procedures, whether perceived or real. We have since reviewed and standardised our HR policies to ensure we consistently adopt and apply best practice across the Group. Workshops have been held for line managers to ensure that our HR rules, policies and procedures are clearly understood and consistently applied.

100%

of HR policies and procedures reviewed and standardised.

483

delegates attended **33** sessions on initiating enquiries.

288

delegates attended **22** sessions on chairing enquiries.

Courageous conversations

In July 2022, we began Group-wide training for line managers and HR practitioners on fair disciplinary management and consistent application of our industrial relations policies. The workshops prepare delegates for crucial conversations that precede a formal process, equipping them with skills for initiating and chairing disciplinary and incapacity enquiries. As of September 2023, 55 workshops have been rolled out across all divisions in the Group, reaching a total of 100 HR practitioners and 671 line managers.

Harassment, discrimination and workplace bullying

Following publication of the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace in 2022¹, we updated our harassment, discrimination and workplace bullying SOP and rolled out mini-seminars to HR practitioners and line managers to ensure understanding of these changes. The seminars also included guidance on managing and supporting employees who experience gender-based violence while working (in the home, office or other locations).

19

free one-hour seminars held on the prevention and elimination of harassment in the workplace.

1. The Code, issued in terms of the Employment Equity Act, replaces the Code of Good Practice on Handling Sexual Harassment cases in the Workplace. The updated code prohibits many forms of harassment, including sexual harassment, bullying and cyber bullying, gender-based violence, harmful use of power, harassment, teasing and insults based on race, sexual orientation or gender, shaming, threats of physical force, jokes relating to gender, race or sexual orientation, spreading unfounded rumours, online stalking, and any action/s that can create a barrier to equity and equality in the workplace.

Collective bargaining

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

Engaging with recognised trade unions

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

FY 2023 focus areas:

- Held discussions on the Group's financial position, funder relations, changes to medical benefits for FY 2023, the impact of load shedding on the Group's operations, employee wellbeing and digitisation.
- Continued engagements on the proposed thresholds for recognising trade unions at a national level and in bargaining units.
- Facilitated workshops between the ESC¹ and relevant management teams to aid in drafting the minimum service agreement², and commenced an ESC-facilitated process between Netcare and the unions.

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

Key data: employee relations

	2023	2022	2021
New employees	2 842	2 969	2 058
Employee turnover	14.5%	17.2%	16.6%
Union membership	49.0%	48.6%	50.9%
Proportion of senior management who are South African citizens	100.0%	100.0%	97.7%

Note: permanent employees only. Excludes National Renal Care. FY 2021 and FY 2022 numbers for employee turnover restated due to a change in methodology. The change increased the turnover reported for these years.

FY 2023 performance

- Headcount increased 1.8% to 18 568 permanent employees. One role became redundant, and 94 employees were dismissed for misconduct.
- Received 26 grievances about labour practices, all of which were resolved by year-end.
- After the labour court ruling in Netcare's favour, we reached an amicable resolution on the FY 2021/FY 2022 wage dispute with one union. Union members received the same wage adjustments accepted by other trade unions.

Looking ahead

- Continue to strengthen collaborative engagement with all recognised trade unions and enhance our engagement platforms to ensure ongoing dialogue that enables co-created solutions for matters of mutual interest.
- Continue to support line managers and employees in ensuring a fair and consistent application of policies and procedures.

1. Essential Services Committee (ESC).

2. Following the determination of private healthcare as an essential service (which limits industrial action for designated job roles) under the Labour Relations Act.

Driving blended learning and development and talent management initiatives

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

Our skills development investment is fully aligned with our **growing with passionate people** strategy and focuses on upskilling our people on formal qualifications in nursing¹, pharmacy and emergency services, driving the career development of black people, developing a diverse pipeline of scarce and strategic skills, building management and leadership capacity, and providing opportunities for unemployed youth and people with disabilities through various vocational programmes, retaining them upon programme completion. This approach enabled us to exceed our planned skills spend for SDP 2023 despite restrictions on the number of students that can be enrolled at our Netcare Education nursing campuses² (PG 72). Our training spend for the year also compares favourably with the demographic representation of our workforce and aligns closely to the national EAP. African and Coloured men remain under-represented, reflecting the under-representation of these groups in the healthcare sector overall.

 Read more about our approach to transformation: PG 92.

Blended learning

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

Training

We direct most of our training spend to developing healthcare practitioners, focusing on registered nurses, paramedics, and pharmacist practitioners. Our six-month in-service nursing certificate programmes ensure that our nurses are fully equipped to care for our patients and deliver the best and safest person centred care.

1. Our nursing qualifications are accredited by the SANC and aligned with the NQF.
2. Our training metrics are calculated for SDP 2023 which runs from 1 April 2022 to 31 March 2023 per the HWSETA measurement year.

Skills development: bursaries, learnerships and internships

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

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

R22 million

invested in bursaries, of which **R11 million** was invested in bursaries for unemployed black youth.

The Professor Bongani Mayosi Netcare Clinical Scholarship

Our Physician Partnership Trust grants doctoral scholarships¹ that fund studies for black clinical scholars. Applicants for the scholarships are evaluated and shortlisted by the Deans of medical schools from universities across the country.



Read about the impact of this scholarship programme: PG 96.

R9 million

spend for FY 2023 with **R8 million** set aside for FY 2024 (to fund those still completing degrees).

YES4YOUTH

As an anchor sponsor of the Presidential YES programme, we committed to training 1 000 unemployed young South Africans (including people with disabilities) between 2018 and 2023, to finding them employment within Netcare and our sector, and to sponsoring the construction of an entrepreneurship hub in Alexandra, Johannesburg (PG 104).

1 249²

learners enrolled on learnerships and internships, with a further **250** planned for FY 2024.

Sinako

Our Sinako (disability mainstreaming) programme provides learnership opportunities to Netcare employees and young people with disabilities, enabling them to enrol for NQF-registered programmes and programmes focused on developing scarce skills within our sector. The programme provides candidates with the skills or qualifications required to secure a job within Netcare. Funding approval has been received for an additional **57** learners to begin the programme in October 2023 (SDP 2024).

43

unemployed youth are currently enrolled in the Sinako learnership programme.

1. The scholarship has been granted under different names since inception in 2007; the Hamilton Naki Clinical Scholarship Award (2007-2016), the Physician Partnerships Clinical Scholarship (2017), and the Professor Bongani Mayosi Netcare Clinical Scholarship (2018 to date).
2. Recalculated for FY 2023 to exclude learners who were enrolled into these programmes prior to 2018. Programme enrolments are planned according to opportunities within the Group, ensuring a high permanent employment rate.

Driving blended learning and development and talent management initiatives continued

Management and leadership development

Our suite of leadership programmes develops the key behavioural traits and abilities we expect of our current and future leaders and builds the scarce and core skills needed to create a diverse succession pipeline.

Netcare Leadership Journey

A bespoke leadership identification and development programme to support, develop and retain our top-performing leaders across the Group. The programme includes psychometric assessments, 360-degree surveys and coaching interventions. Delegates are invited to attend monthly leadership webinars (run in partnership with Omnicor) focused on enhancing their leadership skills and facilitating personal growth and development. The programme continues to be a success with 73 talented individuals – of whom 38% are black and 51% are women – enrolled across two cohorts.

Netcare Leadership Programme

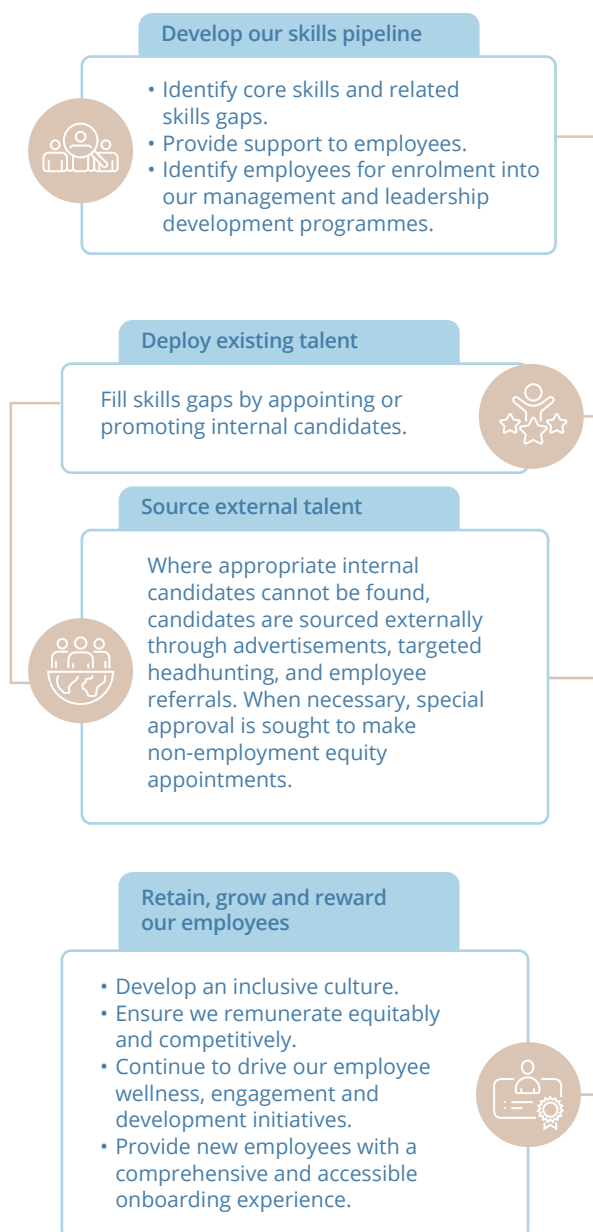
A programme delivered in partnership with the University of Pretoria that offers training in health services leadership for selected hospital manager designates, nursing managers, finance managers, pharmacy managers and operations managers. The programme is building a pipeline of candidates for hospital management and divisional leadership roles. 19 middle managers commenced their leadership development journey this year, of whom 89% are black, 53% are women, and 42% are black women (SDP 2022: 13).

Management development programmes¹

Our development programmes are co-created with experienced external facilitators and researchers and are delivered to shift leaders, unit managers and heads of departments. The programmes build managerial acumen and behavioural competencies required of our managers. For SDP 2022/3, two cohorts comprising 128 delegates enrolled across six programmes achieved a 100% pass rate with an average overall throughput rate of 96%.

Eight new programmes with February and June intakes commenced in 2023. Of the 207 delegates, 79% are black, 65% are women and 53% are black women.

Enhancing talent management and deployment



Leading the Netcare Way

The programme assists our nursing managers to manage high-performance nursing teams. All nominated delegates undergo pre- and post-course psychometric tests. Four programmes are planned for SDP 2024, one for middle managers and the rest for junior managers.

Read about our performance and approach to diversity across the Group: PG 99.

1. Delivered through Netcare Education.

FY 2023 performance

Nursing and emergency care¹

- R34 million of direct training spend invested in building clinical competencies in nursing and emergency services², including R11 million on General Nursing Diplomas (1st and 2nd year and 3rd year), R7 million on Higher Certificates in Auxiliary Nursing, R12 million on six-month nursing certificate programmes and R4 million on emergency and critical care training.
- 421 nurses enrolled on a six-month in-service programme (SDP 2022: 439).
- 203 students enrolled on the Emergency Medical Care Diploma and Higher Certificate – 48% are black and 15% are black women.

Bursaries, internships and learnerships

- Bursaries for SDP 2023 were awarded to 45 high-performing employees and students in line with their career development objectives (funded by the HWSETA).
- Enrolled 54 pharmacy interns and 26 students on pharmacy assistant learnerships.
- Invested R11 million in bursaries and learnerships within our clinical departments for unemployed youth.

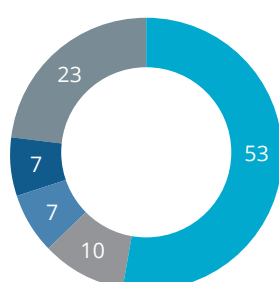
Management and leadership development

- 533 delegates enrolled in our suite of management and leadership development programmes. 83% are black, 81% are women and 67% are black women (SDP 2022: 256).
- 58 nursing and other managers enrolled on **Leading the Netcare Way**. 76% are black, 70% are women and 55% are black women (SDP 2022: 57). Four engagement imbizo³ were facilitated for this cohort in March 2023.
- 48 delegates (including 24 women) completed the executive leadership coaching programme (SDP 2022: 25).
- 38 senior leaders and 13 leaders and managers from our procurement team attended an expert negotiator programme offered by the Gordon Institute of Business Science.
- Continued to drive our talent mapping strategy and extended the initiative to include junior and management-level employees across the Group.

Other courses

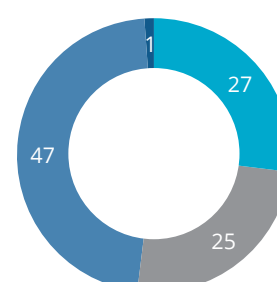
- 12 203 (SDP 2022: 7 005) employees attended CPD courses including 1 736 who attended CPR courses and 85 who attended first aid courses.
- Netcare 911 launched a training programme for emergency call takers with a second intake of interns underway and introduced an Emergency Operations Centre coordinator internship programme.

