NETCARE

Netcare Limited
Environmental, Social and Governance Report

for the year ended 30 September 2022

Contents

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. Applying this value lens, the integrated report includes material information and data that is presented and 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 Integrated Reporting <IR> Framework (January 2021).
- King Report on Corporate Governance for South Africa (2016)™ (King IV)[1].

Link to strategic pillars

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 investors, debt providers and regulators. The report complies with the JSE Listings Requirements and the Companies Act.

Reporting framework applied:
- King IV.

Link to strategic pillars

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, analysts, regulators and broader society.

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

Link to strategic pillars

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.

Link to strategic pillars
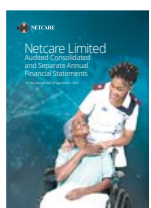
Annual financial statements

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.

Link to strategic pillars

Additional information
- GRI content index.
- TCFD content index.
- Notice of annual general meeting 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**.

1. *King IV copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.*

Our environmental, social and governance report

Our Environmental, Social and Governance (ESG) report, for the period 1 October 2021 to 30 September 2022 (FY2022), sets out in detail the Group's economic, social and environmental impacts and the governance practices and approaches that 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.

Scope and boundary

The 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 available in the environmental, social and governance reports.

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 an annual basis.

Independent assurance provided includes:
- **The British Standards Institution:** ISO 9001:2015 certification.
- **Empowerdex (verification):** broad-based black economic empowerment (B-BBEE) scorecard.
- **Global Carbon Exchange SA Proprietary Limited (limited assurance)**: carbon emissions, energy and water usage and waste generation.
- **Deloitte & Touche (unmodified assurance):** Group annual financial statements.

Reporting frameworks

Our ESG report has been prepared with consideration given to the principles of the Value Reporting Foundation's International <IR> Framework (January 2021), King IV, the GRI Standards (at a core application level), and TCFD. Our environmental strategy, in particular, is aligned to the United Nations (UN) Sustainable Development Goals (SDGs).

GRI content index.

TCFD Index: PG 123.

Materiality determination

Our material matters are the issues we believe influence the conclusions stakeholders may draw about Netcare's ability to create, preserve or guard against value erosion for them in the short, medium and long term. The Board reviewed, deliberated and approved the material matters for the 2022 reporting cycle.

Integrated report: Our material matters: PG 55.

Our Material matters

- Continue to develop visionary and effective leadership
- Deliver outstanding person centred health and care
- Recover and grow long-term profitability
- Attract, recognise and invest in employees and healthcare practitioners
- Collaborate with the public sector and civil society to extend access to quality health and care and accelerate transformation

Material matters addressed in this report include:

1 **Deliver outstanding person centred health and care**

- Consistent and measurably superior quality care:
  - Highest standards of safety and care applied.
  - Robust and rigorous preparedness plans (e.g. for COVID-19).
  - Uninterrupted delivery of quality patient care (water and energy).

2 **Attract, recognise and invest in employees and healthcare practitioners**

- Recruitment and retention of highly skilled and specialised employees (healthcare, digital and data analytics):
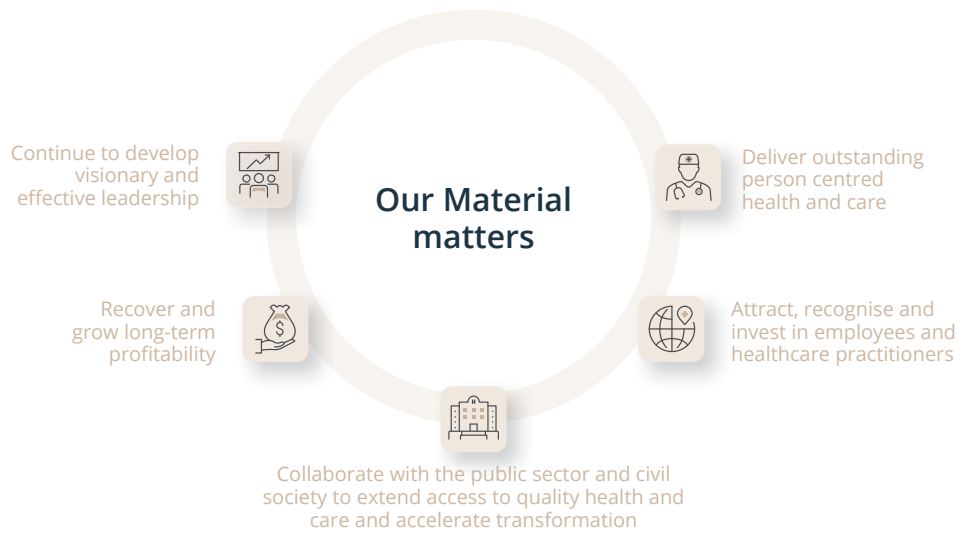 - An engaging, caring, rewarding and safe working environment.
  - Optimised value proposition to attract skilled nursing staff.
  - Investment in employee growth, development and wellbeing.
  - An understanding of how roles support our purpose and delivery of strategic priorities.
  - Diversity at all employee levels and a culture of compassion, empowerment and inclusivity.
  - Support in adopting our digital initiatives.
  - Productive relationships with organised labour.

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

- Addressing structural factors that negatively impact the healthcare sector in South Africa (SA):
  - Collaboration with government to find effective solutions.
  - Access to quality healthcare for more South Africans.
  - The impact of regulatory change on the healthcare system (e.g. Certificate of Need and National Health Insurance (NHI) Bill).
- Inclusive and diversified supply chains:
  - Enterprise and supplier development (ESD).
  - Local manufacturing and production.
- Employment creation:
  - Workplace-based experiential learning programmes.
  - Skills development.
  - Business development support for small businesses.

4 — Recover and grow long-term profitability

- Adapt, manage and mitigate the challenges in our operating environment:
  – A diversified and resilient business model.
  – Prioritise long-term sustainability over short-term market demands.
  – An effective cybersecurity framework to safeguard data.
- Achieve competitive differentiation:
  – Successful and timeous delivery of strategic projects.
  – New skillsets to facilitate digitisation.
  – A progressive environmental sustainability strategy.

5 — Continue to develop visionary and effective leadership

- Leadership capability:
  – Diverse and empowered leaders.
  – Development programmes to build strategically relevant skillsets and behaviours (e.g. compassionate, ethical, resilient).
  – A strong succession pipeline.
- Organisational agility and effective governance procedures.

Process disclosures

Executive management is responsible for the preparation and presentation of the report, led by the chief financial officer (CFO). The chair of the Board and of the relevant Board committees, chief executive officer (CEO) and Executive Committee are directly involved in reviewing and approving the ESG report.

The following steps were taken to ensure the integrity of Netcare's disclosure:
- Our material matters are determined through a robust independent process involving a qualitative analysis of selected documents. The matters identified are submitted to key members of the Executive Committee for review to ensure adequate coverage, and then to the Board for approval. Our material matters, mapped to the Group's strategic priorities, 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 is drawn from various sources; predominantly Board papers, presentations to the Social and Ethics, Risk and Audit Committees and interviews with the Group 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 reviews the report when it is near completion, as do the CEO (who is also chair of the operational Sustainability Committee), the Board chair and the chair of the Social and Ethics Committee.
- Approval of the ESG report is delegated by the Board to the chair of the Social and Ethics Committee

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 14 December 2022.

Adv Kgomotso Moroka
Social and Ethics Committee chair

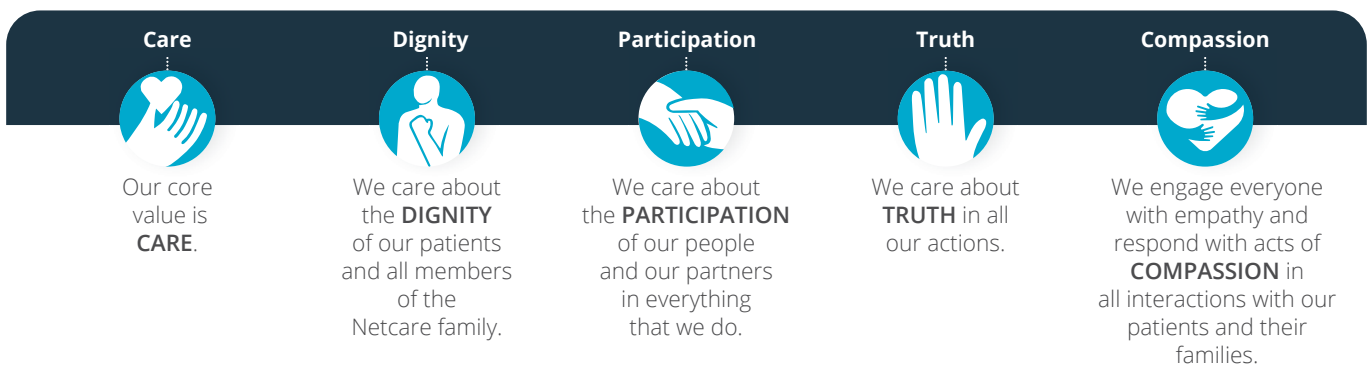# Our business

Our purpose and promise

Our purpose

Providing YOU with the best and safest care

Our promise

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

Our values

Care	Dignity	Participation	Truth	Compassion
Our core value is **CARE**.	We care about the **DIGNITY** of our patients and all members of the Netcare family.	We care about the **PARTICIPATION** of our people and our partners in everything that we do.	We care about **TRUTH** in all our actions.	We engage everyone with empathy and respond with acts of **COMPASSION** in all interactions with our patients and their families.

Our first duty to protect the sanctity of life, and our irrevocable commitment to care, defines the value we create for individuals and society, today and for the future.

Our purpose matters to our people, our patients and society

We strive for consistent and excellent patient care delivered by people who are passionate about the sanctity of life, personal respect and dignity. During the COVID-19 pandemic, patients and the public alike recognised the critical contribution of healthcare workers to the safety, health and wellbeing of individuals and communities. This reaffirmed for healthcare workers their calling, and for the Group that our strategy is appropriate and our purpose never more meaningful and inspiring.