Direct training spend by category
(SDP 2023) (%)



- Formal nursing training (SDP 2022: 68%)
- CPD programmes (SDP 2022: 16%)
- Management and leadership development (SDP 2022: 7%)
- Emergency and critical care training (SDP 2022: 9%)
- Other training

Direct training spend by employment level
(SDP 2023) (%)



- Unskilled workers (SDP 2022: 29%)
- Semi-skilled workers (SDP 2022: 25%)
- Skilled technical and qualified workers, junior managers, supervisors, foremen and superintendents (SDP 2022: 43%)
- Professionally qualified and experienced specialists and middle managers (SDP 2022: 3%)

Note: the SDP 2022 figure for CPD programmes includes additional training categories such as computer skills, systems-related, Care4YOU, legislated training (including OHS and fire safety), diversity and inclusion and CPD training, among others. This year, these categories are listed as "other training".

1. The Faculty of Emergency and Critical Care is accredited as a CPD service provider through the University of Johannesburg. It is also accredited to present the American Heart Association courses by the Resuscitation Council of South Africa.
 2. Through formal structured NQF-aligned qualifications and courses that lead to a clear career path.
 3. Translates into meeting or gathering in English.

Driving blended learning and development and talent management initiatives continued

Key data: training and skills development

	Skills period April to March		
	2023	2022	2021
Netcare¹			
Paramedic courses (BAA, AEA & CCA)	3	4	1
Formal nursing programmes ²	239	595	1 025
Six-month in-service programmes for nurses	421	439	354
Other training programmes ³	17 902	14 930	11 351
Total employees trained	18 565	15 968	12 731
% of employees trained that are women	82%	87%	86%
Training interventions and skills development spend¹			
Number of training interventions delivered	56 428	56 067	25 335
Total number of students currently registered at Netcare Education (nursing, emergency and critical care, and management development)	3 012	3 884	2 241
Direct skills development spend ⁴	R57 million	R51 million	R49 million
Direct training spend on black people	88%	86%	91%
Direct training spend on black women	81%	75%	82%
Spend on formal nursing training	53%	68%	89%
Spend on management development	7%	7%	6%
National Renal Care			
Clinical technology students	23	14	11
Postgraduate clinical technologists	0	2	4
Non-Netcare employee training⁵			
Paramedic courses	200	103	107
Nursing programmes	357	300	447
Total	557	403	554

1. Excludes National Renal Care.

2. SANC accredited and registered on the NQF.

3. Including strategic skills, management development, financial, catering computer literacy, customer care, diversity and inclusion, generic behavioural training, OHS, technical and CPD training.

4. Including only direct costs of training as submitted to the HWSETA as per the Netcare annual training report.

5. Fee for service and private funding students.

Looking ahead

Nursing and emergency care

- Meet our planned training spend for the April 2023 to March 2024 skills development period (R45 million). Key programmes include our diploma in general nursing, six-month in-service programmes, management and leadership development programmes and emergency services courses.
- Roll out National Renal Care's six-month in-house nephrology course for registered nurses. The course was developed during SDP 2023.

Bursaries, internships and learnerships

- Invest in bursaries for health- and care-related studies for our employees and postgraduate studies for medical doctors.
- Monitor gainful employment trends to ensure we meet our internal objective of 90% employment for successful YES graduates.

Management and leadership development

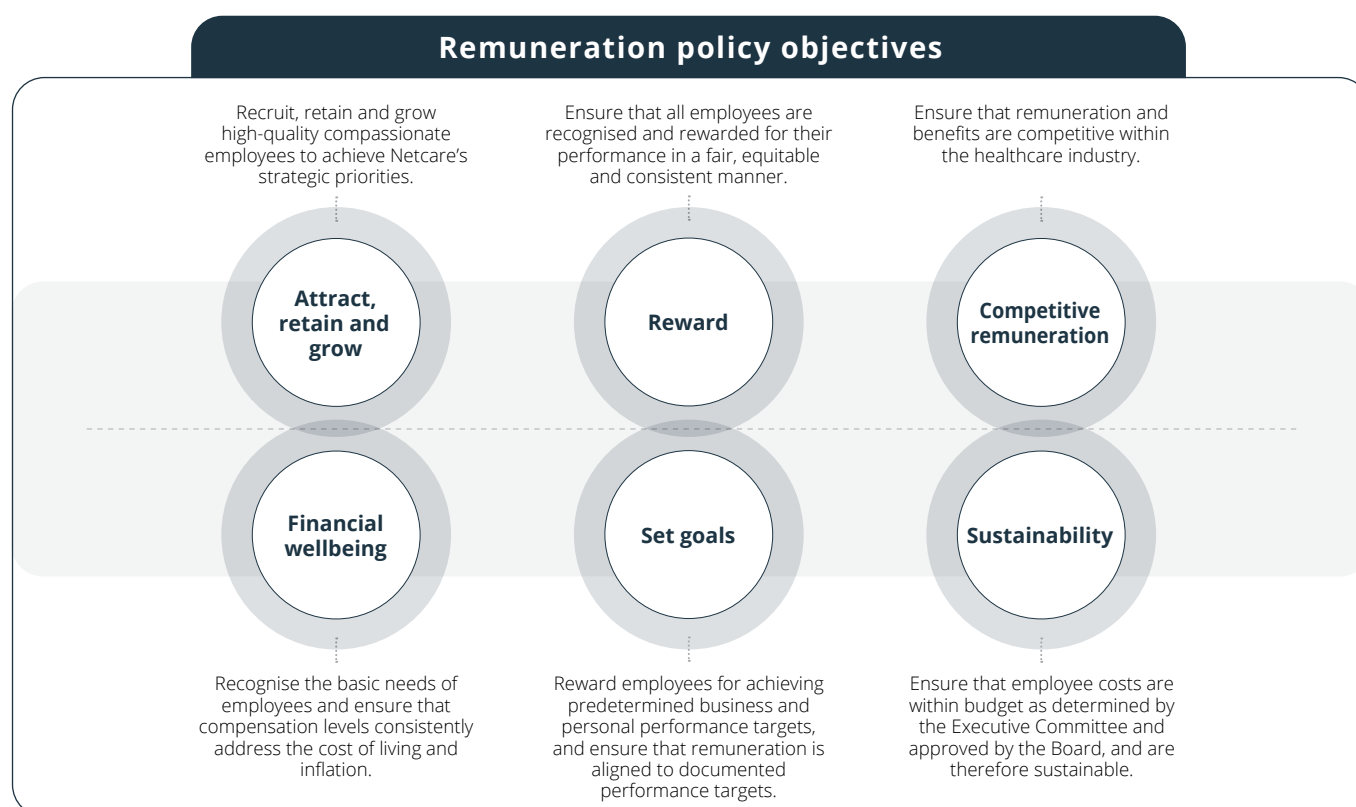
- Invest in human capital development initiatives to attract, develop and retain talent suited to leadership roles and talent with core skills critical for business growth and sustainability (e.g. digital).
- Roll out the Designate Pharmacy Manager programme (developed through collaboration between Netcare Pharmacy division leadership and a leading tertiary institution).

Fair, responsible and competitive remuneration and retention

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

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

We continue to benchmark salaries regularly to ensure that remuneration and benefits remain competitive for our sector; benefits include retirement fund contributions, medical aid membership, Group life and funeral cover, and disability benefits.




 Shareholder report: [Remuneration report](#).

Fair, responsible and competitive remuneration and retention continued

Attracting and retaining critical skills

To retain employees with scarce and critical skills, we make interim salary adjustments and have approved payment of annual practising certificate fees for permanent Netcare 911 employees working as road operations paramedics; instructors working in the Faculty of Emergency and Critical Care and Emergency Operations Centre staff¹; Netcare Medicross dental assistants²; and permanent nursing employees³.

Attracting and retaining nursing skills (particularly those that are highly specialised) remains a critical HR focus. This year, we rolled out a targeted campaign aiming to recruit 400 enrolled nurses and 150 enrolled nursing auxiliaries. The positions were advertised on Netcare Hospital Facebook pages, the NDoH website and the Harambee Youth Employment Accelerator platform. We also offer full-time employment to Netcare Education students who complete their training as self-funded or bursary students. As of September 2023, we had recruited 166 enrolled nurses and 145 auxiliaries. To improve nursing retention, we offered higher salary increases for nursing staff (with additional increases on skills allowance) and continued to provide employees with more flexible remuneration arrangements.

Additional initiatives:

We continue to focus on how best to meet our employees' needs and are always exploring ways to create benefits for our people (e.g. flexible remuneration arrangements enabling them to customise their packages to suit their unique circumstances). We offer:

- The option for employees to restructure their retirement fund contributions once a year and enable multiple ways for them to configure their take-home pay, tax-free savings contributions, life cover and investment portfolios.
- Annual increments above CPI inflation for employees at lower ends of the pay scale.
- A minimum wage 36% higher than the legislated national minimum wage.
- A guaranteed 13th cheque for permanent employees at non-managerial level⁴.
- A funeral policy that covers up to nine family members.
- Uniforms to our employees at no cost to them (uniform allocation is made every 18 months).
- Subsidised meals to employees while on duty.

Gender pay parity

The 17th WEF Global Gender Gap Report (2022) confirmed that women in SA earn between 23% and 35% less than men on average. The joint report published by the ILO and the WHO (2022) further confirms that women earn between 20% to 24% less than men in the healthcare sector despite constituting 67% of the global health and care workforce. Female earnings at Netcare range between 8.1% to 24.5% higher than males in roles below junior management level, and marginally higher than males at junior management level. Men earn between 7% and 10% higher than women at senior and middle management levels, respectively.

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

Parental leave

We ensure that new parents are supported and offer benefits exceeding those prescribed by the Basic Conditions of Employment Act 75 of 1997. Benefits include:

- Four months of paid maternity leave benefit at 33% of the structured package and an option of a fifth month without pay.
- Ten days of paid parental leave.

Looking ahead

- As part of our employee value proposition, offer competitive remuneration and benefits to ensure that we remain attractive to key talent.

1. To the Health Professionals Council of South Africa (HPCSA).

2. To the HPCSA.

3. To the SANC. For nursing employees currently practising nursing.

4. For each completed 12-month period worked. Pro-rata for the first year of employment.

FY 2023 performance

- Continued our single incentive plan and talent retention scheme.
- Awarded higher salary increases to employees in non-managerial roles. The Executive Committee and senior managers received lower salary increases. This decision aligns with our objective of progressively narrowing the income gap between highest and lowest income earners.
- Used the Old Mutual RemChannel Salary Survey to benchmark our competitiveness against contemporary market trends.
- Began rolling out our new annual performance review solution – education and awareness sessions with line managers have been conducted and trade unions are supportive of the rollout. The solution will be operational for the FY 2024 assessment year. For FY 2023, we continued to use the BSC to drive performance at Group, divisional and individual levels.
- Ran member awareness sessions on retirement fund contribution options – 3 346 members attended the sessions.
- In partnership with First National Bank, offered employees competitive banking solutions and rates for home loans, vehicle finance and other products and services.

Key data: medical aid

	2023	2022	2021
Employees who are members of Netcare's medical aid			
Full-time	83.0%	82.0%	82.1%

Key data: benefit coverage

	2023			2022		
	Full-time	Part-time	Fixed-term/ temporary employees	Full-time	Part-time	Fixed-term/ temporary employees
Life insurance	Yes	Yes	Yes ¹	Yes	Yes	Yes ¹
Healthcare (medical aid)	Yes	Yes	Yes ¹	Yes	Yes	Yes ¹
Disability coverage	Yes	Yes	Yes ¹	Yes	Yes	Yes ¹
Maternity pay	Yes	Yes	No	Yes	Yes	No
Parental leave	Yes	Yes	Yes	Yes	Yes	Yes
Retirement provision	Yes ²	Yes ²	No	Yes	Yes	No
Stock ownership	Yes	Yes	No	Yes	Yes	No
Funeral cover	Yes	Yes	No	Yes	Yes	No
13th cheque	Yes	Yes	No	Yes	Yes	No
Allowances	Yes	Yes	Yes	Yes	Yes	Yes

1. Employees recruited on fixed-term contracts for longer than a year are entitled to receive life insurance benefits and disability coverage. Long-term foreign nationals on work permits are not entitled to disability.

2. Permanent employees are entitled to pensions and provident funds. Some provisions are only available to certain employees (e.g. post-retirement medical aid).

Key data: parental leave

	2023			2022		
	Male	Female	Total	Male	Female	Total
Number of employees:						
– Entitled to parental leave	3 706	15 249	18 955	3 618	15 082	18 700
– That took parental leave	188	704	892	216	779	995
– Who returned to work after parental leave ended	188	530	718	216	567	783
– Who returned to work and are still employed 12 months after their return	160	521	681	144	599	743
Return and retention rates (%)						
Return to work	100.0	75.3	80.5	100.0	72.8	78.7
Retention	74.1	91.9	87.0	72.7	92.2	87.6

Note: excludes public-private partnerships.

Our social transformation imperatives

We are committed to supporting and participating in the transformation of SA, and to playing a key role in ensuring that our society, economy and labour market are inclusive, promoting human dignity, equality and fairness. With the dual aims of transforming our organisation and positively impacting society, we acknowledge and accept our responsibility to build a more inclusive and definitively equal SA for all. We stand ready to work together with policymakers, government, NGOs, NPOs, the public healthcare system and healthcare associations to find solutions that address the systemic and structural inequalities in SA, ensuring that we continue to build on our ability to be a force for social good.

Our philosophy and approach to transformation

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

At Netcare, our emphasis is on upholding human rights, striving towards the Millennium Development Goals, adhering to the ILO's¹ declaration for decent work, working with SA's evolving macroeconomic development strategies and shifting focus from shareholder to stakeholder capitalism.

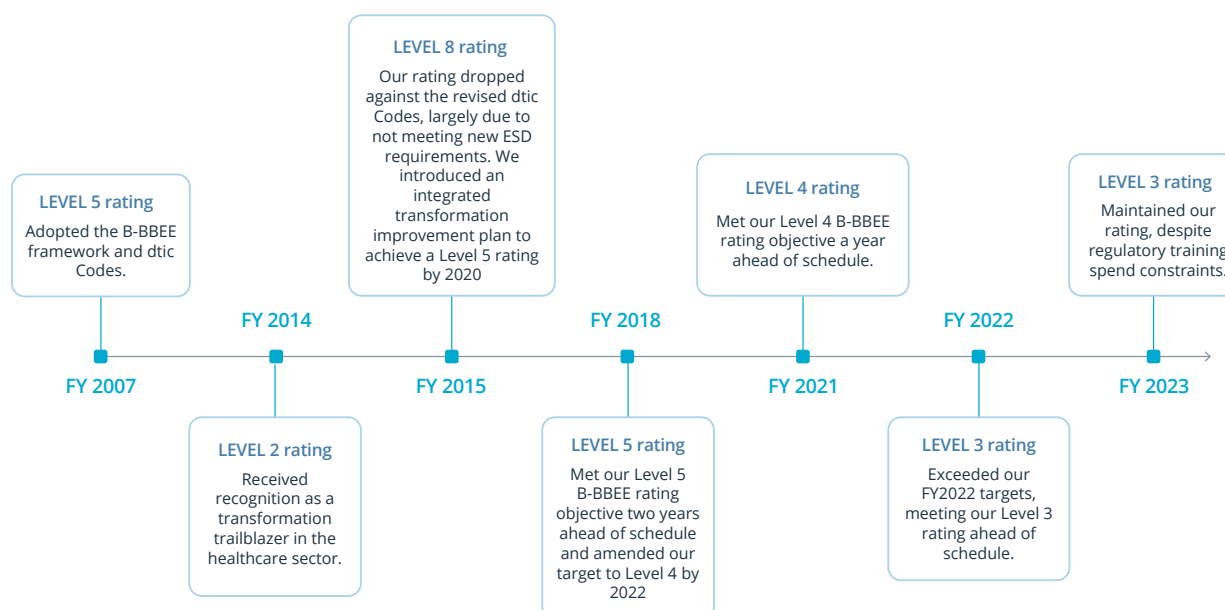
The **Constitution of the Republic of South Africa (1996)** serves as the bedrock for introducing legislative measures aimed at redressing past inequities across the economy, labour market and society.

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

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

- B-BBEE Act 53 of 2003
- dtic² Codes
- Employment Equity Act 55 of 1998
- Skills Development Act 97 of 1998
- Skills Development Levies Act 9 of 1999
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- United Nations Global Compact
- United Nations Universal Declaration of Human Rights
- United Nations Sustainable Development Goals
- ILO's Declaration on Fundamental Principles and Rights at Work
- King Report on Corporate Governance for South Africa (2016)

Our transformation journey timeline

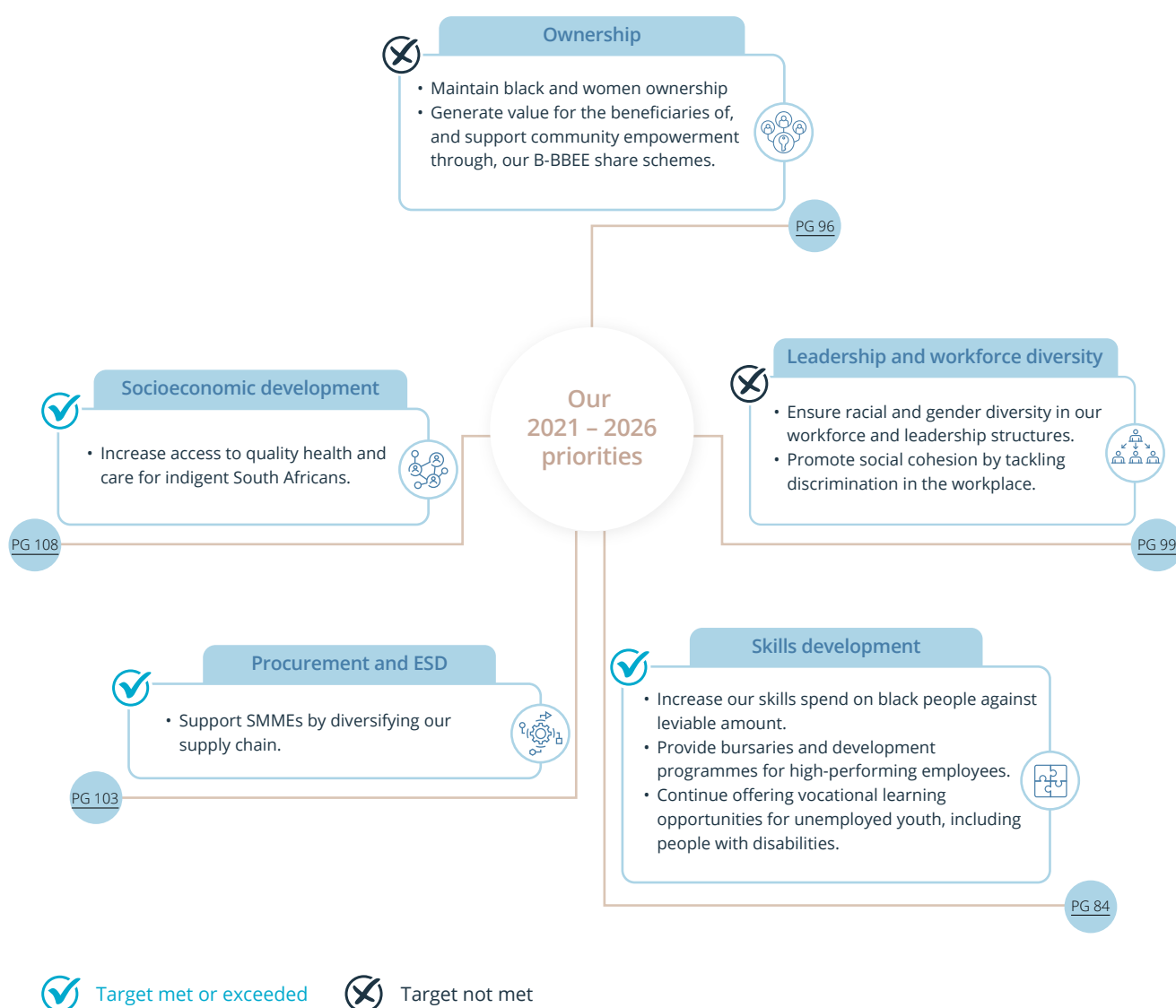


1. International Labour Organization (ILO).

2. Department of Trade, Industry, and Competition (dtic).

Our transformation plan for 2021 – 2026

We have maintained our Level 3 rating for a second year, improving our total score as well as those for skills development and all dimensions of preferential procurement. Our focus for FY 2023 and beyond is on maintaining and deepening transformation in these areas while improving racial and gender diversity at senior and executive leadership levels, improving our preferential procurement spend on EMEs and QSEs, enhancing our ESD performance, and continuing to drive our human capital development initiatives.



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

Dimension	Weighting	Target	2023	2022	2021	2020	2019
Ownership	25	21.80	21.54	21.80	21.24	19.64	19.03
Management control	19	11.63	11.10	11.39	11.05	10.43	10.63
Skills development	20	9.70	10.19	9.87	9.68	8.77	17.07
Procurement	27	26.06	26.14	25.07	24.12	20.65	22.03
Enterprise development	5	7.00	7.00	7.00	7.00	7.00	5.22
Supplier development	10	10.00	10.00	10.00	10.00	10.00	5.50
Socioeconomic development	5	5.00	5.00	5.00	5.00	5.00	5.00
Total score	111	91.18	90.97	90.13	88.09	81.49	84.48
B-BBEE Level		3	3	3	4	4	4

Our social transformation imperatives continued

Supporting access to affordable healthcare

In a socioeconomic context marked by extreme inequality, weak growth, high interest rates, burgeoning inflation and high levels of unemployment, traditional medical scheme membership is being placed at risk at a time few South Africans can afford the average cost per admission to an acute hospital without coverage. However, as more people live past the age of 60, demand for acute care continues to grow, significantly impacting affected individuals and an already strained healthcare system, ultimately resulting in healthcare affordability constraints. This is especially true for those who are already socioeconomically marginalised, with socioeconomic inequality echoed in healthcare settings and large disparities in accessibility and quality of care between public and private sectors as well as urban and rural areas¹.

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

Universal healthcare

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

The NHI Bill

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

We have identified the following risks inherent in the existing NHI Bill:

- 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 around long-term risks and opportunities of implementing the Bill due to its lack of detail.

We support a multi-fund system that will allow people with the means to pay mandatory taxes while also funding their healthcare privately to do just 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.

What we are doing:

Through HASA and its affiliations with B4SA and BUSA, we made comprehensive submissions to the National Council of Provinces on proposed amendments to the Bill that enable the goal of universal healthcare, including advocating for the continuation of private funding to alleviate the burden on the state, and an independent, scientific and transparent process to determine service provider pricing.

The Bill was, however, adopted by the Council on 6 December 2023 without consideration of any proposed amendments. BUSA and B4SA have now submitted a formal petition to President Ramaphosa, requesting that he refer the Bill back to the National Assembly for amendment. Under Section 79, the South African Constitution provides that once a Bill is adopted, it can be referred back to the National Assembly for reconsideration if the President has reservations about the Bill's constitutionality.

Affordable private healthcare

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 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.

1. Department of Health: National Health Insurance for South Africa: Towards Universal Health Coverage.

Product offering

Medical insurance and other solutions



Primary care¹

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 procedures¹, orthopaedic procedures¹ and urology procedures.



Vouchers

A range of GP vouchers (face-to-face and virtual consultations), dental vouchers and optometry vouchers.

Medical scheme cover

GapCare

Supplementary cover to a medical aid when the cover is not sufficient to cover all healthcare costs.



NetcarePlus was voted as 2nd best medical insurance brand at the Ask Afrika Orange Index Awards.

NetcarePlus also placed in the Top 10 for consistent client experience.

1. Added to our portfolio in FY 2023. The primary care insurance product predominantly covers GP, dentistry and optometry.

Integrated report: New business development.

Benefiting our communities through broad-based black ownership

As a listed entity, the majority of the Group's B-BBEE ownership rating is derived from mandated investments that are independently analysed for black and black women ownership on a flow-through basis. Ownership is also derived from our B-BBEE scheme held in our HPFL trusts¹ which host our employee share ownership scheme, contribute to clinical skills development initiatives and support community-based health and wellness initiatives.

Health Partners for Life trusts

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



The Patient Care and Passionate People Trust oversees the management of 61 million shares that were allocated to more than 20 000 employees (excluding executives) at a 20% discount in 2019. The transaction strengthened the ownership component of our empowerment rating, resulting in an improved B-BBEE rating (from Level 5 in 2018 to Level 4 in 2019). The scheme matures in 2029, with participants benefiting from trickle dividends during this period; the balance of the declared dividend is used to service the scheme debt.



The Physician Partnership Trust supports clinical academic excellence by administering the Professor Bongani Mayosi Netcare Clinical Scholarship which funds black clinical scholars completing their doctorates locally and abroad. Applicants for the scholarship are evaluated and shortlisted by the Deans of medical schools from universities across the country. In future, the trust will also administer the Netcare Nursing Scholarship.

Impact

- Since inception, R65 million² has been disbursed to fund 24 clinicians.
- 14 scholars have completed their doctoral theses (two graduating this year), ten are conducting research and writing their dissertations, and two were awarded scholarships this year and will receive funding and commence their research in 2024.

FY 2023 progress

- R9 million in funding disbursed.
- Two scholarships awarded.

Looking ahead

- Disburse an additional R8 million in funding set aside for FY 2024 (to fund those still completing degrees).
- Finalise approval and begin rollout of the Netcare Nursing Scholarship.

This scholarship also contributes towards our skills development spend:  PG 85.

1. Health Partners for Life (HPFL), established in 2005 through the transfer of 160 million Netcare shares valued at R1 billion

2. 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 reporting of other metrics.



The Mother and Child Trust funds impactful community-based initiatives that uplift women and children, providing them with needed support. Current funding partners include Netcare Sexual Assault Crisis Centres, Netcare Ncelisa human milk banks and early childhood development centres and initiatives.