We serve people in their time of need

We combine compassion, technology and skill to provide each and every patient with the best and safest care, recognising their uniqueness, engaging with them honestly and openly, and instilling within them the confidence they need when making health decisions at every stage of their life journey. We call this person centred health and care, digitally enabled and data driven.

We are committed to pushing out the boundaries of healthcare

We are reinventing our business and innovating to create a world class healthcare ecosystem that inspires and equips the biggest hearts, brightest minds and deepest expertise in the country to play a meaningful role in the lives of more South Africans, more often.

We are dedicated to providing a consistent standard of exceptional care

Our values and our strategy make care for people and society intrinsic to all our decisions and actions. And we believe that care for people automatically demands care for the environment. Our efforts to be a leading corporate citizen engenders pride in our heritage and contribution to society. This is how we create value for our stakeholders and for the healthcare system of which we are an integral part, now and for the future.

What we do

Person centered health and care

Digitally enabled and data driven

Netcare Diagnostics

Netcare Akeso

Netcare Medicross

NetcarePlus

Netcare 911

Netcare Occupational Health

Netcare Hospitals

Employee Wellness

National Renal Care

Netcare Cancer Care

>18 000 employees

Group	NETCARE		
Divisions	NETCARE hospitals	NETCARE 082 911 24HR EMERGENCY MEDICAL SERVICES	NETCARE medicross NETCARE akeso NATIONAL RENAL CARE
Products and services	NETCARE cancer care NETCARE pharmacy NETCARE Education	NETCARE diagnostics	NETCARE occupational health NETCARE plus NETCARE appointmed™

What we do continued

Private hospitals	Emergency services	Primary care
NETCARE hospitals · NETCARE akeso · NETCARE cancer care · NETCARE Education · NETCARE pharmacy · NETCARE appointmed™	NETCARE 082911 24HR EMERGENCY MEDICAL SERVICES	NETCARE medicross · NETCARE occupational health · NETCARE appointmed™

Services	Services	Services

• Multi-disciplinary acute medical institutions, including centres of excellence, rehabilitation, day clinics for non-acute procedures and care, and emergency and trauma departments.
• Institutional pharmacies for direct supply, management and dispensing of medicine.
• Dedicated acute mental health facilities.
	• Pre-hospital emergency services including:
	  – Specialised helicopter ambulances.
	  – Intensive care unit (ICU) ambulance service (patient transfer between medical facilities).
	  – An ICU-configured jet ambulance service (national and international patient transfer).
	• National Emergency Operations Centre (EOC) with geolocation capabilities.
	• Contracted services to industrial clients and corporates for health, safety and risk management.
	• Contracted to manage the emergency services of client medical schemes.
		• Family medical and dental centres providing access to general practitioners (GPs), dentists, radiology, pathology, pharmacy and allied healthcare practitioners.
		• Occupational health, travel and wellness services to contracted employer groups.

Key facts	Key facts	Key facts
We lead trauma care in SA: • **28** accredited trauma units • **Netcare Alberton, Netcare Milpark and Netcare St Anne's hospitals** are the only accredited Level I[1] trauma hospitals in SA A number of accredited facilities, including for cancer treatment, renal dialysis and Netcare Education[2] **21** digitised acute hospitals An integrated multi-disciplinary mental health offering focusing on dialectical behavioural therapy **Nine** cancer care centres providing radiation treatment **Eight** haematology centres **~12 000** appointments with acute and mental health specialists facilitated through Netcare **appoint**med™[3] **Five** nursing education colleges **Two** emergency and critical care colleges	Leading provider of emergency medical services **>429 000** calls managed by the EOC in FY2022 **247** ambulances and emergency response vehicles, including helicopters The only emergency service in Africa that is fully digitised	The largest primary healthcare provider in the private sector having a national footprint **>3 800** appointments with GPs and dentists facilitated through Netcare **appoint**med™[3] **25** occupational health service clients **1.7 million** patient visits

1. Capable of providing leadership and total care for every aspect of injury, from prevention through rehabilitation, and have 24-hour availability of all major specialities with a trauma surgeon as director. Our trauma units are accredited by the Trauma Society of South Africa.
2. The full list of our accredited facilities can be found in the online **quality report**.
3. Netcare **appoint**med™ is our free telephonic appointment service.
4. Nephrology nursing course has been on hold since 2019 due to SANC's updated curriculum.

	Renal care	NetcarePlus	Diagnostics	Employee wellness
	NATIONAL RENAL CARE	NETCARE plus	NETCARE diagnostics	ICAS South Africa
	Services	**Products**	**Services**	**Services**
	• Dialysis services to patients with compromised kidney function.	• Prepaid vouchers for GPs, optometrists and dentists. • Prepaid all-inclusive in-hospital procedures. • Accident and trauma cover and gap cover.	• Provides equipment, specialised infrastructure, logistics, administration, finance and operational support to a black woman-owned pathology service provider (an ESD initiative).	• A holistic offering of people-focused solutions, preventative care and counselling services that mitigate risks and puts business and employee wellbeing first.
	Key facts	**Key facts**	**Key facts**	**Key facts**
	Largest private provider of dialysis services in SA	Integrates funding solutions with the provision of care	**130** blood gas analysers	Leading provider of employee health and wellness programmes
	Four National Renal Care training academies	Trusted partner network of healthcare practitioners across SA comprising:	**>250 000** tests in nine months	**1 000** clients
	12 National Renal Care units accredited to train clinical technology students	**1 332** partner GPs		**2.1 million** lives covered
	18 National Renal Care units accredited to train nephrology nursing students[4]	**795** optometrists		
	A mobile application (app) that supports patients in achieving wellness and targeted dialysis outcomes.	**65** dentists		

Where we are

Netcare Cancer Care

National Renal Care

Netcare Akeso

Netcare 911

Netcare Hospitals

Netcare Medicross

Gauteng

Limpopo

Gauteng

Mpumalanga

North West

Free State

KwaZulu-Natal

Northern Cape

Eastern Cape

Western Cape

South Africa

NETCARE

Province	Facilities	Beds
Eastern Cape	2	489
Free State	4	408
Gauteng	26	5 625
KwaZulu-Natal	10	2 031
Limpopo	1	200
North West	1	211
Western Cape	5	939

49 acute hospitals   **9 903** beds

NETCARE cancer care

Province	Facilities
Gauteng	8
KwaZulu-Natal	4
Western Cape	4

16 cancer care centres

NETCARE 082 911 24HR EMERGENCY MEDICAL SERVICES

Province	Facilities
Eastern Cape	2
Free State	4
Gauteng	26
KwaZulu-Natal	10
Limpopo	9
Mpumalanga	20
North West	10
Western Cape	6

87 Netcare 911 sites

NETCARE medicross

Province	Facilities
Eastern Cape	6
Free State	1
Gauteng	20
KwaZulu-Natal	14
Mpumalanga	2
North West	2
Northern Cape	2
Western Cape	18

65 primary healthcare facilities

NETCARE akeso

Province	Facilities	Beds
Gauteng	4	415
KwaZulu-Natal	3	176
Mpumalanga	1	75
Western Cape	5	269

13 mental health hospitals   **935** beds

Hospital listing

NATIONAL RENAL CARE

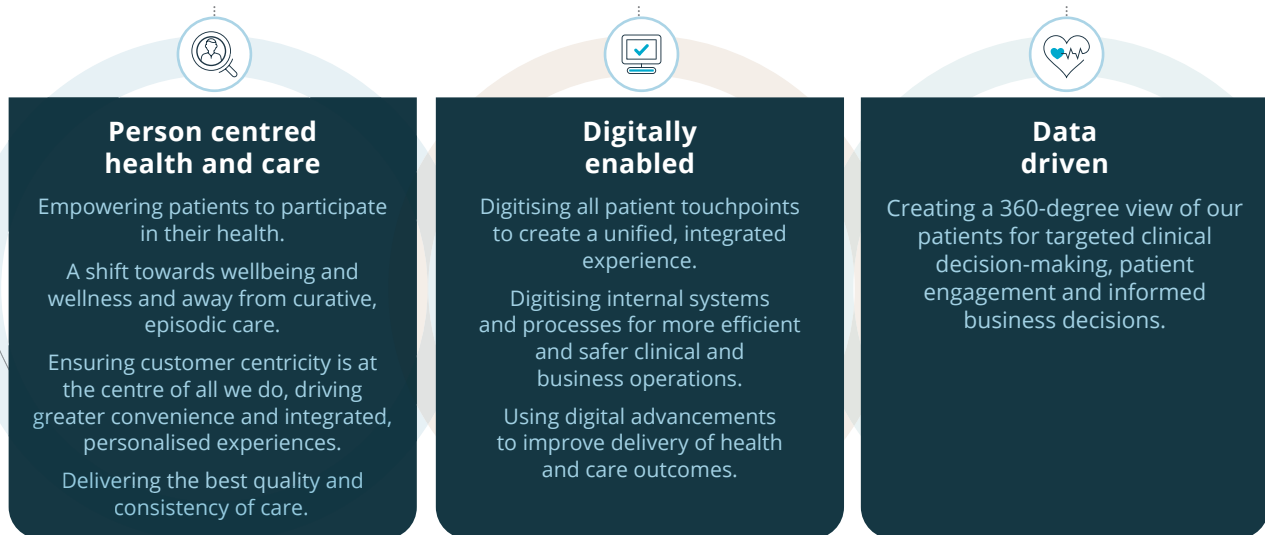| Province	Facilities	Dialysis stations
Eastern Cape	11	191
Free State	3	22
Gauteng	23	297
KwaZulu-Natal	15	228
Limpopo	3	32
Mpumalanga	1	12
North West	2	16
Northern Cape	1	10
Western Cape	12	163