FY 2023 progress

- R2 million approved to fund the Netcare Foundation's emergency department sign language initiative and the new human milk bank at Rahima Moosa Mother and Child Hospital (a public hospital). This is in addition to the R1 million in funding approved to fund the Netcare Sexual Assault Crisis Centres in FY 2022 |  PG 108.

Looking ahead

- Consider funding approval for 16 early childhood¹ development centres in Braamfischerville, including a mobile toy library and training and mentorship for centre owners to enable them to register with the Department of Education.
- Approve funding for HI HOPES² to provide home-based early intervention for families of deaf and hard-of-hearing babies, ensuring that they receive early childhood development support.



The Healthy Lifestyle Trust focuses on initiatives that support the physical and mental health and wellness of South African communities. Since 2016, the trust has funded various initiatives run with the SADAG³, a partnership that continues into FY 2023. This year, the trust also funded various healthcare accessibility initiatives run by the Netcare Foundation.

SADAG partnership initiatives:

Last year, the Trust approved R2 million in funding for the SADAG Ivory Park and Diepsloot counselling containers and teen depression and suicide prevention school outreach programme.

FY 2023 progress

- 3 310 community members received face-to-face counselling through the container services, with additional members reached through SADAG awareness talks and stands at malls, taxi ranks, clinics, and schools.
- 30 173 learners and 3 459 educators, district officials, learner support agents, parents and other stakeholders reached through SADAG talks, workshops and webinars relating to preventing teen suicide.

Healthcare accessibility initiatives:

FY 2023 progress

- R3 million spent to fund procedures for cochlear implant, cataract and elephantiasis beneficiaries.
- >R170 000 spent to enrol 93 girls from socioeconomically disadvantaged backgrounds in ActivateHer programmes. The programmes are stratified according to age, with each cohort focused on a different skillset relating to physical, mental, social and emotional health education and development. The primary aim of the programme is to encourage more young girls and women to actively participate in sports and their own wellbeing.

Read more about the impact our funding had in FY 2023:  PG 109.

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.

1. Previously 21 centres were supported, however, five did not reopen after COVID-19 shut down operations.

2. An early intervention partner for families of deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.

3. South African Depression and Anxiety Group (SADAG).

Benefiting our communities through broad-based black ownership continued

Key data: ownership

(%)	Weighting	2023	2022	2021
Voting rights of black people	25	27.9	28.6	25.6
Voting rights of black women	10	16.3	16.1	14.7
Economic interest of black people	25	20.1	20.8	18.5
Economic interest of black women	10	11.4	11.8	10.6
Economic interest of designated groups	3	3.5	3.6	3.6
Black participants in employee ownership schemes				
Black beneficiaries of broad-based ownership schemes				
Black participants in cooperatives				
Black new entrant	2	3.5	3.6	3.6
Net value	25	16.6	17.1	15.5
Total ownership score (points)	25	21.5	21.8	21.2

FY 2023 performance

- Continued our programme to trace employees who are beneficiaries of the old scheme with vested shares who cannot currently be contacted.

Looking ahead

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



Cultivating a diverse and inclusive workplace

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

Our workforce profile and social transformation strategy reflect our belief in redressing inequality, deepening diversity, and advancing human potential. We continue to strive to improve representation, focusing on gender diversity at leadership level, representation of black people at middle management level and further aligning our workforce with the national EAP, while also providing opportunities for young people and people with disabilities to enter the workforce ( PG 85).

Employment equity sector targets

Our 2026 employment equity plan targets put us ahead of our peers and the average for private sector performance; however, regulatory throttling of nurse training numbers and a healthcare gender profile skewed towards women introduce complexities requiring additional consideration and careful management if we are to achieve some of the proposed sector targets of the amended Employment Equity Act¹. Through the HASA and B4SA, we continue to engage with the DoEL² on phasing in the new targets which will likely be announced in the latter part of 2024.

Leadership and management

Following the retirement of two long-tenured directors, the Board has normalised and comprises nine directors³ (FY 2022: 11) while the Executive Committee remains unchanged. We will utilise arising opportunities to advance the representation of black people and black women at Board, Executive Committee and senior management levels. Representation at middle and junior management levels continues to improve, however, we remain focused on improving the representation of black people at middle management level and the representation of men at junior management and skilled worker level, and are working with Netcare Education to attract more male candidates into annual nursing education programme intakes. Encouragingly, Netcare Education enrolled a further 96 male nursing students this year (FY 2022: 96). Racial diversity at junior management and skilled levels is enabling us to build a representative talent pool for future middle management and leadership roles.

Our people: diversity and inclusion

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

Aspiring to be a fully inclusive employer, we focus on:

- Aligning our workforce with SA's national and regional EAP demographics.
- Promoting gender parity.
- Creating an inclusive environment that supports people with disabilities.
- Entrenching a culture of diversity, equity and inclusion through our daily practices, processes and ways of doing work.
- Ensuring a zero-tolerance approach to unfair discrimination that covers our employees, contractors, doctors and partners as well as our patients and their families.

We do this through meaningful diversity and inclusion initiatives, constructive dialogues, breaking down barriers to social cohesion and taking decisive action whenever cases of unfair discrimination emerge.

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. Department of Employment and Labour (DoEL).
 3. Including two executive directors.

Cultivating a diverse and inclusive workplace continued

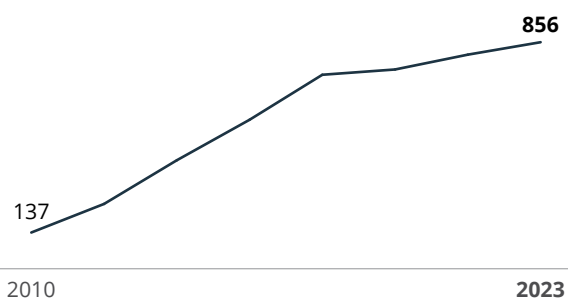
Relaunching our seventh Netcare Way behaviour

In August 2023, we relaunched our seventh behaviour to affirm our commitment to eradicating racism, sexism, ableism and all forms of unfair discrimination. Our new behaviour (“I always embrace diversity to strengthen inclusivity and belonging”) is designed to communicate our intent to create spaces of safety and belonging for all within the Netcare family – where our people feel a sense of belonging and accept that our differences make us a truly authentic organisation.

Disability mainstreaming

Research indicates that people with disabilities are among the most marginalised in society and the economy, with many not completing high school or tertiary education. Those who do complete a tertiary qualification may not be granted employment, and those who become disabled during their lives may face challenges integrating back into the labour market. At Netcare, we adopt a critical disability model (which considers ableism and related obstacles through the lens of intersectionality) to design and implement multipronged initiatives, resulting in improved representation of and working experiences for people with disabilities¹.

Disability mainstreaming progress since 2010



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

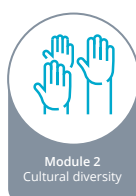
Key diversity and inclusion initiatives

Leading diversity, equity, inclusion and belonging

For the next phase of our diversity and inclusion programme², we partnered with Diversi-T³ to deliver an online programme for leaders and Workplace Transformation Committee members. The programme aims to enable our leaders to facilitate complex conversations on sensitive topics appropriately and sensitively, using these discussions to deepen a sense of democracy in the workplace. Premised on microlearning principles, the first phase of the programme comprises four modules and an assessment, after which participants will receive certificates of competence. Committee members will use this training to drive specific interventions in their respective workplaces.

693

leaders and Workplace Transformation Committee members were enrolled on the programme this year.



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

2. The prior phase comprised diversity dialogue workshops with 282 Workplace Transformation Committee members.

3. A human resource development and training consultancy that develops solutions for public and private organisations grappling with change, diversity, and inclusion.

Everyone belongs at Netcare

We understand gender and sexuality as a spectrum and strive to create an empowering and inclusive environment that challenges harmful stereotypes and unfair discrimination against the LGBTQIA+¹ community. This year, we celebrated Pride Month as a reminder that all people are born equal in dignity, rights and freedoms.

We also celebrated Women's Month, paying homage to the women who have played, and are playing, a crucial role in shaping SA's future and honouring each and every one of the women working and leading in our predominantly female sector and workforce. Our inaugural Women's Day event included facilitated dialogues with key speakers on women's empowerment, experiences in the corporate sector and surviving gender-based violence.



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

6

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

FY 2022: 3

FY 2023 performance

- Implemented a tool that monitors vacancies and tracks gender and race diversity at middle management against the Group Employment Equity plan 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.
- Appointed 256 junior, middle and senior managers. Of these, 207 (81%) are black, 165 (79%) are women, 135 (64%) are black women and four (2%) are foreign nationals.
- At September 2023, 10% of nursing students enrolled at Netcare Education are men.
- 84 employees with disabilities either resigned, retired, or were placed on permanent disability. We lost 11 members of our Sinako programme due to ill health, disciplinary challenges and poor performance, other job prospects or familial responsibilities.
- 2 730 employees received awareness training on our zero-tolerance approach to discrimination and harassment (FY 2022: 2 057).
- Four webinars on gender-based violence (facilitated by ICAS) rolled out to 519 employees during the United Nations-led 16 Days of Activism for No Violence against Women and Children campaign.

1. Lesbian, gay, bisexual, transgender, queer, intersex, and asexual (LGBTQIA+).

Cultivating a diverse and inclusive workplace continued

Key data: leadership and workforce diversity

Leadership diversity		2023	2022
Board participation			
(% of Board members)			
Exercisable voting rights of black Board members		44.4	54.5
Exercisable voting rights of black female Board members		33.3	45.5
Executive directors			
(% of executive directors)			
Black executive directors		0	0
Black female executive directors		0	0
Executive management			
(% of executive management)			
Black executive management		45.5	45.5
Black female executive management		9.1	9.1

Note: executive management percentages calculated excluding the CEO and CFO.

Employment equity (% of the workforce)			Target 2023	2023	2022	2021	2020	2019
Senior Management	Black	52.6		45.7	50.0	43.3	41.9	41.4
	Black women	28.9		22.9	25.0	23.3	25.8	24.1
Middle Management	Black	56.5		57.5	53.1	52.9	48.9	45.2
	Black women	34.5		35.9	32.4	30.6	27.6	25.1
Junior Management and Skilled Workers	Black	77.1		77.4	75.9	72.8	71.9	71.2
	Black women	63.4		65.3	64.6	62.3	61.8	61.9
Employees with disabilities	Overall	4.5		4.6	4.4	4.2	3.9	3.6
	Black	3.3		3.2	3.0	2.8	2.6	2.3
	Black women	2.3		2.2	2.1	1.9	1.8	1.6

Looking ahead

- Meet the workplace transformation objectives set out in our employment equity plan and further align our workforce and the SA EAP, focusing on senior leadership succession and increasing representation of black people and black women at Board, Executive Committee and senior management levels.
- Roll out the next phase of our leading diversity, inclusion and belonging programme (debriefing sessions and worksite-specific interventions led by Workplace Transformation Committee members) with the ultimate aims of increasing co-ownership of diversity work at Netcare and improving our inclusivity and employee experience.

Driving socioeconomic inclusion in our sector

With SMMEs estimated to contribute 60% – 80% to GDP and generate 90% of the 11 million new jobs in SA by 2030¹, preferential procurement remains a critical way for larger organisations like Netcare to drive job creation and inclusive socioeconomic growth by nurturing entrepreneurship. As such, we continue to focus on improving our procurement spend (particularly with black-owned and black women-owned suppliers, EMEs and QSEs) and driving greater localisation through our ESD initiatives.

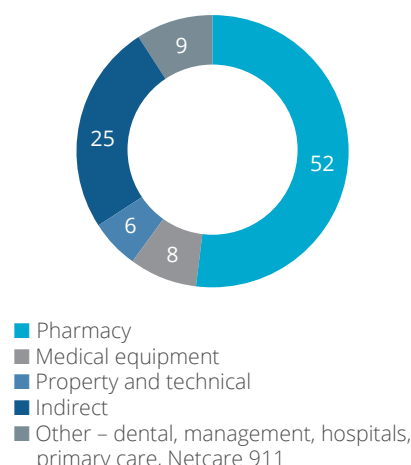
During FY 2023, we continued to improve our preferential procurement spend on B-BBEE compliant suppliers, black-owned suppliers, black women-owned suppliers and black designated Group-owned suppliers, exceeding internal and dtic targets for these groups. We also improved our preferential procurement spend for QSEs and EMEs for the year by tracking procurement spend monthly, awarding selected formulary agreements to EMEs and QSEs and, entering longer-term agreements with high-performing QSEs and EMEs. In addition, we improved our monitoring of and reporting on preferential procurement, providing business with the data they need to make timely decisions.

Our continued focus on localisation will fortify our supply chain while furthering our transformation objectives and creating jobs in SA. Through the dtic's Black Industrialist Scheme, we are currently engaging on product design and development with local suppliers including BT Industrial (providing support with manufacturing strategies and enabling local procurement).

Procurement

With over 4 000 suppliers in total, 60% of our procurement spend is on medicine, medical devices and medical equipment sourced from suppliers registered with the SAHPRA². The balance of this spend is for services, indirect supplies, property and technical services (e.g. repairs, maintenance, consultancy services, plant, and machinery). Our procurement team actively engages with non-compliant multinational and generic suppliers to improve their B-BBEE statuses.