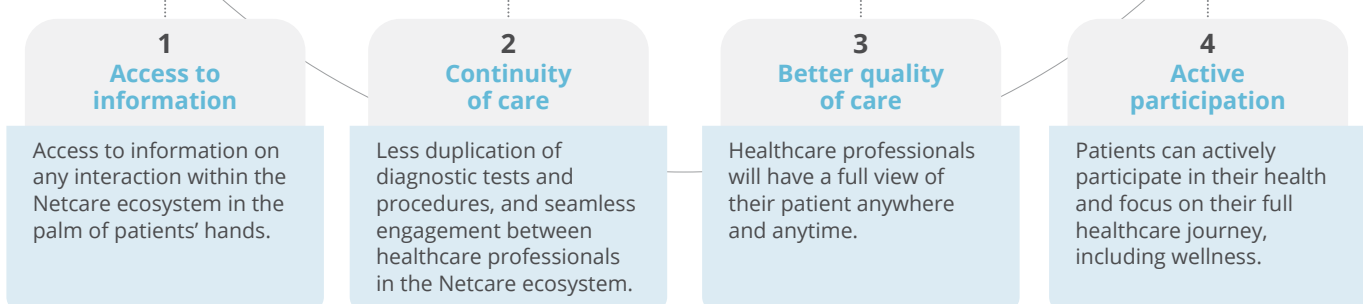**71** renal dialysis units   **971** dialysis stations

Our strategy

Patient centric healthcare is convenient, transparent, personalised and continuous. Yet across the world, healthcare models are typically fragmented, episodic and not individualised. We are embracing solutions and new ways of working to move Netcare to an integrated delivery model across all our divisions, one that is seamless and personalised, enabled by digitisation and informed by rich data. In tandem, we are committed to deepening the socioeconomic and environmental value we create for our stakeholders and society in the long term. Our redesigned health and care offering will be highly differentiated in SA and will create a sustainable competitive advantage for the Group – we call this **the Netcare moat**.

Netcare's strategy responds decisively to the three global healthcare megatrends...	...and leverages off our unique ecosystem of assets and services...	...to create a sustainable competitive advantage for the Group.

1 Customer centricity

2 Digitisation

3 Data

=

Person centered health and care

Netcare Diagnostics
Netcare Akeso
Netcare Medicross
NetcarePlus
Netcare 911

you

Digitally enabled and data driven

Netcare Occupational Health
Netcare Hospitals
Employee Wellness
National Renal Care
Netcare Cancer Care

+

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

The Netcare moat

Person centred health and care

Empowering patients to participate in their health.

A shift towards wellbeing and wellness and away from curative, episodic care.

Ensuring customer centricity is at the centre of all we do, driving greater convenience and integrated, personalised experiences.

Delivering the best quality and consistency of care.

Digitally enabled

Digitising all patient touchpoints to create a unified, integrated experience.

Digitising internal systems and processes for more efficient and safer clinical and business operations.

Using digital advancements to improve delivery of health and care outcomes.

Data driven

Creating a 360-degree view of our patients for targeted clinical decision-making, patient engagement and informed business decisions.

The benefits

1 Access to information

Access to information on any interaction within the Netcare ecosystem in the palm of patients' hands.

2 Continuity of care

Less duplication of diagnostic tests and procedures, and seamless engagement between healthcare professionals in the Netcare ecosystem.

3 Better quality of care

Healthcare professionals will have a full view of their patient anywhere and anytime.

4 Active participation

Patients can actively participate in their health and focus on their full healthcare journey, including wellness.

Strategic pillars

ESG-related elements of the Group balanced scorecard FY2022

Core ESG-related strategic outcome

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

- Care4YOU
  - PG 72.

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

- CareOn implementation
  - PG 76.

Transformation of our society
Continuing to invest in and develop our workforce and communities.

- Board and management diversity
- Preferential procurement
- Diversity programme and survey
  - PG 90.

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.

- Our environmental strategy lowers utility consumption, reducing operating costs and supporting EBITDA[1] and other financial indicators, including adjusted HEPS[2], ROIC[3] and cash conversion.

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.

- Carbon emissions reduction
- Water use reduction
- Waste to landfill reduction
  - PG 39.

Medium- to long-term outcome

Maintain our social licence to operate

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

1. *Earnings before interest, tax, depreciation and amortisation (EBITDA).*
2. *Headline earnings per share (HEPS).*
3. *Return on invested capital (ROIC).*

Our business model

Our inputs

SRC Social and relationship capital

- Maintaining trusted relationships with key stakeholders – especially our patients, employees, independent healthcare practitioners, funders and suppliers – in the private healthcare value chain.
- Strategic partnerships to support our digital transformation and grow new business.
- Developing constructive relationships within the public healthcare sector and with regulators and government in support of a better healthcare system in SA.
- The way we manage our business, our digital platforms and our values-driven culture, which support quality stakeholder relationships.
- Programmes that provide medical procedures to indigent patients.

Key constraints
- Consistency of quality care across our ecosystem.
- Balancing key stakeholder interests.
- Local manufacture of medical supplies.
- Alignment between the interests of private medical funders and healthcare providers.

HIC Human and intellectual capital

- An experienced leadership team.
- Intangible assets such as our innovation capability, brand, reputation and institutional knowledge.
- Investment in employee training and development.
- Management of data, systems, processes and procedures to develop, monitor and deliver quality clinical outcomes that ensure the best and safest care.
- Investment in digitisation and data management and analytics.

Key constraints
- Post-pandemic stress.
- Attracting and retaining scarce talent.
- Regulated limits on the number of nurses that we can train.
- User acceptance of digital offerings.
- Regulatory challenges associated with innovation and new business development.

MC Manufactured capital

- Specialised healthcare facilities and advanced medical equipment.
- Investment in expansionary projects and upgrades.
- Digital and information technology infrastructure.
- Nurse and paramedic training facilities.

Key constraints
- Balancing asset heavy and asset light service provision.

NC Natural capital

- Investment in projects to secure the supply of utilities while contributing to environmental improvement.
- Energy and water consumption, including from renewable sources.
- Investment in waste recycling initiatives.

Key constraints
- Unstable supply of electricity and water as a result of ailing utility infrastructure.
- Capital required to transition to cleaner technologies.

FC Financial capital

- Equity capital from shareholders.
- Cash and debt facilities.

Key constraints
- Recovering profitability in a tough economic environment.
- Rising costs relative to tariffs.
- Retaining the long-term support of our providers of capital while we transform digitally.

Our promise
To provide YOU with the best and safest care

Our context

Operating environment | Stakeholder engagement

Our material matters

Deliver outstanding person centred health and care

Attract, recognise and invest in employees and healthcare practitioners

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

Continue to develop visionary and effective leadership

Recover and grow long-term profitability

Our strategy

Person centred health and care that is digitally enabled

and data driven

| Electronic medical records (EMRs) across all divisions | Improved IT infrastructure and architecture | Integrated and centralised systems | Customer engagement model | Person centred engagement channels | Modernised data infrastructure | Predictive analytics tools | Data Council |

Our management systems

People management	Consistency of care leadership	Asset management	Environmental sustainability	Capital management
SRC HIC FC	SRC HIC FC	HIC MC FC	SRC HIC MC NC FC	SRC FC

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

Our outputs and activities

Care pathways supported by ongoing wellness initiatives

ACCESS TO CARE

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

CONSISTENCY OF CARE

Diagnosis | Treatment | Recovery

GUIDED CARE

Discharge | Follow-ups | Ongoing treatment

Outcomes

The *Quadruple Aim*

| Development and wellbeing of staff, leaders and healthcare practitioners | Best patient experience | Most cost effective | Best outcomes |

The *Quadruple Aim* seeks to optimise the performance of healthcare systems through the integration of four critical objectives. Our adoption of this international framework enables us to balance the value of our services with their cost to society, recognising that our people and partnerships are fundamental to achieving this balance.

Our stakeholders

We foster meaningful and sufficiently frequent engagement with the stakeholder groups that are most likely to impact our ability to deliver our strategy. Various engagement mechanisms help us understand stakeholder concerns and expectations, and how they link to our top risks and strategic priorities so that we can respond appropriately and transparently, address concerns, and provide relevant information that stakeholders need to make decisions about Netcare. Engaging with ESG ratings agencies to understand how they assess companies will be our focus for the year ahead.

Our patients

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

How we engage	• Person centred care teams in each hospital. • Digital patient feedback surveys (quantitative scores and free-text responses). • EMRs will provide patients with access to their health and care data, which will cover the patient's interactions with Netcare across our ecosystem. • A bespoke complaint management system, CareNet. Each hospital's complaints dashboard is refreshed every 30 minutes. • The One Netcare website and social media platforms that interface with CareNet. • Various digital initiatives that enhance patient experience and perception of care (Netcare **appoint**med™, online pre-admissions and National Renal Care's app. • Patient focus groups and listening forums. • The NetcarePlus service centre and outsourced call centres.
Stakeholder concerns, expectations and topics of discussion	• Seamless access to high-quality and safe healthcare free of utility and service disruptions. • An excellent patient experience delivered by competent and professional nurses and healthcare practitioners. • Access to world class doctors, equipment and services. • Fully funded and/or affordable healthcare services. • Data privacy and protection of patients' highly sensitive personal data.
Our response	**Environmental sustainability:** PG 43. **Our people:** PG 68. **Data privacy and protection:** PG 119.

Information on *doctor partnerships* and *new business development* can be found in the Integrated report.

Additional information on *our patients* can be found in our *Quality report.*

Our people

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

How we engage	• We engage with our people through a range of forums, platforms and assessments (pages 76 and 80).
Stakeholder concerns, expectations and topics of discussion	• A safe workplace and onsite health and safety procedures, including medical surveillance. • Assistance with high levels of stress, trauma and burnout as a result of COVID-19. • Appropriate remuneration, reward and recognition. • Engagement on career advancement. • Equal opportunities for growth and development. • An inclusive workplace free from racism, sexism and all forms of discrimination. • Organisational diversity and transformation. • Working for a well governed, ethical and socially responsible organisation. • Trusted and supportive leadership and management. • Labour unions: job preservation and fair labour practices.
Our response	**Social report: Performance overview:** PG 63. **Our people:** PG 68. **Transformation:** PG 90. **Ethical corporate citizenship:** PG 116.

Information on *occupational health and safety* and *our people* can also be found in the Integrated report.

Doctors

Independent specialists across all clinical disciplines, GPs, dentists, psychologists, radiologists, pathologists and therapists.

How we engage	• Various structures in the Hospital Division that support the sharing of information on quality of care. • Multi-disciplinary meetings between doctors to plan care for patients (enhanced through CareOn, which provides one source of patient information to aid shared decision-making). • Dedicated managers in each primary care centre and a national manager at National Renal Care responsible for building relationships with primary healthcare providers, allied healthcare practitioners and nephrologists. • Continuous professional development forums across all Netcare divisions. • Digital boards or forums to elicit doctor input on the development of our EMRs. • Our online platforms, including the 'One Netcare' website, doctors' portal, Netcare **appoint**med™ and VirtualCare (telehealth platform).
Stakeholder concerns, expectations and topics of discussion	• Continuous professional development. • Uninterrupted supply of electricity and water to ensure the best and safest care.
Our response	**Environment report:** PG 38. **Our people:** PG 68.

Information on *environmental sustainability* and *our people* can also be found in the Integrated report.

Our stakeholders continued

Suppliers

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

How we engage	• Review meetings with key suppliers (quarterly) and strategic commodity suppliers (monthly). • Tender processes and contract negotiations. • Service level agreements. • Supplier assessments against key performance indicators. • Medical conferences, exhibitions and webinars. • Online supplier surveys.
Stakeholder concerns, expectations and topics of discussion	• Support for ESD. • Supply chain diversification, including preferential procurement with B-BBEE compliant and black-owned suppliers. • Local procurement. • Netcare's procurement policies. • Environmental impacts in the supply chain.
Our response	**Our transformation progress:** PG 65. **How we manage our environmental and social impacts:** PG 112. **Supply chain management:** PG 114.

Information on *our suppliers* can also be found in the Integrated report.

Regulators and government

Authorities that regulate healthcare providers, funders and the sector.

How we engage	• Bilateral engagements. • Submissions to draft policy and regulations. • Certification audits. • Office of Health Standards Compliance inspections. • Sector and business association memberships. • Our participation in national initiatives.
Stakeholder concerns, expectations and topics of discussion	• The shortage of nurses and doctors. • The increasing pressure on the public healthcare system. • The cost of and access to quality healthcare. • The private healthcare sector's role in the provision of universal healthcare. • Our employment equity performance and skills development. • Socioeconomic reconstruction and youth employment. • Compliance with protecting personal information legislation. • Disruption caused by the failing electricity infrastructure.
Our response	**Environment report:** PG 38. **Our people:** PG 68. **Our transformation progress:** PG 65. **Transformation:** PG 90. **Data privacy and protection:** PG 119.

Information on *our operating environment* and *new business development* can be found in the Integrated report.

Investors

Shareholders and the investment community.

How we engage	• Investor roadshows, including an ESG presentation at an investor healthcare conference. • Annual reporting suite and interim reporting. • SENS announcements. • Various investor healthcare conferences.
Stakeholder concerns, expectations and topics of discussion	• Reporting against the TCFD Index. • The environmental sustainability strategy. • Appreciation for the inclusion of ESG-related metrics in the balanced scorecard.
Our response	**Environment report:** PG 38. **How we manage our environmental and social impacts:** PG 112.

Information on *remuneration* can be found in the Shareholder report.

TCFD Index.

Society

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

How we engage	• Sector and business association memberships. • Our participation in national initiatives. • The Netcare Foundation.
Stakeholder concerns, expectations and topics of discussion	• The cost of and access to quality healthcare. • Healthcare support for communities. • The impact of specialised skills shortages in SA on healthcare quality. • Upliftment of communities, particularly skills development and job creation. • Support for survivors of sexual assault. • Minimising negative environmental impacts.
Our response	**Environmental sustainability:** PG 43. **Our people:** PG 68. **Our transformation progress:** PG 65. **Transformation:** PG 90.

Information on *new business development* and the *Netcare Foundation* can also be found in the Integrated report.

Read more about *stakeholder engagement* in the Shareholder and Integrated reports.
Shareholder report: Stakeholder inclusivity.
Integrated report: Stakeholder engagement.

Social and Ethics Committee chair's review

Netcare's ESG report evidences the outcomes of comprehensive strategies that have been designed, implemented and refined over many years. It also charts the course we have set for ourselves for the medium and longer term, towards a progressively healthier and more sustainable organisation, society and world.

Kgomotso Moroka

We hold ourselves accountable for our actions. Our remuneration policy is linked to the achievement of our sustainability goals (see our ESG-related strategic progress on page 34) and the cost of sustainability investments must also offer suitable returns. Our environmental sustainability strategy, for instance, has delivered cumulative benefits that equate to 186% of capital invested.

In essence, despite the technical nature of accounting for our ESG impacts, I am confident our report will demonstrate to our stakeholders that sustainability is intrinsic to Netcare's worldview, our strategy and our core value of care.

Caring for people

When we embarked on our ESG journey more than a decade ago, we did not foresee that the COVID-19 pandemic would demand a radical, albeit temporary, adjustment of our immediate priorities. Our previous two integrated reports highlighted the measures we took to protect our frontline employees against infection. This year saw two significantly milder waves of COVID-19, which allowed us to shift our focus from immediate health and safety measures to supporting our teams in dealing with COVID-19's traumatic after-effects.

Our comprehensive living and working with compassion programme (including the Care4YOU programme), for example, equipped employees and third-party service providers across our network with the tools and support they need to deal with the lasting traumatic effects of the pandemic. It seeks to embed behaviours associated with compassion, kindness and mindfulness as a way of living and working at Netcare. Please refer to page 72 for more information on this impactful initiative.

The over-arching aim of our engagement initiatives is to ensure that we grow Netcare with teams that are cognitively and emotionally connected to the Group, our values and their own job functions. We have implemented specific measures to engender a culture of compassion that helps our team members to engage with their work emotionally and to recognise it as meaningful and impactful. Our development programmes are designed to help our people connect with our patients and each other while they advance their own personal and professional development journeys.

In sum, our people management initiatives aim to foster loyalty, productivity and Netcare's ability to grow and deliver on our strategic objectives. We are guided in our people management efforts by the views and insights of our people, garnered through surveys – the latest being the annual Voice of OUR Employees survey, conducted in the last year. The findings of our survey are available on page 36.

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 their needs is central to our overall success.

Given the shortage of suitably qualified healthcare professionals in SA, we direct most of our training spend to developing healthcare professionals, with a focus on registered nurses, paramedics and pharmacist practitioners. Our beneficiaries include our employees and unemployed South Africans who aspire to careers in the healthcare sector. Our nursing qualifications are accredited by South African Nursing Council (SANC) and aligned to the National Qualifications Framework (NQF).

Since migrating from the SANC accredited legacy qualifications to new nursing qualifications in 2018, our overall student numbers have continued to decline. Although expected with the phasing out of legacy programmes, this is concerning given the current shortage of healthcare skills and that SANC has significantly reduced the allocation of student enrolments onto our new qualifications. Netcare continues to engage government and SANC directly and through sector associations to be allowed to contribute more significantly to alleviating the shortage.

Transformation is a key goal of our human capital investments. We were pleased to achieve a Level 3 B-BBEE rating ahead of schedule by December 2022. Following the appointment of two new black female directors, the Netcare Board has increased to 11 directors (FY2021: nine). The Board now meets the Department of Trade, Industry and Competition's (dtic's) race, gender and skillset diversity requirements. Our Executive Committee comprises 11 executives excluding the CEO and

CFO; further work is needed to increase representation of black people, women and black women at this level.

We improved overall representation of black people across all occupation levels, exceeding our targets for senior management, junior management and skilled worker levels. We also exceeded our targets for representation of black women at middle management, junior management and skilled worker levels, as well as for representation of people with disabilities. While we missed our targets for representation of black women at senior management level and of black people at middle management level, we made significant progress driving diversity at these levels resulting in an overall improvement for this element of our B-BBEE scorecard.

We continue to focus on improving representation of men at junior management and skilled worker level by working with Netcare Education to recruit male candidates into their annual intakes. Encouragingly, Netcare Education enrolled a further 96 male nursing students this year (FY2021: 117). Representation of black people at junior management and skilled levels supports a talent pool for future leadership roles.

Integrated Reporting and Assurance Services (IRAS), in partnership with the National Coalition for and of Persons with Disabilities, awarded Netcare for having the highest representation of people with disabilities among JSE listed companies with more than 10 000 employees in 2022. Some 4% (809) of our workforce are people with disabilities, exceeding the national target of 2%. Of these, 67% (545) are black and 46% (374) are black women.

Netcare is committed to fostering economic growth and transformation through supply chain diversity and support of small and micro enterprises. Over the past year we increased our spending and exceeded dtic thresholds with B-BBEE compliant suppliers, black-owned suppliers, black-women owned suppliers and black designated suppliers.

Caring for communities

We recognise that our success depends on 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 competencies, our CSI activities focus on healthcare with priority given to indigent patients, health science education, community projects and wellness programmes. We also support a broad range of community-based initiatives including sexual assault assistance programmes, medical assistance programmes (e.g. cochlear implants, cataract surgeries, elephantiasis procedures) and community sponsorships.

The initiatives we invest in are carefully selected and managed to ensure that the resources we commit make the greatest 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 plays a central role in our contribution to the societies we live and work in. It aims to provide access to quality healthcare to low-income and unemployed South Africans. The Foundation's person centred programme allocates 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.

The Foundation's initiatives are too numerous to mention here. However, given the gender-based violence epidemic in SA, our Sexual Assault Crisis Centres deserve noting. Gender-based violence has severe consequences for the physical and psychological health of survivors. Netcare provides healthcare and medico-legal services to survivors of sexual assault free of charge.

Our accessibility initiatives include programmes to support patients with cleft lips and/or palates and hearing loss requiring surgical intervention. Other initiatives include our human breast milk bank, blood drives and Health Partners for Life Trusts. I encourage you to read more about the inspirational work done through the Netcare Foundation on pages 104 to 107.