Breakdown of measurable spend (FY 2023) (%)



Enterprise and supplier development

Our ESD programme integrates SMMEs into our supply chain, enabling sustainable operational and financial growth. We provide our beneficiaries with loans, grants and various forms of non-financial assistance.

B-BBEE requirements are integrated into our tender process (weighted equally with the highest weighted variable), we intentionally source and include black- and black women-owned suppliers in our ESD programme and we actively engage with suppliers on improving their B-BBEE statuses. These, along with other interventions, enabled the Group to exceed dtic thresholds for ESD during FY 2023, while integrating more SMMEs into our supply chain and reducing ESD beneficiary dependency on Netcare, enhancing their prospects for long-term independent sustainability.

ESD support initiatives

Early payment term programme that supports cash flow by paying invoices within 15 days.

Seed and capital growth through low-interest and interest-free loans.

Human and other resources to support growth, including procurement assistance.

Access to fully serviced office spaces at our facilities for selected medical or clinical service providers (e.g. occupational therapy).

Opportunities to provide medical or clinical services to our patients (e.g. radiography practices).

1. The National Development Plan: <https://www.gov.za/issues/national-development-plan-2030>.
2. South African Health Product Regulatory Authority (SAHPRA).

Driving socioeconomic inclusion in our sector continued

In partnership with Galelo¹, we monitor and support SMME performance, proactively identifying risks for timeous management and mitigation. We measure the extent to which we create access to our ESD entities through an extensive procurement spend analysis and we measure ESD beneficiaries' performance by monitoring and analysing key financial and non-financial performance indicators (including a sustainability risk rating) monthly. The risk profile of our ESD partners continued to stabilise over FY 2023, however, overall performance was impacted by increased operational costs due to load shedding and inflation, with loan repayments improving but offset by a new R2 million loan extended to one beneficiary to assist with securing a large public contract.

Supplier development

We continuously identify small enterprises with high growth potential to provide supplier development support, focusing on those that are black-owned, black women-owned, youth-owned

and/or owned by people with disabilities. We support more than 100 SMMEs across various commodity lines (including medical devices procurement, construction, health technology, linen and textiles, waste management, logistics, catering and more). Our supplier development partners – particularly those enrolled in our structured development programme² – are demonstrating significant financial and operational growth as they continue to preserve and create new jobs.

Enterprise development

We invest in a range of enterprise development initiatives, leveraging internal expertise to provide our beneficiaries with support that extends beyond the financial. We also engage with our more developed suppliers to provide support and mentorship to smaller suppliers operating in similar areas of specialisation.

Netcare Ulusha YES Hub

YES hubs aim to address barriers to youth employment and economic inclusion by connecting members of surrounding communities to training, technology, work and market opportunities, networks and partner support.

Netcare sponsored construction of the Ulusha YES Hub to incubate high-potential small businesses from Alexandra and facilitate inclusive economic growth and transformation, in collaboration with our partners. The hub hosts a cut-make-trim factory and training centre, a culinary academy (with a restaurant running for on-the-job training), a pottery and ceramics training and production centre, a digital skills training centre, a creative agency, a drone academy, a 3D modelling centre, a mixed multimedia animation centre, a SMME entrepreneurship centre and the YES4Youth enrolment centre.

> 11 000

unemployed youths enrolled at the YES4Youth enrolment centre as of November 2023.

255

young people employed or receiving stipends through programmes based at the hub.

2

small businesses hosted by the hub are sponsored by Netcare.

Partner highlights

Hluvuko Designs, a women-owned social enterprise cooperative that employs 15 people, is an anchor tenant focused on textile manufacturing and training. Over FY 2023, they received assistance to optimise their operations from one of the QSEs in our supplier development programme. This year their revenue and profitability increased due to elevated internal demand for neonatal garments and their ability to continue operating during load shedding.

Nyathi Arts Creations, a black-owned ceramic manufacturing company, runs a ceramics training centre at the hub. This year, the first cohort of eight trainees graduated after receiving a year of work experience. One trainee left the programme prior to graduation.

Over FY 2023, we assisted both of our partners with costing models and general administrative support. Both also received orders from Netcare and other customers.

1. A trusted investment group specialising in economic inclusion and transformation.

2. Dosimeter Services, Mlungisi Healthcare, ChefTalk Catering, Odire, Dube & Pottas, Brittan, Busani Textiles, Southern Basedi, and Hluvuko Designs.

My Walk Made with Soul

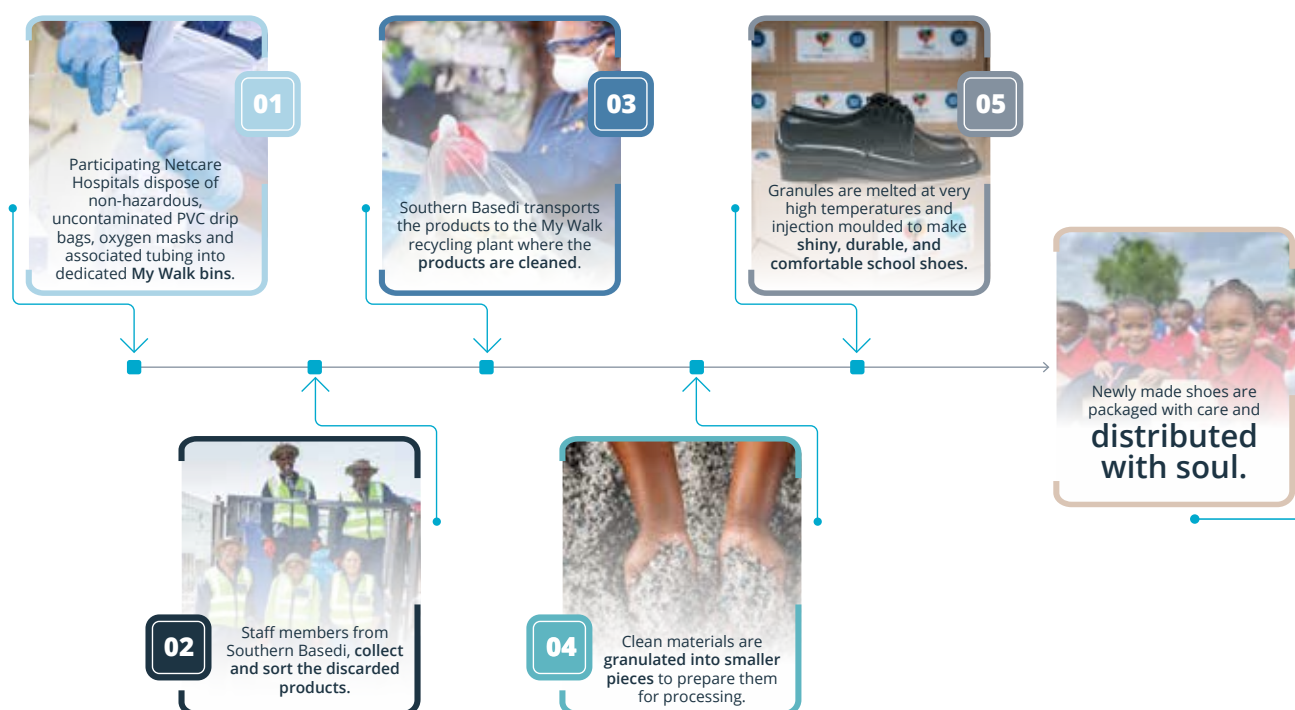
My Walk Made with Soul is an environmental and social transformation initiative that utilises Netcare's single-use high-quality PVC waste to make waterproof, recyclable school shoes for underprivileged children. The solution benefits society by supporting education, job creation and enterprise development, and reducing GHG emissions. The initiative adds to a child's wellbeing, bolstering confidence and self-esteem, which impacts school experience, academic performance and participation in sports. 19 Netcare hospitals participate in the initiative.

We partner with Southern Basedi – a 100% black woman-owned enterprise development partner EME that employs eight people – to recycle the waste and transform it into shoes. This year, they participated in the Expanded Public Works Programme Learnership, hosting one student for ten months.

Overall winner

of the 2023 Green Economy Award for NPOs. My Walk submitted their entry alongside 100 other contenders operating in the green economy space (agriculture, energy, water management, and waste management).

Twenty drip bags make one pair of school shoes



89 tonnes

PVC waste diverted since 2018.

167 220

pairs of shoes manufactured, and over **144 490** pairs donated since inception.

16

jobs supported by the factory and entrepreneurial businesses involved with the initiative.

Driving socioeconomic inclusion in our sector continued

Medical doctors

Our hospitals continue to provide enterprise development support to many newly qualified medical doctors; support includes subsidised rental space, practice setup and office refurbishments.

45

black doctors receive ESD support.

Netcare Diagnostics

Netcare Diagnostics partners with Dr Eshle 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 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.

 Integrated report: [New business development](#).

122

blood gas analysers installed across the Hospital Division. Blood gas analysers have also been rolled out to **11** Netcare Medicross centres.

70

point-of-care analysers installed in **ten** emergency departments.

Dr Nomlomo received a **SHERO Award** from Gagasi FM, recognising her excellent work in the field of science and technology.

Our green procurement project

Our green procurement project integrates enterprise development support and our zero waste to landfill goal. Our partners include businesses that salvage, customise, and sell our used hospital furniture and keep the grounds of our hospitals clean, as well as five beneficiaries (FY 2022: three) that support our zero waste to landfill strategy (four HCRW¹ management services providers – including a provider of clinical glass collection and transportation services – and an accredited electronic waste recycler). One of the newly appointed HCRW management services providers is a black-owned QSE (receiving mentorship and support from Netcare and an external consultant paid by Netcare), and the other is an SMME that transforms waste into products like pallets and planters. Over FY 2023, we rolled out the project to additional hospitals in KwaZulu-Natal, the Eastern Cape and the Western Cape. The project is now active at all hospitals.

 Read more about our HCRW and general waste initiatives: PG 55.

1. Healthcare risk waste (HCRW).

FY 2023 performance

- Conducted workshops and an internal analysis of upcoming tenders to identify opportunities to improve our 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.
- R16 million in outstanding loan balances for supplier development and R1 million for enterprise development (not yet due) (FY 2022: not reported).
- 105 suppliers (FY 2022: 94) are receiving early payment terms.
- Awarded tenders to QSEs for various services, including selected medical devices, HCRW management, general waste management and small-scale construction jobs.
- 71% of 143 medical doctors recruited to our Hospital Division are black doctors.
- Placed our short-term liquidity funding initiative on hold and are re-evaluating alternative solutions to assist SMMEs.

Structured development programme (ESD)

- Nine ESD partners are enrolled on our structured development programme. Eight of these businesses are majority black women-owned.
- Dube and Pottas – a 51% black women-owned private social work practice that provides our frontline workers with access to counselling – registered as a service provider for another healthcare group.
- Odire – a 100% black women-owned OHS services provider that we use to enhance our OHS processes – secured new public and private placement contracts.
- A 51% black women-owned dosimeter services business onboarded new clients and increased production, increasing their revenue.
- A 100% black women-owned gloves supplier expanded their business to supply additional products to Netcare and has also been awarded two three-year contracts, one with a major healthcare group in SA and the other with government. They are on track to complete loan repayments in 2024.
- The Netcare procurement team conducted twice-monthly meetings with a majority black-owned procedure tray and bandage supply business to enhance operational efficiency, resulting in increased revenue and profits.

Other

- Outside of our formal ESD programme, we provided a 100% black-owned textile company with operational support and facilitated further support and guidance from the largest uniform manufacturer in SA.

Looking ahead

- Develop our digitised source-to-contract and preferential procurement platform. The platform provides a central location to manage the supply chain, enabling improved spend analyses and supplier monitoring and giving suppliers access to relevant information and supplier development programmes.
- Review our ESD programme to understand how we can create development opportunities for more suppliers.
- Continue to progress current procurement strategies that have proven beneficial for our partners and enhanced our procurement spend. This includes prioritising preferential procurement criteria when sourcing goods and services, longer-term contracts for high-performing QSEs and EMEs, mentorship and support for suppliers, identifying specific categories of items for procurement through QSEs and EMEs, and working with local suppliers on prototype design and development for local manufacturing.

Caring for the health of our communities

We recognise that our success depends on that of the communities we serve. As an engaged corporate citizen, we invest back into SA by committing resources to community and nation-building initiatives.

In line with our organisational focus and competencies, our CSI activities centre on providing access to quality medical care including cochlear implant, cataract and elephantiasis procedures, giving priority to patients that could not otherwise afford them; supporting the development of clinicians to serve the broader population while generating knowledge that advances medicine and clinical care; and community-based healthcare services and initiatives (including medical male circumcision). Given the exceptionally high rates of gender-based violence, sexual violence and femicide in SA, we also provide free and compassionate care to survivors of sexual assault nationwide, seeking to empower them to reclaim their dignity and encouraging survivors to press charges against perpetrators.

The initiatives we invest in are carefully selected and managed to ensure that the resources we commit achieve maximum impact. In addition, each Netcare hospital, facility and division engages in activities that address the specific needs of the communities in which they operate.