Caring for the environment

Netcare has received 29 national and international awards from the Global Green and Healthy Hospitals network, Association of Energy Engineers and the South African Energy Efficiency Confederation in recognition of our environmental stewardship programme, underway since 2013. During that ten-year period, we have invested R585 million, for operational savings of just over R1 billion to the end of FY2022 and at an IRR of more than 25%. It remains Africa's largest healthcare environmental sustainability programme.

Our environmental sustainability strategy originally focused closely on energy consumption, with the dual ambition to reduce greenhouse gases (GHGs) and limit our dependence on unreliable network electricity. Our goal was to cut energy intensity by 22-25% by 2023, with a stretch target of 30%. We have already exceeded that stretch target and we are well placed to reach our 2030 targets to reduce Scope 2 emissions to zero and Scope 1 and 2 emissions by a combined 84% by 2030. We aim to achieve 100% renewable energy, zero waste to landfill and 20% reduction in our water utilisation by 2030.

We are already evaluating the viability of wheeling renewable energy, a system that allows end-users to purchase green energy that is distributed through the national grid. We aim to close agreements for purchasing grid-distributed green energy to six Netcare facilities in 2023. This should allow us to begin purchasing renewable energy from an independent power producer in the following financial year.

Frustratingly, 2022 saw record-setting levels of load shedding, which demanded the burning of large quantities of diesel. Our existing fleet of photovoltaic solar systems somewhat offsets the financial and environmental costs associated with the use of diesel generators.

The past financial year also highlighted the urgent need for improved water stewardship as flooding in Kwazulu-Natal and ongoing droughts in the Eastern Cape threatened to make taps run dry. Netcare has investigated the use of greywater extensively over the past five years and has recently started to explore harvesting and treating blackwater.

Social and Ethics Committee chair's review continued

While significant work still needs to be done to overcome negative public perspectives and legislative challenges, we anticipate significant freshwater and cost savings from our water recycling efforts. We already have a greywater treatment plant at Netcare Sunninghill Hospital. The new Netcare Alberton Hospital water treatment plant is expected to be brought online in the latter part of 2023. Given very sharp rises in water prices, we expect these capital investments to be offset through cost savings.

Caring about governance

The Board's commitment to best practice governance ensures that our decisions are taken openly, ethically and transparently and we remain accountable to all our stakeholders.

Our governance structure and processes are mature and entrenched throughout the Group, and we expect the highest standards of ethical behaviour from our employees and our partners in the healthcare value chain. Aligned to global best practice and premised on the principles of King IV, our governance and control systems enable Netcare to achieve the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

As the cornerstones of our commitment to good governance, our purpose and values are deeply embedded in our culture and will continue to be our compass in volatile and uncertain times.

Appreciation

This is my last review as chair of the Social and Ethics Committee. I have served Netcare for 16 years, and I am grateful to my colleagues on the Board, the management team and all our people for putting care – for our patients, our communities, and our country – at the heart of Netcare's daily life. This has been the foundation stone for an unfaltering commitment to Netcare's ESG initiatives. Only through their efforts have we been able to make the meaningful contribution to our stakeholders and society, and indeed to future generations of South Africans, set out in this ESG report. And only through their efforts will we continue to achieve our ambition to be a sustainability leader in our sector.

Adv Kgomotso Moroka
Social and Ethics Committee chair

Our ESG context, risks and opportunities

Environmental context

The concentration of carbon dioxide in the atmosphere is the highest in human history, with the last nine years all ranking among the ten warmest on record[1]. In September 2021, more than 200 health journals published an editorial calling for urgent action to tackle the 'catastrophic harm to health' caused by climate change[2], an indication of the ever-growing consensus that climate change is the greatest threat to global public health. Without mitigating strategies, climate change-mediated health hazards are predicted to cause 250 000 premature deaths per year between 2030 and 2050[3].

A major contributor to premature deaths, pollution also remains a serious hazard to human health. A review of 2019 data demonstrated that pollution remains responsible for approximately one in six deaths worldwide. The review also indicated that deaths attributable to ambient air pollution have risen by 7% since 2015 and by 66% since 2000[4].

The problems of air pollution and climate change intersect, with the emissions that drive both stemming largely from the same sources (e.g. burning fossil or biofuels which result in ultrafine particulates as well as GHGs and short-lived climate pollutants).

Modern healthcare is a major emitter of environmental pollutants and a significant contributor to GHG emissions[5]. For our sector, responding to the growing climate emergency requires us to both treat those made ill by the climate crisis and to turn our immediate focus to finding ways to reduce our own emissions.

- In 2019, SA ranked 12th globally for total GHG emissions[6].
- Due to the characteristics of the coal used for power in SA (its sulphur content in particular), Eskom has become the largest emitter of sulphur dioxide globally[7].
- SA is ranked as the 30th driest country in the world with January 2022 being the second driest January in 122 years. While the Nelson Mandela Bay municipality and surrounds remain in the grip of drought, in April 2022 severe flooding and landslides caused by heavy rainfall in KwaZulu-Natal caused the deaths of over 440 people, displaced over 40 000 people and affected over 19 000 households[8].
- Landfill space in SA is rapidly decreasing and waste disposed through landfills is associated with severe environmental costs, including pollution and GHG emissions.

Health impacts of climate change[3]

Injury and mortality from extreme weather events	Heat-related illness	Respiratory illness
Water-borne diseases and other water-related health impacts	Zoonoses[9]	Vector-borne diseases
Malnutrition and food-borne diseases	Non-communicable diseases	Mental and psychosocial health

1. *National Oceanic Atmospheric Administration. https://www.noaa.gov/climate.*
2. *Climate Crisis: Over 200 health journals urge world leaders to tackle "catastrophic harm". https://doi.org/10.1136/bmj.n2177.*
3. *Climate Change and Health, WHO, 2021. https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health.*
4. *Pollution and health: a progress update, 2022. https://doi.org/10.1016/S2542-5196(22)00090-0.*
5. *Health Care Without Harm, Healthcare's climate footprint, 2019.*
6. *GHG emissions by county. World Population Review, 2022.*
7. *Centre for Research on Energy and Clean Air, 2021.*
8. *United Nations Office for the Coordination of Humanitarian Affairs: https://reliefweb.int/report/south-africa/south-africa-africa-kwazulu-natal-floods-and-landslides-operation-update-1-emergencyappeal- no-mdrza012.*
9. *Diseases that can be transmitted from animals to humans.*

Our ESG context, risks and opportunities continued

Environmental risks and opportunities

Climate change

Climate-related risks impact our ability to operate and increase operating costs, particularly water and energy costs.

Physical risks	Transition risks	Reputational risks
Extreme weather events can damage national and healthcare facility infrastructure, leading to technology and equipment failure, medicine and supply shortages, or rendering sections of facilities inaccessible (e.g. through flooding) when these are needed most. In hospitals, extreme weather conditions impact infection control and facilities' abilities to maintain the temperature control required for certain procedures. Higher temperatures and lower rainfall brought about by climate change will impact the length and severity of droughts and further disrupt access to critical utilities (e.g. energy and water), supply chains, food production and food supply. Climate change also directly and indirectly impacts human health both acutely (e.g. injuries and loss of life due to extreme weather events) and chronically (e.g. through chronic disease) 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. The introduction of carbon taxes will require us to invest in increasing operational efficiencies and reducing emissions to minimise impacts on operating costs.	Stakeholders expect organisations to curb their GHG emissions, minimise their environmental impacts, and disclose related progress. Not responding to these stakeholder concerns could negatively impact our reputation and value as an organisation. We report a carbon footprint annually and work towards reducing our environmental impact; however, our organisational growth strategy may increase our emissions and negatively impact our reputation. 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.

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.
- Various solutions to secure the supply of water, including a desalination plant in the Western Cape, two water reservoirs in Gauteng and borehole and filtration facilities at various hospitals.
- Our major incident plan incorporates actions for prolonged electricity disruption and blackout, and for prolonged water supply disruption[1].
- Back-up supplies of water and emergency electricity generation capacity for short-term supply disruptions.
- Data and analytics capabilities to increase efficiencies and support cost-saving measures.
- Demonstrating our commitment to environmental sustainability through our strategy and performance.

Related information		**Environment report:** PG 38. **How we manage environmental and social impacts:** PG 112.

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

Social context

Socioeconomic environment

The International Monetary Fund forecasts that more than a third of the global economy will contract in 2022 or 2023 on the back of persistent and broadening inflation and rising interest rates; the Russia/Ukraine war and its impact on the price of energy and food; and the frequent COVID-19 lockdowns in China which weigh heavily on global supply chains, hampering trade and economic activity. These factors have created an international cost-of-living crisis and are making it harder for emerging economies to address major challenges such as high unemployment, poor infrastructure and a heavy reliance on natural resources and unskilled labour. For some regions, the risk of poverty spikes and food insecurity has increased.

Healthcare affordability

Few people can afford the average cost per admission to an acute hospital without medical scheme cover or insurance, yet demand for acute care continues to grow as more South Africans live past the age of 60 and carry increased burdens of disease. This places pressure on affected individuals and the already overburdened healthcare system, resulting in increasing costs that will ultimately become unaffordable and threaten the sustainability of the healthcare sector.

Critical nursing skills shortage

In the wake of the high stress of the pandemic, many qualified personnel – particularly nurses – are reconsidering their calling. Further, healthcare systems around the world are facing record post-pandemic backlogs, driving insatiable demand for healthcare professionals.

The critical shortage of nurses, and low output from nursing education institutions must also be urgently addressed to meet current and future healthcare demand. In 2017, Netcare Education trained approximately 3 000 nurses, today we are training around 1 000; adversely impacted by SANC's lengthy process to phase out legacy nursing qualifications and its restrictions on student intake numbers for the new nursing qualifications.