The Netcare Foundation

Funded primarily by the Hospital Division, the Mother and Child Trust, the Healthy Lifestyle Trust¹ and Netcare employees, the Netcare Foundation provides access to quality healthcare for low-income and unemployed South Africans. The Foundation's compassionate person centred programmes allocate a coordinator to all beneficiaries of healthcare services to help them navigate their healthcare journeys from application and doctor assessment to examination, testing and hospitalisation as well as follow-up care.

Key Netcare Foundation initiatives

Emergency medical services

We provide emergency medical services for indigent patients who arrive at our hospitals presenting as emergency cases; patients are stabilised and transferred to a state facility as and when a bed at one of these facilities becomes available. We also fund patients unable to pay for treatment and services received at Netcare hospitals.

R4 million

spent to assist **338** indigent patients accessing emergency medical services.

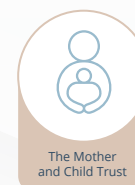
FY 2022: R5 million

Sexual Assault Crisis Centres

We provide free healthcare and medicolegal services to survivors of sexual assault. While we encourage all survivors attending our centres to press charges, only 57% have laid charges against their attackers.

Around four million South Africans are deaf or hard of hearing and members of this community are increasingly presenting at our Crisis Centres for assistance. This year, to better address their needs, we launched a sign language initiative to prepare our employees for communicating with deaf survivors of sexual assault and gender-based violence. Thus far, four managers from Netcare Sexual Assault Crisis Centres have participated in an online sign language programme offered by the Wits Centre for Deaf Studies, receiving training on basic sign language, deaf culture awareness and how to engage with interpreters. The programme will be rolled out to an additional 50 frontline employees in FY 2024.

In collaboration with the Wits Centre for Deaf Studies, we have also developed introductory videos for deaf survivors arriving at our centres.



R1 million

spent to assist **771** survivors of sexual assault. Of these, 40% were under 18 years old, 93% were women and 81% were uninsured. This programme and our South African Sign Language initiative receive funding from the Mother and Child Trust.

FY 2022: R1 million, 757

¹. Funding received from the trusts is strictly used for CSI initiatives with the Group covering administrative costs.

Accessibility initiatives

Our accessibility initiatives are run in collaboration with our doctors, other healthcare practitioners and our hospitals. They fund quality medical procedures and services for underprivileged South Africans with cleft lip and/or palate, craniofacial anomalies, elephantiasis and cataracts, as well as those who need cochlear implants or cardiac surgery.



Netcare cleft lip and palate programme

6

cleft lip and palate beneficiaries funded this year, with **450** funded since inception (2007). The programme is run in partnership with Tannah's Gift.

FY 2022: 13

Craniofacial programme

5

craniofacial surgery beneficiaries funded this year, with **118** funded since inception (2008).

FY 2022: 7

Elephantiasis programme

4

elephantiasis beneficiaries funded this year, with **22** funded since inception (2011). The programme is run in partnership with the Healthy Lifestyle Trust and specialist healthcare professionals.

FY 2022: 5

Gift of Sight

149

cataract beneficiaries funded this year, with **5 359** funded since inception (2005). The programme is supported by the Healthy Lifestyle Trust and Genop (who donate lenses).

FY 2022: 155

Cochlear programme

10

cochlear implant beneficiaries funded this year with **96** funded since inception (2007). The programme is run in partnership with the Healthy Lifestyle Trust, The Johannesburg Cochlear Implant Centre and a team of ear, nose and throat surgeons.

FY 2022: 8

Netcare paediatric cardiac programme

7

Cardiac surgery beneficiaries funded this year with **16** funded since inception (2021). The programme is run in partnership with the Maboneng Foundation and provides essential cardiac surgery for babies from families who cannot afford this care¹.

1. 522 babies received lifesaving cardiac intervention surgery between 2004 and 2013. The partnership was run with the Walter Sisulu Paediatric Cardiac foundation prior to its closing. We have since revived this essential programme with our new partners.

Caring for the health of our communities continued

Netcare Ncelisa human milk banks



Established in 2017, Netcare Ncelisa human milk banks have played an ever-increasing role in contributing to the wellbeing of newborn babies admitted to neonatal intensive care. Netcare operates five human milk banks and 35 collection points for mothers to donate excess breastmilk that is provided free of charge to public and private sector hospitals. An additional human milk bank, funded by the Mother and Child Trust, is planned for Rahima Moosa Mother and Child Hospital (a public hospital).

 [Quality report: PG 21.](#)

3 707

babies fed through the milk bank programme since inception (2017).

Donors have provided a total of **3 713** litres of breastmilk.

166

babies' mothers donating their excess breastmilk.

FY 2022: 181

192

babies in the public sector were fed through the programme, equating to **29%** of all babies fed with donated breastmilk.

2023 target: 33% of donated breastmilk distributed to public sector

FY 2022: 242

National blood drives

To assist with national blood shortages, employees at our emergency and trauma centres across SA host blood drives in collaboration with the South African National Blood Transfusion Service and the Western Cape Blood Transfusion Services.

5 922

units of donor blood collected.

FY 2022: 4 925

Male circumcision

We recently introduced a new programme that, in partnership with the NDoH, provides safe medical circumcision for male African children (primarily those living in rural areas), reducing the risk of infection and the risk of HIV transmission in later years. This year, the programme was rolled out at Netcare Vaalpark Hospital. The programme receives funding from Netcare with surgeries performed on a pro bono basis by key medical staff (surgeons, anaesthetists and nurses).

Currently, 77 circumcisions have been performed on young men aged nine to 17 and a total of 100 applicants have requested the procedure.

Organ transplant

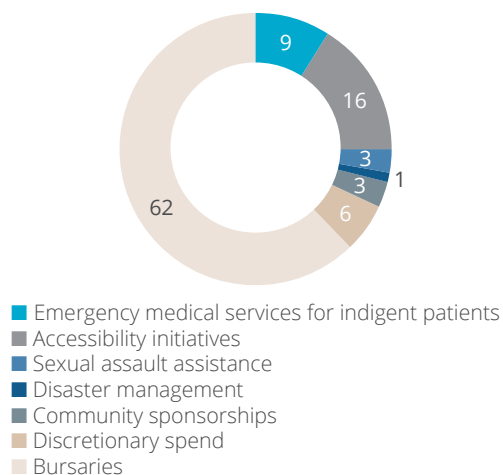
Netcare shares donated organs on a 50/50 basis with the public sector, covering management costs totalling R3 million since 2019. We aim to collaborate further with the public sectors in Pretoria and the Eastern Cape to enhance transplant activity in the short to medium term.

 [Read more about The Mother and Child Trust and The Healthy Lifestyle Trust: PG 97.](#)

FY 2023 performance

- Raised over R120 000 for the Foundation through our Mandela Day initiative – employees were able to purchase Mandela Day branded merchandise with all proceeds donated to the Foundation for various discretionary emergency requests.
- 111 students participated in our job shadowing initiative run in collaboration with the emergency and trauma department. Since 2017, 570 students have participated in this programme, benefiting from the opportunity to explore and better understand the realistic demands of a career in modern healthcare.

Total CSI spend (FY 2023) (%)



Looking ahead

- Extend our male circumcision programme to other hospitals over the short to medium term.
- Finalise contractual agreements for the new human milk bank at Rahima Moosa Mother and Child Hospital.
- In collaboration with HI HOPES¹, pilot a Universal Newborn Hearing Screening programme in the public health sector.

1. An early intervention partner for families of deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.



Governance:

upholding our values and principles

- 114** Our FY 2023 governance performance
- 115** Ensuring ethical and compliant business conduct
- 118** Ensuring ethics in our supply chain
- 119** Protecting our data and our stakeholders' privacy



External commitments, frameworks, and standards

- King IV Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact¹
- United Nations Universal Declaration of Human Rights
- United Nations Sustainable Development Goals
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- Various environmental, social and governance assessments |  PG 36.
- GRI Standards²: 2-6, 2-12 to 13, 2-25 to 27/ 205-1 to 3 / 308-2 / 406-1 / 407-1 / 408-1 / 409-1 / 412-2 / 415-2 / 416-2 / 417-3/ 418-1

1. Our 2023 Communication on Progress is available on the UN Global Compact website.
 2. Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the Netcare investor relations website.

Key legislation

- Electronic Communications and Transactions Act 25 of 2002
- General Data Protection Regulations (EU, 2016)
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Protection of Personal Information Act 4 of 2013
- Prevention and Combating of Corrupt Activities Act 12 of 2004

Scope of reporting

Data relating to our supply chain management, ethical corporate citizenship, and data privacy and protection includes all Netcare subsidiaries and affiliates.

Our FY 2023 governance performance

Compliance

Zero

fines incurred for non-compliance with environmental laws and regulations.

FY 2022: 0

Zero

fines or non-monetary sanctions for non-compliance with social and economic laws and regulations.

FY 2022: 0

Zero

material incidents of non-compliance concerning the health and safety impacts of products and services.

FY 2022: 0

Zero

material incidents of non-compliance with regulations and voluntary marketing communications.

FY 2022: 0

Suppliers

Zero

supplier contracts terminated due to negative environmental impacts.

FY 2022: 0

Zero

suppliers identified as having significant actual and potential negative environmental impact.

FY 2022: 0

Zero

suppliers identified as having significant negative social impacts.

FY 2022: 0

Ethics

7 330

hours spent training 5 095 new employees on human rights.

FY 2022: 3 858 hours training
2 871 employees

3 696

new employees received anti-corruption and bribery training.

FY 2022: 2 730

206

incidents of alleged fraud and irregularities reported. 201 have been investigated and closed with the remainder still under investigation. 14 incidents were reported via the fraud and ethics hotline and 41 were reported to the dedicated fraud email¹.

FY 2022: 113 incidents, 13 reported via the fraud and ethics hotline

3

incidences of alleged unethical medical behaviour reported.

FY 2022: 0

No

political contributions made.

FY 2022: None

Cybersecurity

Zero

incidents of material data loss from a cybersecurity event.

FY 2022: 0

Conducted a cyber risk self-assessment to understand the impact of control enhancements made over FY 2023. Results demonstrated **a significant improvement in cybersecurity performance**, and we achieved a **higher performance rating** than sector and global averages.

POPIA² assessments

22

internal POPIA assessments undertaken across divisions.

6

assessments against the European Union General Data Protection Regulations.

79

third-party assessments conducted.

An independent **ISO 27001/2 assessment** was completed to ensure that we satisfy our POPIA and cybersecurity obligations.

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 **96% against the provisions of the Act, and 97%** against internal measurement standards.

Privacy breaches

34

privacy breaches were reported to the Information Regulator. 19 have been closed. None pose a material reputational threat to Netcare.

Privacy strategy

The Group's privacy strategy and privacy compliance framework are currently undergoing review.

1. The remainder were reported through other mechanisms such as direct communication with Group Forensics. Most of the incidents reported related to theft and medical fraud with the majority being perpetrated by third parties.
2. Protection of Personal Information Act (POPIA).

Ensuring ethical and compliant business conduct

We are committed to high moral, ethical and legal standards, and support the code, principles and values as espoused in various laws and regulations governing our operations and people. We take a zero-tolerance approach to theft, fraud and corruption, as well as discrimination and racism. All employees are expected to fulfil this commitment, including our policy of fair dealing and integrity when conducting Netcare's business. Our values, policies and Code of Conduct provide a governing framework for ethical leadership and behaviour, which is further supported by a human rights awareness programme that forms part of our induction programme.



Ethics policies

- **Anti-corruption policy, including our whistleblower policy**
- **Gifts and hospitality policy**
- **Netcare Code of Conduct**

 Read about our approach to ethical leadership in our shareholder report: [Governance](#).

Several initiatives and mechanisms are in place to support an ethical culture:

Our **Code of Conduct** guides interaction between the Group and its stakeholders, including its partners and suppliers in the healthcare value chain. Employees are required to disclose any potential conflict of interest, as well as any gifts or invitations by a supplier or third party.

As part of our **ethics management programme**, we conduct an annual ethics survey. The survey assesses familiarity with the ethics programme (policies and structures) and aims to elicit a view of the organisational culture (leadership and engagement) and an understanding of how core values are lived and executed in daily decision-making by management.

Our **remuneration policy** aligns our corporate strategy, performance and the values and behaviours of our passionate people. It also ensures the fair, equitable and consistent reward of our people.

The **Netcare Clinical Practice Committee** sets governance guidelines and monitors compliance with clinical governance criteria relating to clinician conduct.

Our **incident management system** is used to log incidents of a clinical nature (e.g. patient falls or incorrect medication given) as well as issues of a forensic nature. The system is regularly reviewed to identify incidents and initiate the appropriate follow-up with the business.

Supplier policies and assessments

 PG 118

Anonymous toll-free SHOUT line

 PG 101

Group Forensics investigates all reported incidents of theft, fraud and corruption and (where appropriate) cases are reported to the South African Police Services and to the applicable registered bodies such as the HPCSA, SANC and SAICA¹. Civil recoveries are pursued by prejudiced business units where financially appropriate.

Employees, management and external parties² can report irregularities³ to Group Forensics via the **Fraud and Ethics Hotline** on **0860 372 831** (for stakeholders wanting to protect their anonymity), a dedicated email for fraud reporting (fraud@netcare.co.za), or through direct communication with Group Forensics. Fraud trends are communicated to business units that might be impacted by identified incidences of fraud.