- The official unemployment rate for SA was 33.9% in the second quarter of 2022 from 35.3% in the fourth quarter of 2021. The youth (aged 15-34 years old) remain vulnerable in the labour market with youth unemployment at 46.5% in the second quarter of 2022[1].
- SA spends 8.5% of its gross domestic product (GDP) on healthcare[2]. Economic inequality is echoed in healthcare with large disparities in accessibility and quality of care between public and private sectors as well as urban and rural areas[3].
- There is a shortage of between 26 000 and 62 000 nurses in SA (both public and private) that is expected to grow to between 131 000 and 166 000 by 2030[4]. SA's Human Resources for Health Strategy for 2030 predicts a shortage of around 34 000 registered nurses in primary healthcare by 2025. The supply-demand mismatch is driven primarily by increased demand from population growth, an aging population, the growing disease burden, and nurse retirements and emigration outpacing the supply of new nurses.
- In 2021, there were approximately 58% fewer nursing students in SA than in 2012[5]. In FY2022, only 21% of the student intake we applied for was approved by SANC.

1. Statistics South Africa: https://www.statssa.gov.za/?p=15685#:~:text=The%20increase%20in%20both%20employment,5%25%20in%20Q2%3A2022.
2. WHO: International Agency for Research on Cancer, World Health Organization: Cancer Today/Population Fact Sheets: South Africa, Globocan 2020.
3. Department of Health: National Health Insurance for South Africa: Towards Universal Health Coverage.
4. The Future of Nursing Workforce Planning Report for SA (November 2020).
5. Solidariteit Navorsinginstituut – Verpleegtekorte in Suid Afrika 2022.

Our ESG context, risks and opportunities continued

Social risks and opportunities

Our people

Availability and quality of skills	Employee wellbeing	Regulatory
Competition to attract and retain scarce skills in SA remains fierce, particularly for the specialised healthcare skills needed to provide consistently optimal care and the specialised digital and data analytics skills[1] needed to deliver our digital transformation strategy. Competition for healthcare skills is expected to intensify and the skills shortage poses a risk for the sustainability of SA's healthcare sector. For digital and data analytics skills, not only is local competition intense, but foreign companies are offering an attractive employee proposition, employing South Africans as part of their remote workforce.	If left unaddressed, the challenging and traumatic conditions experienced during the first two years of the pandemic may increase the likelihood of our people experiencing burnout, impacting retention, productivity and mental health and wellbeing.	Non-compliance with labour legislation – including health and safety requirements relating to COVID-19 – could undermine the Group's reputation, result in penalties and fines, and negatively impact productivity.

Society

Socioeconomic environment	Supply chain diversity	Transformation
SA's macroeconomic, social and political environments have continued to deteriorate over 2022, and economic reforms have been delayed. Economic recovery has been hampered by consistent load shedding, the floods in KwaZulu-Natal and industrial action at SA's rail, port and pipeline company. Heightened unemployment and reduced affordability across income segments could place traditional medical scheme membership at risk. A weak job market and poverty continue to deepen inequality in SA. This together with socio-political factors, increasing frustration with local municipal failures, endemic corruption, and weaknesses in public educational and healthcare systems, are raising the risk of deteriorating social cohesion and violent protest, which could further hamper economic recovery.	Supply chain challenges introduced by COVID-19 highlighted the importance of supply chain diversification and increased reliance on local manufacturing and local suppliers. 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.	Our B-BBEE status and ability to meet transformation targets impact our competitiveness and sustainability.

Opportunities and mitigation
- An attractive working environment that is caring, inclusive and ethical, and rewards outstanding contributions to the delivery of person centred health and care.
- Programmes to develop employees, including our six-month in-service nursing certificate programmes to keep nurse skills current despite the constraints to training numbers.
- Programmes to support the wellbeing of our employees.
- The national Future Nursing Workforce Project to influence output from nursing institutions (a Public Private Growth Initiative).
- Lobby policymakers to allow private education of healthcare practitioners and enhance healthcare skills in SA.
- Identify efficiencies to carefully manage the cost of delivering care.
- Grow new markets by increasing Netcare's exposure to the uninsured but employed market and develop new products for the insured population, including cover for non-network hospital co-payments, promoting inclusivity and reducing our reliance on the traditional medical aid market.
- Our major incident plan in the event of civil unrest.
- Our transformation strategy which targets improvements in our B-BBEE level and incorporates supply chain diversity initiatives.

Related information	**Social report:** PG 62. **How we manage environmental and social impacts:** PG 112.

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

Governance context

Healthcare regulations

SA's private healthcare market is one of the most regulated in the world. Regulated areas of operations include hospital build specifications, prohibitions on employing doctors, highly regulated medicine pricing and caps on nursing education and training, among others.

Key regulatory considerations for FY2022 include:
- The NHI Bill, its misalignment with the Medical Schemes Amendment Bill and the proposal to have 11 legislative amendments take effect when the NHI Bill is introduced. This may result in unintended consequences such as making membership unaffordable or making some private healthcare services inaccessible during the transition.
- Expected regulations relating to Certificates of Need (licences) for health establishments and doctors. The High Court has declared the sections of the National Health Act that would give rise to the implementation of these licences as unconstitutional. This is being challenged by the Department of Health and would need to be ratified by the Constitutional Court.
- The Board of Healthcare Funders has applied to the Competition Commission to negotiate collectively. Netcare and the Hospital Association of South Africa have submitted responses.

Money laundering and terrorist financing

While SA has a solid legal framework to fight money laundering and terrorist financing, a 2021 report delivered by the Financial Action Task Force (FATF) – the inter-governmental body that sets international standards to prevent money laundering and terrorist financing activities – reported partial compliance with 17 of 40 FATF recommendations and total non-compliance with three[1]. This triggered an enhanced follow-up process that may result in SA being grey listed in February 2023 if FATF recommendations are not implemented. Intellidex estimates that the economic impact could range between 1.0% and 3.0% of GDP.

Data privacy and protection

Cybercrime is an evolving and complex technological threat. As digital connectivity and the speed of digital transformation increase, so do the number of cyberattacks and incidents of organisations being held to ransom. Cyberattacks not only increase the cost of doing business (as organisations are required to implement defence systems), but also have serious implications for data privacy and protection. Netcare's datasets are vast and include highly personal and sensitive information, making data governance a key concern for the Group.

1. https://www.fatf-gafi.org/countries/s-t/southafrica/documents/mer-south-africa-2021.html.

Governance risks and opportunities

Regulatory and compliance	Ethical business conduct	Cybercrime and cybersecurity
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-related and health and safety regulations could undermine our reputation and result in penalties and fines.	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. More broadly, negative social or environmental impacts arising from key suppliers could result in reputational damage to the Group.	Cyberattacks and related data breaches 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 are greater legal and regulatory exposure from new privacy laws. Failure to secure our systems and data could result in business disruption, litigation, penalties and fines for non-compliance as well as reputational damage.

Opportunities and mitigation
- Find ways to help alleviate public sector pressure and backlogs.
- Collaborate with regulators and government and work with business and sector associations to provide constructive input on health policy formulation and the realisation of a sustainable NHI, and to find solutions to the structural challenges faced by SA's healthcare system.
- Maintain governance structures capable of ensuring ethical business conduct and detecting unethical conduct.
- Continually improve our cybersecurity control framework which is risk based, resilient and holistically deals with cybercrime threats.
- Monitor cybersecurity key performance indicators to inform our cyber risk exposure.
- Benchmark our cybersecurity performance against sector and global peers.
- Remain agile and adopt new technologies and methodologies quickly to respond to new threats.
- Our privacy framework against which compliance is rigorously monitored by the Protection of Personal Information Act Steering Committee and working groups.

Related information | **Governance report:** PG 108.

ESG rating performance

CDP
(global rating)

Assesses climate change disclosure.

Last rating date:
December 2022
(valid to December 2023)

Climate change
Scored B
(2021: B)

Water
Scored B
(2021: B)

FTSE Russell
(SA rating)

An investment index that represents South African companies meeting ESG criteria as defined by the FTSE ESG Model.

Last rating date:
June 2022

Included in the FTSE/ JSE Top 30 Responsible Investment Index

4.0 out of 5
(2021: 3.9)

Environmental: 4.2 (2020), 3.2 (2021), 3.4 (2022)
Social: 3.3 (2020), 3.7 (2021), 3.7 (2022)
Governance: 5.0 (2020), 5.0 (2021), 5.0 (2022)

■ 2020 ■ 2021 ■ **2022**

Note: in the overall Top 5 subsector Netcare was the second best performer.

S & P Global Corporate Sustainability Assessment
(global rating)

An investment index of emerging markets sustainability leaders.

Last rating date:
July 2021

Included in the Dow Jones Emerging Markets Index for the

eighth
consecutive year

Scored 78%
(FY2020: 83%)

Note: the S&P Global Corporate Sustainability Assessment results for 2022 were not available at the time of reporting

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United Nations

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

Our environmental sustainability strategy is designed to reach zero Scope 2 emissions, zero waste to landfill and reduce water consumption by 20% by FY2030.

Race to ZERO EMISSIONS 2050

Global Green and Healthy Hospitals

Gold in all four categories of the 2022 Health Care Climate Challenge Awards for the third year in a row

Categories include climate resilience, climate leadership, climate mitigation (GHG reduction) and climate mitigation (renewable energy). The network promotes healthcare without harm.

GLOBAL GREEN and HEALTHY HOSPITALS

MSCI ESG Research Inc.
(global rating)

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

Last report date:
July 2022

Institutional Shareholder Services
(global rating)

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

Last rating date:
February 2022

Achieved

'AA' rating

the second highest awarded in a six-point scale

(2021: AA)

Netcare has maintained AA rating for six years.

Achieved

B- rating

with a performance score

of 66.44 and a very high transparency level.

(2021: B- rating)

MSCI ESG RATINGS

| CCC | B | BB | BBB | A | AA | AAA |

Corporate ESG Performance

Prime

RATED BY ISS ESG▷

Absolute Rating

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

Standard Bank

We listed the first sustainability bond of R1 billion in Africa in 2021

Southern African Energy Efficiency Confederation

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

ESG rating performance continued

United Nations Sustainable Development Goals

Most meaningful impact

We believe that our strategic priorities are able to make a material and impactful contribution to the following global challenges identified by the UN's SDGs.

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3 GOOD HEALTH AND WELL-BEING

✓ **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.

4 QUALITY EDUCATION

✓ **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.

5 GENDER EQUALITY

✓ **Target 5.5.** Equal opportunities for women in leadership and decision-making roles.