Every incident reported through these mechanisms is investigated. Reports of alleged theft, fraud or unethical behaviour are logged in the defalcation register and regularly reported to management. A summary of the defalcation register, fraud trends and material incidents is provided to the Risk and Social and Ethics Committees at every meeting.

1. Health Professionals Council of South Africa (HPCSA), South African Nursing Council (SANC) and South African Institute of Chartered Accountants (SAICA).

2. Including the public, suppliers and patients.

3. Such as alleged theft, or fraudulent, corrupt, or unethical behaviour (including unethical medical behaviour).

Ensuring ethical and compliant business conduct continued

Anti-corruption

While SA has a solid legal framework to fight money laundering and terrorist financing, the FATF¹ process initiated in 2021 resulted in SA being greylisted in February 2023 for not fully complying with international standards for preventing money laundering, terrorist financing and proliferation financing. While significant impacts are unlikely over the short term, if SA fails to resolve identified shortcomings by January 2025, more severe impacts are anticipated for the country, consumers and the business community. This, alongside the increasing characterisation of SA as an emerging 'mafia state' and endemic corruption, makes it more important than ever for South African businesses to demonstrate their commitment to ethical business conduct and appropriate anti-corruption controls.

Corruption risk is assessed across the Group by the Risk and Social and Ethics Committees. Group Forensics assists with investigating instances of alleged fraud, corruption, unethical behaviour, and irregularities, as well as providing pertinent information on these issues to the Group.

All new employees receive training on anti-corruption, with periodic road shows conducted to raise awareness. SOPs are regularly reviewed and updated if appropriate.

Regulatory compliance

SA's private healthcare market is one of the most regulated in the world, with regulated areas of operations including hospital build specifications, prohibitions on employing doctors, highly regulated medicine pricing, and caps on nurse education and training, among others.

Key regulatory considerations for FY 2023 included:

- **The Companies Act Amendment Bill (2023).** Key elements of the Bill include enhancing transparency around executive director and prescribed officer remuneration and pay gap disclosures, and prescribing the appointment, composition and reporting of social and ethics committees. The developments have been noted by the Board.
- **The NHI Bill** which was passed by the National Assembly in June 2023 and adopted by the National Council of Provinces in December 2023. Current indications are that it will be phased in over the coming years. The Bill proposes a single fund from which to pay accredited public and private healthcare providers. Medical aid schemes will be able to offer complementary or top-up cover only.
- **Proposed Certificate of Need regulations** that will require licensing for establishing, constructing, modifying, acquiring, or increasing the number of beds in a healthcare establishment. The regulations also require licences for providing specific prescribed health services and limit where doctors and healthcare workers can practice. Management continues to monitor the ongoing legal processes relating to the proposed regulations.
- **The Prescribed Minimum Benefits** review gained traction over 2023, with the CMS² shifting focus to the inclusion of primary healthcare benefits in the prescribed minimum benefits package.

Our approach to regulatory compliance

The Board

(assisted by the Audit, Risk¹ and Social and Ethics Committees) ensures compliance with laws, regulations, codes and standards.

Compliance Committee

The committee monitors the legislative landscape on an ongoing basis, performs compliance risk assessments and considers the potential impact of new laws, regulations, and sector-related developments on the Group. The committee and compliance function keep the Board apprised of any material developments in this regard and oversee any changes made by management in relation to these developments.

Management

is delegated to effect the required changes within defined timelines.

We adopt a risk-based approach when reviewing the Group's policies. All divisions, business units, operational and administrative business areas and subsidiaries are required to comply with all applicable legislation and regulations. Each area conducts an annual governance, compliance, legislative and contractual risk review, and evaluates the regulatory environment impacting the Group and the healthcare and financial services sectors.

1. The Risk Committee also monitors compliance risk.

- **Other legislation that could impact Netcare** includes new regulations for low-cost benefit options, amendments to the Road Accident Fund, electricity regulations, and the Board of Healthcare Funders' application for collective negotiation (this will have longer-term repercussions for funder buying power over healthcare providers).

Human rights

Our operations and strategies align with the human rights principles encapsulated in SA's Constitution. This covers child, forced or compulsory labour and the right to freedom of association and collective bargaining. Our adherence to these principles is further supported by our human rights awareness programme.

1. Financial Action Task Force (FATF).
2. Council for Medical Schemes (CMS).

FY 2023 performance

- The FY 2023 governance, risk and compliance survey was rolled out across Netcare Akeso mental health facilities and Netcare Medicross medical and dental centres with results indicating satisfactory conformance to current practices.
- Rolled out revised fraud and ethics hotline posters, a digital awareness campaign and SOP refresher training to enhance our anti-fraud and anti-bribery compliance awareness programme.
- Conducted a thematic review of NetcarePlus to ensure compliance with FICA¹, FAIS² and applicable insurance regulations.

Looking ahead

- Continue implementing policies that ensure regulatory compliance and value creation for all stakeholders.
- Roll out digital training materials on general fraud awareness.
- Engage with ESG rating agencies and implement measures to improve Group ratings.
- Roll out competition law training.
- As part of our broader stakeholder engagement programme, proactively engage with regulatory bodies.
- Procure systems to enhance supplier vetting and improve our contract management system.

1. Financial Intelligence Centre Act 38 of 2001 (as amended) (FICA).
2. Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS).

Ensuring ethics in our supply chain

When selecting suppliers, we consider the quality of products or services, compliance with regulations and Netcare's expectations and strategy as well as cost containment, sustainability, financial stability, and the quality of customer service. The criteria for selecting suppliers vary depending on the type of product or service procured.

We require all suppliers to familiarise themselves with Netcare's sustainable procurement policy, published on our website. All new vendors listed are required to complete a compliance declaration where our standard terms and conditions of trade require that they supply goods and services in line with prevailing good industry practice and Netcare's policies and procedures. The declaration form includes:

- Fair labour practices, including freedom of association and collective bargaining.
- Human rights, including equal opportunity employment and non-discrimination.
- Environmental considerations.

Environmental impact

We conduct environmental impact assessments of suppliers based on the type of goods or services procured and where they are produced. We request emissions reports from our top suppliers. As treating HCRW can have a negative environmental impact when not treated according to applicable laws, we assess the compliance of HCRW treatment plants and related service providers. This year, we engaged with our suppliers to ensure better environmental performance.

Social impact

Where the major component of the service procured is related to human resources, we consider these suppliers to be at risk for labour-related issues such as the right to exercise freedom of association and collective bargaining. These services include cleaning, catering and security service providers. Industrial action in these businesses may impact the quality and continuity of the services provided to Netcare. This risk is covered in our service level agreements.

The Social and Ethics Committee

oversees ethics within the supply chain and outsourced relationships.

Procurement Committee

Headed by the general manager of procurement services and chaired by the CFO, the committee reviews and enhances procurement processes to ensure good governance and ethical conduct. The committee also provides input on our ESD initiatives.

The general manager of procurement services

negotiates preferential pricing aligned to bulk purchasing and reviews the supplier base to ensure ethics in the supply chain.

Procurement policies

- [Supplier accreditation policy](#)
- [Group supplier management policy](#)
- [Sustainable procurement policy](#)



Looking ahead

- Continue to engage with suppliers on their environmental performance, including accurately quantifying, reporting and reducing emissions.
- Develop our digitised source-to-contract and preferential procurement platform, and fully implement our online supplier portal.
- Continue to enhance our stakeholder engagement.

 Read more about our approach to preferential procurement and ESD: PG 103.

Protecting our data and our stakeholders' privacy

For Netcare, IT remains both an operational enabler and a vital strategic asset for creating opportunities, gaining competitive advantage, and ensuring sustainability. Advancing our digitisation strategy increases our reliance on IT systems for all business operations, including processing personal information in our day-to-day activities.

Globally, as more organisations shift towards digital connectivity and digital transformation initiatives continue to accelerate, cybercrime and cyberattacks continue to evolve, becoming ever more complex and sophisticated. Cyberattacks increase the cost of doing business (as organisations are required to implement defence and recovery systems) and have serious implications for data privacy and protection.

With vast datasets that include confidential, sensitive and personal information necessary for operational performance, our IT systems and data must be adequately secured without impeding access to patient information for healthcare facilities and practitioners. Data protection and governance are therefore key priorities for Netcare, and various initiatives are underway to further embed data governance principles across the Group – from data creation to its secure destruction.

Our approach to cybersecurity

Our risk-based cybersecurity strategy identifies the specific information, security controls, recovery, defences and level of protection that must be applied to our digital assets, mitigating risks in the right places at the appropriate times.

Our experienced internal cybersecurity team is complemented by external experts and our advanced technologies are matched by equally robust control frameworks. We monitor our performance and regularly verify controls (internally and externally) to ensure their continued effectiveness. Instances of non-compliance are timeously managed by a dedicated team that ensures they are documented, reported and corrected (where appropriate).

We are always striving to ensure appropriate technical and organisational safeguards (aligned with accepted information security practices) are in place to secure the confidentiality, integrity, and availability of personal information to prevent loss of, damage to, or unauthorised destruction of personal information and unlawful access to or processing of personal information.

We maintain a sound approach to implementing privacy protection measures across all business operations, aligned with applicable privacy and data protection laws.

Data protection policies

- [Access to information policy](#)
- [Privacy policy](#)



1. Other IT governance structures include the Continuous Business Improvement Committee, Enterprise Architecture Committee, and the Change Advisory Board.

The Board

(assisted by the Audit and Risk Committees) oversees the governance of technology and information management (including cybersecurity initiatives).

IT Management Committee

Headed by the chief information officer, the committee oversees and manages all IT assets and risk and provides IT-related strategic and governance direction across the business.

Information Security Management Committee:

proactively monitors incidents and information asset security, provides guidance on best practice, reviews information security initiative progress and communicates common practice requirements. A dedicated team oversees and manages non-compliance incidents and takes corrective measures.

POPIA Steering Committee: oversees the Group's initiatives to ensure that legal and regulatory compliance objectives are achieved as intended in relation to privacy and systems supported by mechanisms, policies, and procedures.

Data Council: guides the data governance programme, oversees data governance projects and initiatives, approves Group-wide data policies and standards, and provides ongoing support, understanding, and awareness of data¹.

Group IT

Supports the principles and practices of good information security governance, including transparent, responsible, and accountable dealings with stakeholders.

IT governance framework

Covers IT risk and compliance and carefully manages risk exposure to acceptable levels. The framework guidelines and IT operating model are measurable, ensuring that the governance of our IT processes and resources is effective and efficient, and that the integrity, continuity, confidentiality, and availability of information is managed in a cost-effective manner.

Protecting our data and our stakeholders' privacy continued

Data protection initiatives



Our data protection safeguards are based on international best practice standards and control frameworks. Their effectiveness is regularly verified by internal and external parties. Reasonable mechanisms, tools and technologies are implemented to detect, prevent and respond to security violations.



Our data protection technologies safeguard digital assets across the Group. We utilise best-of-breed technologies including endpoint detection and response systems, threat intelligence and hunting, dark web monitoring, system information and event management systems, and a variety of enterprise security tools ranked highly by Gartner peer insights.



Third-party agreements are carefully managed and access to our data and systems is only granted to suppliers who need access to meet their contractual obligations. These suppliers are subject to strict controls, including:

- Tightly governed vendor identity and access management with approvals, regular reviews and audits. Vendors must record their activity.
- Strict vendor monitoring (threat monitoring, annual submission of our third-party privacy impact analysis questionnaire, and periodic information security and privacy affirmations including notice of breaches).
- Contractual agreements with stringent privacy clauses¹ to ensure that personal information is processed in accordance with applicable data protection and privacy laws.



Our Group digital culture focuses on continuous information security awareness that is reinforced through training and/or awareness programmes² to ensure data confidentiality, integrity and availability to support critical business functions. We also ensure that access is restricted to authenticated users and processes and that our information assets remain adequately controlled.

1. Including non-disclosure agreements, privacy impact assessment questionnaires, user access agreements, annual security and privacy assurance confirmation, notification of security breaches, multi-factor authentication and resource access restrictions for remote access accounts, a data use and reciprocal support agreement, and monitoring by the Netcare threat intelligence tool. Assurance reports are obtained for any third-party applications used to access our data.

2. Including newsletters, videos, questionnaires, and simulated phishing emails.

FY 2023 performance

Cybersecurity

- Transitioned to a new SOC and SIEM¹ platform, enabling access to additional data sources and services (including proactive cyberthreat hunting). Our new partners provide advanced cyber protection capabilities, reinforcing our defences. We also added additional key sources to the managed SIEM.
- Continued to educate our people about cybersecurity risks using various awareness-raising mechanisms including simulated phishing campaigns.
- Implemented a continuous monitoring service for our external systems and services – a dedicated ‘red team’ is authorised to emulate potential attacks or exploitation capabilities against the Group’s security posture.

Data governance and privacy

- Implemented an initiative to understand how data is structured and organised across the Group (to continue into FY 2024).
- Rolled out a project to ensure we effectively manage and comply with applicable legislation relating to stakeholders’ rights from a consent and communication perspective.
- Formulated a data management policy.
- Established the process to embed data quality as part of specific business initiatives to drive various remediation actions.
- Internal Audit and the privacy team conducted unannounced POPIA effectiveness walkthroughs at randomly selected hospitals to evaluate compliance and address any shortcomings in our privacy control measures. 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.

Looking ahead

- Continue to develop our data management capabilities.
- Continue to investigate and implement solutions and processes that enable Netcare to effectively identify, prevent and recover from cyber incidents.
- Complete our Group privacy strategy and privacy compliance framework review (begun during FY 2023), focusing on:
 - Reviewing standard third-party contracts to include provisions of the Cybercrimes Act 19 of 2020, risk-rating third-party service providers and information processed externally, and reviewing the risk profiles of connected medical devices.
 - Developing dedicated privacy risk registers for business divisions (privacy risk is currently documented in the Group risk register).
 - Developing manuals for our personal information and information security management systems.
 - Developing and rolling out privacy-related training materials and awareness initiatives.
 - Beginning to conduct quarterly privacy assessments with employees in head office and the Hospital Division.

1. Security operations centre (SOC) and security incident and event management (SIEM).

Additional information

- 123** Task Force on Climate-related Financial Disclosures Index
- 125** Additional Data
- 127** United Nations Sustainable Development Goals: descriptions of relevant targets
- 128** Glossary
- 130** Corporate information
- ibc** Disclaimer on forward-looking statements



Task Force on Climate-Related Financial Disclosures Index

Detailed disclosure on our management of climate change-related issues can be found in our CDP submission.

 [Our 2023 CDP submission](#)

Key: **ESG:** 2023 ESG report | **IR:** 2023 [Integrated report](#) | **SR:** 2023 [Shareholder report](#)

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Board oversight

Describe the Board's oversight of climate-related risks and opportunities.

Role of management

Describe management's role in assessing and managing climate-related risks and opportunities.

CDP Climate Response 2023: C1/C1.1

ESG: ESG governance overview | PG 13

IR: Governance overview | PG 35

CDP Climate Response 2023: C1/C1.2

ESG: ESG governance overview | PG 13

ESG: Ensuring ethics in our supply chain | PG 118

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.

Identify risks and opportunities

Describe the Board's oversight of climate-related risks and opportunities.

Impact on investment strategy

Describe management's role in assessing and managing climate-related risks and opportunities.

Resilience of investment strategy

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

CDP Climate Response 2023: C2/C2.3a

ESG: ESG governance overview | PG 13

ESG: Our environmental, social and governance report | PG 4

CDP Climate Response 2023: C3/C3.3 and C3.4

ESG: ESG governance overview | PG 13

ESG: Our environmental, social and governance report | PG 4

ESG: Our strategy | PG 30

ESG: Our environmental sustainability programme | PG 43

CDP Climate Response 2023: C3/C3.2a

Additional information

Task Force on Climate-Related Financial Disclosures Index continued

Key: ESG: 2023 ESG report | IR: 2023 Integrated report | SR: 2023 Shareholder report

Risk Management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Processes for identifying and assessing risks and opportunities

Describe the processes for identifying and assessing climate-related risks.

Processes for managing risks and opportunities

Describe the processes for managing climate-related risks.

Integration into risk management processes

Describe how the processes above are integrated into existing risk management processes.

CDP Climate Response 2023: C2/C2.2

SR: Governance report | PG 4

IR: Our risks and opportunities | PG 65

CDP Climate Response 2023: C2/C2.2

ESG: ESG governance overview | PG 13

ESG: Our ESG risks and opportunities | PG 26

ESG: Our environmental sustainability programme | PG 43

ESG: Reducing our emissions | PG 49

ESG: Optimising efficiencies and investing in renewable energy | PG 52

CDP Climate Response 2023: C2/C2.2

ESG: ESG governance overview | PG 13

SR: Governance report | PG 4

IR: Our risks and opportunities | PG 65

Metrics and targets

Where such information is material, disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Disclose the metrics

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose emissions

Disclose Scope 1, Scope 2, and if appropriate, Scope 3, greenhouse gas emissions, and the related risks.

Disclose the targets

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

CDP Climate Response 2023: C2/C2.1b

ESG: Environment report | PG 38

IR: Natural capital | PG 161

IR: Manufactured capital | PG 155

CDP Climate Response 2023: C6

ESG: Our ESG risks and opportunities | PG 26

ESG: Our environmental sustainability programme | PG 43

ESG: Reducing our emissions | PG 49

IR: Natural capital | PG 161

CDP Climate Response 2023: C4/CC4.1a

ESG: Our environmental sustainability programme | PG 43

ESG: Environment report | PG 38

Additional data

Employment data

Employment data is calculated for employees on Grade D upper and above in terms of the Patterson grading system.

	2023			2022	2021
	Female	Male	Total		
Permanent employees by service platform					
Hospital and pharmacy	12 437	2 267	14 704	14 508	14 859
Mental health	419	121	540	510	484
Oncology	54	11	65	73	64
Netcare 911	539	720	1 259	1 176	1 159
Head office	562	337	899	801	684
Primary Care	784	113	897	968	886
Total permanent employees	14 795	2 569	18 364	18 036	18 136
Public private partnerships	166	38	204	209	210
Total permanent employees including public private partnerships	14 961	3 607	18 568	18 245	18 346
Permanent employees by employment level					
Executive	22	26	48	45	43
Management	1 239	478	1 717	1 676	1 597
Professional	6 340	1 043	7 383	7 288	6 911
Enrolled nursing and support	7 360	2 060	9 420	9 236	9 795
Total number of permanent employees	14 961	3 607	18 568	18 245	18 346

	2023			2022		
	Black ¹	White	Total	Black ¹	White	Total
Permanent employees by race						
Executive	21	27	48	21	24	45
Management	1 131	586	1 717	1 069	607	1 676
Professional	6 039	1 344	7 383	5 862	1 426	7 288
Enrolled nursing and support	8 438	982	9 420	8 160	1 076	9 236
Total number of permanent employees	15 629	2 939	18 568	15 112	3 133	18 245

1. African, Coloured and Indian.

Additional
information

Additional data continued

Turnover data

	2023			2022		
	Female	Male	Total	Female	Male	Total
New hires						
Under 30 years of age	525	229	754	551	209	760
Between 30 and 50 years of age	1 484	354	1 838	1 510	403	1 913
51 years of age and above	223	27	250	262	34	296
Total number of new employees	2 232	610	2 842	2 323	646	2 969

	2023	2022
Rates of new hire		
Overall new hire	15.2%	16.3%
Male	3.2%	3.5%
Female	12.0%	12.8%
Under 30 years of age	4.0%	4.2%
Between 30 and 50 years of age	9.9%	10.5%
51 years of age and above	1.4%	1.6%
Overall turnover rates		
Overall turnover	14.5%	17.2%
Male	2.7%	3.2%
Female	10.8%	13.6%
Under 30 years of age	1.6%	2.3%
Between 30 and 50 years of age	8.9%	11.0%
51 years of age and above	3.0%	3.5%

Note: restated from 16.8% due to changes in methodology.

United Nations Sustainable Development Goals: descriptions of relevant targets

 ✓ Target 3.1. Reduce the global maternal mortality ratio. ✓ Target 3.2. End preventable deaths of newborns and children younger than five years of age. ✓ Target 3.3. End the epidemics. ✓ Target 3.4. Reduce premature mortality from non-communicable diseases. ✓ Target 3.8. Achieve universal health coverage.	 ✓ Target 8.2. Achieve higher levels of economic productivity through technological upgrading and innovation. ✓ Target 8.3. Support productive activities, decent job creation, entrepreneurship, creativity and innovation and growth of SMMEs. ✓ Target 8.4. Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation. ✓ Target 8.5. Achieve employment and decent work for all, women, men, young people and persons with disabilities, and equal pay for work of equal value. ✓ Target 8.6. Reduce the proportion of youth not in employment. ✓ Target 8.8. Protect labour rights and promote safe and secure working environments.
 ✓ Target 4.3 and 4.5. Equal access to affordable and quality technical, vocational and tertiary education, including university, including the vulnerable. ✓ Target 4.4. Increase the number of youth and adults with relevant skills.	
 ✓ Target 5.5. Equal opportunities for women in leadership and decision-making roles.	 ✓ Target 9.3. Increase the access of small enterprises to financial services, including affordable credit, and their integration into value chains and markets.
 ✓ Target 6.3. Halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. ✓ Target 6.4. Increase water-use efficiency.	 ✓ Target 12.5. Reduce waste generation through prevention, reduction, recycling and reuse.  ✓ Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
 ✓ Target 7.2 and 7.3. Increase the share of renewable energy in the global energy mix and double the global rate of improvement in energy efficiency.	 ✓ Target 16.5. Reduce corruption and bribery in all their forms. ✓ Target 16.6. Effective, accountable and transparent institutions. ✓ Target 16.7. Responsive, inclusive, participatory and representative decision-making. ✓ Target 16.10. Ensure public access to information.

Glossary

AI	Artificial intelligence
App	Application

B4SA	Business for South Africa
B-BBEE	Broad-based black economic empowerment
Board	The Board of directors
BSC	Balanced scorecard
BUSA	Business Unity South Africa

Capex	Capital expenditure
CDP	Formerly the Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CMS	Council for Medical Schemes
COVID-19	Coronavirus disease 2019
CPD	Continuous professional development
CPI	Consumer price index
CPR	Cardiopulmonary resuscitation
CSI	Corporate social investment

DoEL	Department of Employment and Labour
dtic	Department of Trade, Industry, and Competition

EAF	Energy availability factor
EAP	Economically active population
EBITDA	Earnings before interest, tax, depreciation and amortisation
EME	Exempted micro enterprise
ESC	Essential Services Committee
ESD	Enterprise and supplier development
ESG	Environmental, social and governance
ESP	Enterprise Sustainability Platform

FAIS	Financial Advisory and Intermediary Services Act 37 of 2002
FATF	Financial Action Task Force
FICA	Financial Intelligence Centre Act 38 of 2001
FY 2023	1 October 2022 to 30 September 2023

GDP	Gross domestic product
GHG	Greenhouse gas
GP	General practitioner
GRAFS	Group Risk, Audit and Forensic Services
GRI	Global Reporting Initiative
GWh	Gigawatt hours

HASA	Hospital Association of South Africa
HCRW	Healthcare risk waste
HEPS	Headline earnings per share
HPCSA	Health Professionals Council of South Africa
HPFL	Health Partners for Life
HR	Human resources
HVAC	Heating, ventilation and air-conditioning
HWSETA	Health and Welfare Sector Education and Training Authority

ICAS	Independent Counselling and Advisory Services
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IRAS	Integrated Reporting and Assurance Services
ISO	International Organization for Standardization
IT	Information technology

kg	Kilogram
King IV	King Report on Corporate Governance for South Africa (2016)
kl	Kilolitres
KPI	Key performance indicators
kWh	Kilowatt hours

LGBTQIA+	Lesbian, gay, bisexual, transgender, queer, intersex, and asexual
LPG	Liquid petroleum gas

MWh	Megawatt hour
MWp	Megawatt peak

NDoH	National Department of Health
NGO	Non-governmental association
NHI	National Health Insurance
NPAT	Net profit after tax
NPO	Non-profit organisation
NQF	National Qualifications Framework
NRC	National Renal Care

OHS	Occupational health and safety
OHSC	Office of Health Standards Compliance

POPIA	Protection of Personal Information Act 4 of 2013
PSR	SA's private sector representation
PV	Photovoltaic
PVC	Polyvinyl chloride

QSE	Qualifying small enterprise
ROIC	Return on invested capital

SA	South Africa
SADAG	South African Depression and Anxiety Group
SAHPRA	South African Health Product Regulatory Authority
SAICA	South African Institute of Chartered Accountants
SAMTRAC	Safety management training courses
SANC	South African Nursing Council
SDP	Skills development period
SDP 2023	The skills development period 1 April 2022 to 31 March 2023 as legislated by the Skills Development Act 97 of 1998.
SENS	Stock Exchange News Services
SHEQ	Safety, health, environmental sustainability, and quality
SIEM	Security incident and event management
SMMes	Small, micro and medium enterprises
SOC	Security operations centre
SOP	Standard operating procedure

TCFD	Task Force on Climate-Related Financial Disclosures
tCO₂e	Tonnes of carbon dioxide equivalent

UN	United Nations
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WHO	World Health Organization
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YES	South Africa's National Youth Employment Service (YES) programme.
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Corporate information

Company registration number

Registration number 1996/008242/06

Business address and registered office

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Company secretary

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Customer call centre

0860 NETCARE (0860 638 2273)
customer.service@netcare.co.za

Fraud line

0860 fraud 1 (086 037 2831)
fraud@netcare.co.za

JSE information

JSE share code: NTC (Ordinary shares)
ISIN code: ZAE000011953
JSE share code: NTCP (Preference shares)
ISIN code: ZAE000081121

Sponsor

Nedbank Corporate and Investment Banking, a division
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Transfer secretaries

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Auditors

Deloitte & Touche

Principal bankers

RMB Private Bank
Nedbank Limited

Selected websites

www.netcare.co.za
www.nrc.co.za

Disclaimer

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

Any forward-looking information contained in this notice has not been reviewed or reported on by the Company's external auditors.

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



NETCARE