6 CLEAN WATER AND SANITATION

✓ **Target 6.3.** Halving the proportion of untreated wastewater and substantially increasing recycling and safe re-use globally.

✓ **Target 6.4.** Increase water-use efficiency.

7 AFFORDABLE AND CLEAN ENERGY

✓ **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.

8 DECENT WORK AND ECONOMIC GROWTH

✓ **Target 8.2.** Achieve higher levels of economic productivity through technological upgrading and innovation.

✓ **Target 8.3.** Support productive activities, decent job creation, entrepreneurship, creativity and innovation and growth of small, medium and micro enterprises (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.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

✓ **Target 9.3.** Increase the access of small enterprises to financial services, including affordable credit, and their integration into value chains and markets.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

✓ **Target 12.5.** Reduce waste generation through prevention, reduction, recycling and re-use.

13 CLIMATE ACTION

✓ **Target 13.1.** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

✓ **Target 16.5.** Reduce corruption and bribery in all their forms.

✓ **Target 16.6.** Effective, accountable and transparent institutions

✓ **Target 16.7.** Responsive, inclusive, participatory and representative decision-making.

✓ **Target 16.10.** Ensure public access to information.

17 PARTNERSHIPS FOR THE GOALS

✓ **Target 17.16.** Multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs.

✓ **Target 17.17.** Effective public, public-private and civil society partnerships.

Overview of ESG-related strategic progress

The execution of the ESG-related strategic projects referenced in this section are critical to the operationalisation of the Group's strategy. Our strong statement of financial position has allowed us to continue our planned investments in facilities and key strategic projects.

Integrated report: PG 71.

Social performance

Strategic pillars		Weighting of social performance KPIs in Group balanced scorecard:	**10%**

FY2022 performance overview

Employer of choice
Objective: drive a high-performance, inclusive and empowering organisational culture to attract and retain skill.

• Formally launched the Single Incentive Plan in March 2022 for executives and senior managers as well as other retention strategies.	✓	PG 88
• Completed market-related benchmarking of salaries for nurses and IT and data skills.	✓	PG 88
• Launched a Group-wide talent identification initiative to create bench strength for senior management level and key roles across divisions.	✓	PG 86
• Directed 7% of our training spend towards our top talent pipeline and 86% to our empowerment objectives.	✓	PG 81
• Launched The Voice of the Employee survey achieving a 70% response rate.	✓	PG 76

Nursing skills
Objective: retain nursing skills and lobby for the removal of barriers to nurse training numbers.

• Continued to participate in the collaborative multi-stakeholder Future Nursing Workforce Project.	✓	PG 88
• Provided greater flexibility in remuneration structure.	✓	PG 88
• Ran a nurse recruitment campaign.	✓	PG 88

Broader transformation
Objective: improve our employment diversity profile, drive skills development and employment creation, diversify the supply chain and continue to position Netcare as a force for social good.

• Of the 668 unemployed young people who successfully completed their Netcare YES4Youth programme, 89% are formally employed.	✓	PG 63
• Awarded various tenders for medical supplies and devices to small businesses.	✓	PG 99
• Engaged with the dtic on its black industrialist programme.	✓	PG 99
• The overall performance of our ESD beneficiaries participating in our structured ESD programme improved over FY2022.	✓	PG 99
• Netcare 911 provided assistance during the devastating floods in KwaZulu-Natal.	✓	PG 104
• Invested R35 million in community development interventions (sexual assault assistance, bursaries and scholarships, access to medical procedures, indigent patient assistance and community upliftment programmes).	✓	PG 104

Forward looking

- **FY2023:** ensure that talented individuals receive the development learning and coaching they need to advance within the Group.
- **FY2023:** address areas of improvement identified through the employee engagement survey.
- **FY2023:** explore a new opportunity to offer affordable short-term funding to black SMMEs in the construction supply chain.

Key performance indicators	FY2022 target	2022	2021	2020		
Workforce						
Overall turnover		**16.8%**	15.9%	13.9%	✖	
Training spend		**R51 million**	R49 million	R66 million	✔	
Number of employees who received training		**15 968**	12 731	15 276	✔	
Percentage of training spend directed to formal nurse training		**68%**	89%	72%	✖	
Broad-based black economic empowerment						
B-BBEE rating	Level 4	**Level 3**	Level 4	Level 4	✔	
Percentage of the points available for the management control pillar of the B-BBEE scorecard	64%[1]	**60.2%**	–	–	✖	▪
Percentage of the points available for the preferential procurement pillar of the B-BBEE scorecard	80%[1]	**81.8%**	–	–	✔	▪
Roll out the engagement, diversity and inclusion survey	100% sites	**100%**	–	–	✔	▪
Procurement spend with >51% black-owned suppliers[2]	40%	**51.4%**	48.6%	34.1%	✔	▪
Procurement spend with >30% black women-owned[2]	26%	**32.6%**	28.2%	21.6%	✔	▪
Procurement spend with qualifying small enterprises[2]	8%	**9.1%**	8.0%	7.6%	✔	▪
Procurement spend with exempted micro enterprises[2]	7%	**4.7%**	3.1%	5.6%	◉	▪
Supplier development spend as a percentage of net profit after tax (NPAT)	2% of NPAT	**2.2%**	3.7%	5.9%	✔	
Enterprise development spend as a percentage of NPAT	1% of NPAT	**1.7%**	1.0%	2.7%	✔	

1. dtic targets.
2. Calculated as a percentage of measurable procurement spend.
Empowerdex: assured the Group's contributor rating according to the revised dtic Codes of Good Practice for B-BBEE. This includes the employment equity information in the table below.

Key performance indicators		% of the workforce at September					Plan (%)[2]		
		2018	2019	2020	2021	**2022**	**Target 2022**		
Senior management	Black[1]	29.2	41.4	41.9	43.3	**50.0**	**45.7**	✔	▪
	Black women	16.7	24.1	25.8	23.3	**25.0**	**28.6**	✖	▪
Middle management	Black	39.9	45.2	48.9	52.9	**53.1**	**54.7**	✖	
	Black women	21.7	25.1	27.6	30.6	**32.4**	**31.0**	✔	
Junior management and skilled workers	Black	68.0	71.2	71.9	72.8	**75.9**	**74.4**	✔	
	Black women	58.9	61.9	61.8	62.3	**64.6**	**63.0**	✔	
Employees with disabilities	Overall	3.2	3.6	3.9	4.2	**4.4**	**4.2**	✔	
	Black	1.9	2.3	2.6	2.8	**3.0**	**2.9**	✔	
	Black women	1.3	1.6	1.8	1.9	**2.1**	**2.0**	✔	

Note: excludes National Renal Care.
1. Black covers African, Coloured and Indian employees.
2. Five-year employment equity plan (2021 – 2026).

⬛⋯ *Social report:* PG 62.

🔖⋯ *Integrated report*
      Shareholder report

Overview of ESG-related strategic progress continued

Environmental performance

Strategic pillars	🌿	Weighting of environmental performance KPIs in Group balanced scorecard:	10%

FY2022 performance overview

2030 environmental sustainability strategy
Objective: maintain global and local leadership in environmental sustainability in healthcare.

• Achieved cumulative operational savings of R1 086 million since 2013 through our 2023 environmental sustainability strategy (savings and cost avoidance).	✓	📄 PG 38
• Phase 1 of our objective to reach 100% renewable energy by 2030 is underway and aims to grid wheel renewable energy to six facilities. Three solar photovoltaic systems were also installed.	✓	📄 PG 50
• Rolled out a number of zero waste to landfill strategies, including initiatives for polyvinyl chloride (PVC), clinical glass and food waste, among others.	✓	📄 PG 53
• National Renal Care installed 38 water efficient reverse osmosis plants.	✓	📄 PG 58
• We are waiting for council approval to install a greywater treatment plant at Netcare Alberton Hospital.	✓	

Forward looking

- Revise our procurement strategies to reduce our Scope 3 emissions.
- Enhance our science-based targets to include Scope 3 emissions.
- **FY2023**: roll out the zero waste to landfill project to all sites in the Hospital Division.
- Establish benchmark waste targets for each hospital.
- Expand the water filtration plant at the Netcare Greenacres Hospital.

Key performance indicators (projects)	FY2022 target	2022		
Carbon emissions reduction from energy efficiency projects implemented	1 400 tCO$_2$e[1]▼	**1 479 tCO$_2$e**▼	✓	■
Reduction in water use from water efficiency and recycling projects implemented	21 900kl[2]▼	**28 096kl**	✓	■
Reduction in general waste to landfill in pilot projects	75%▼ of general waste	**79%**	✓	■

1. Tonnes of carbon dioxide equivalent (tCO$_2$e).
2. Kilolitres (kl).

Key performance indicators (2030 environmental strategy)	Target	2022	Variance	Baseline	
Energy (kWh/bed[1])	30%▼ by FY2023	**18 448**	(35%)	28 442 (2013)	✓
Scope 1 and Scope 2 emissions (tCO$_2$e)	84%▼ by FY2030	**225 655**	(16.4%)	269 804 (2013)	✓
Scope 2 emissions (tCO$_2$e)	Zero Scope 2 emissions by FY2030	**187 592**	(19.0%)	231 467 (2013)	✓
Waste to landfill (tonnes)	Zero waste to landfill by FY2030	**8 110**	(13.0%)	9 322 (2017)	✓
Water (litres/bed/day[2])	20%▼ by FY2030	**493**	(16.7%)	592 (2014)	✓

Global Carbon Exchange SA Proprietary Limited provided limited assurance on carbon emissions and energy and water usage.
1. Kilowatt hours per bed.
2. Litres per bed per day.

📄 ······ *Environmental report:* PG 38.

📱 ······ *Integrated report*
Shareholder report

✓ Positive outcome
⊙ Neutral outcome/target partially met (within 5% of the target)
✗ Negative outcome/target not met
■ Linked to remuneration

Environment

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.

GRI[1] standards:
302-1 to 4 / 303-1 to 4 / 305-1 to 5 / 306-1 to 3.

1. *Global Reporting Initiative (GRI).*

Assurance

Our energy, carbon footprint, waste generation and water usage have been independently assured by Global Carbon Exchange SA Proprietary Limited. The assurance is undertaken as part of our disclosure to the CDP and verification was undertaken at a limited level of assurance. Assurance is provided in accordance with:
• The principles of the WBCSD/WRI Greenhouse Gas Protocol Corporate Accounting Standard, 2nd Edition, 2004.
• The International Standard ISO 14064-3 (2019) 'Specification with guidance for the verification and validation of greenhouse gas (GHG) statements'.

Performance overview

Progress against our 2023 environmental sustainability strategy

Awards	Funding	Environmental sustainability projects

Awards

Our environmental targets are linked to **remuneration**.

Our investment will help to **de-risk the Group** from the impacts of climate change and resource scarcity.

29

awards achieved for outstanding environmental performance, climate leadership and climate resilience from the Global Green and Healthy Hospitals network, Association of Energy Engineers and the South African Energy Efficiency Confederation.

Funding

R1 billion

sustainability-linked bond secured with Standard Bank in March 2021, a first for the African continent.

R500 million

green funding facility (with Nedbank in association with the French Development Agency).

R35 million

grant for energy-related sustainability projects.

Environmental sustainability projects

204

environmental sustainability projects[1] initiated across the Group since FY2013. 98% of our investment has been in energy efficiency projects.

R585 million

CAPEX[2] investment in energy, waste and water projects since FY2013 with R35 million invested in FY2022 and R55 million budgeted for FY2023.

Cumulative benefits delivered to date equate to **186%** of CAPEX invested.

R98 million

operational expenditure for environmental sustainability projects since FY2013 with R23 million invested in FY2022 and R23 million expected for FY2023.

Enterprise sustainability platform

More than **90%** of the Group's energy, water and waste consumption is monitored by our fully digital ESP[3]. Digital plant monitoring is implemented at 45 hospital sites, comprising more than 6 000 data points. This includes 852 water and electricity meters on domestic hot water systems, air conditioning plants, bulk oxygen tanks, bulk water tanks and diesel generator systems.

Savings

R1 billion[4]

in operational savings (R802 million cost avoidance and R284 cost savings) achieved through our environmental sustainability projects.

R265 million

operational savings (R224 million cost avoidance and R41 million cash saving) for FY2022.

R106 million

in savings from tariff optimisation initiatives since FY2013.

R108 million

additional recovery from tenants since FY2013[5].

R16 million

in tax relief[6] since FY2013 due to our energy efficiency initiatives and progress, resulting in savings of R5 million.

Operational savings achieved since FY2013
(Rm)

Year	Cumulative benefit against baseline
2013	0.4
2014	14
2015	73
2016	107
2017	201
2018	310
2019	440
2020	628
2021	821
2022	1 086

FY2023 target

■ Cumulative benefit against baseline

1. A total of 30 projects still active.
2. Capital expenditure (CAPEX).
3. Enterprise Sustainability Platform (ESP).
4. The Hospital Division contributed to 90% of total savings.
5. Due to accurate usage monitoring.
6. As per Section 12L of the Income Tax Act of 1962.

Performance overview continued

Emissions

Scope 1 and 2 emissions intensity	Total Scope 1 and 2 emissions	Scope 3 emissions

5%

decrease in Scope 1 and Scope 2 emissions to

20.8 tCO$_2$e[1]

per bed per year.

FY2021: 21.8 tCO$_2$e per bed per year

38%

decrease in Scope 1 and Scope 2 emissions since FY2013.

FY2013: 33.6 tCO$_2$e per bed per year

9%

reduction in absolute Scope 1 and Scope 2 emissions to

225 655 tCO$_2$e.

FY2021: 247 034 tCO$_2$e

16%

reduction in absolute Scope 1 and Scope 2 emissions since FY2013.

FY2013: 269 804 tCO$_2$e

3%

decrease in Scope 3 emissions to

57 447 tCO$_2$e.

FY2021: 59 270 tCO$_2$e

37%

increase in Scope 3 emissions since FY2013. The increase is largely attributable to improvements in Scope 3 reporting by Netcare and our suppliers.

FY2013: 41 961 tCO$_2$e

Projected trajectory of our Scope 1 and 2 emissions by FY2030 compared to the target set by the SBTi[2]
(tCO$_2$e)

Legend: ■ Scope 1 emissions ■ Scope 2 emissions — SBT trajectory – reduction starting from 2010 as base year
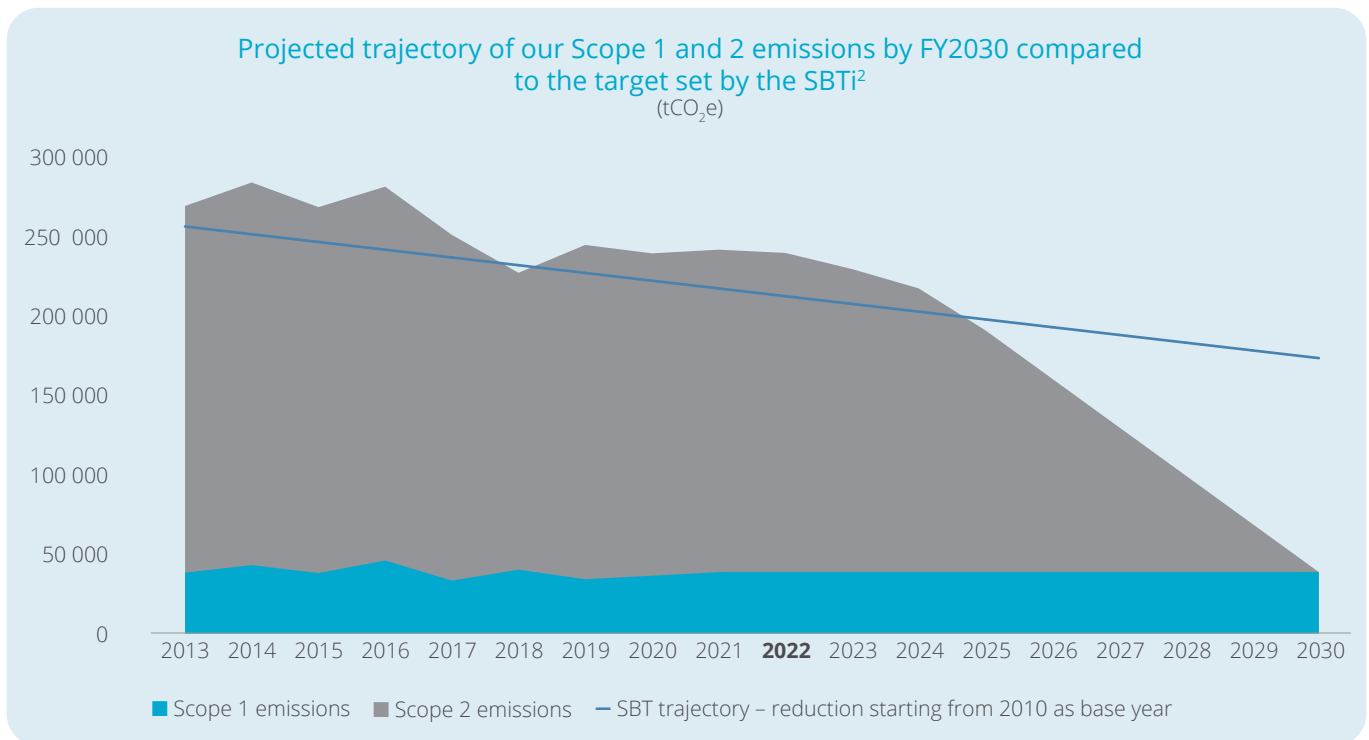
1. Tonnes of carbon dioxide equivalent (tCO$_2$e). Includes renewable energy purchased, decreasing our Scope 2 emissions.
2. Science-based Target initiative (SBTi).

Energy

Investment	Energy intensity	Energy use	Renewable energy
R572 million CAPEX investment in energy efficiency projects since FY2013. **R961 million** total operational cost saving (cash saving of R257 million and cost avoidance of R704 million) to date. **R6 million** year-on-year energy costs avoided for monitored accounts.	**10%** reduction in electricity usage per bed per year to **18 448kWh[1].** **FY2021:** 20 578kWh **35%** reduction in electricity usage per bed per year since FY2013, exceeding our stretch target. **FY2013:** 28 442kWh **FY2023 stretch target:** 30% reduction	**3%** reduction in total energy used[2] to **925 719 gigajoules.** **FY2021:** 954 692 gigajoules **11%** reduction in total energy used since FY2013. **FY2013:** 1 038 540 gigajoules	**15.6GWh[3]** renewable energy generated through our solar PV installations[4], achieving a R28 million cost saving for the year. **FY2021:** 15.6GWh saving R26 million **15.0GWh** renewable energy purchased.

1. Kilowatt hours (kWh).
2. Includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover more than 90% of the hospital network, 75% of Primary Care and 100% of Netcare Akeso facilities' electricity expense.
3. Gigawatt hours (GWh).
4. This is the second largest commercial solar photovoltaic (PV) fleet in SA.

Waste

Investment	Total waste generation	Healthcare risk waste	Waste recycling
R1 million CAPEX investment in waste reduction and diversion initiatives since FY2017. **R48 million** total operational cost saving (cash saving of R8 million and cost avoidance of R40 million) to date.	**13%** reduction in total volume of waste generated to **8 185 tonnes.** **FY2021:** 9 406 tonnes **13%** reduction in total volume of waste generated since FY2017. **FY2017:** 9 394 tonnes	**5 150 tonnes** HCRW[1] generated. **FY2021:** 6 391 tonnes **6%** (285 tonnes) of HCRW treated and recycled[2]. **FY2022 internal target:** 6% **FY2022 internal stretch target:** 6.5%	**17%** increase in waste recycled to **1 093 tonnes.** **FY2021:** 933 tonnes **16.5 tonnes** of PVC[3] waste recycled. **FY2022 internal target:** 10.9 tonnes

1. Healthcare risk waste (HCRW). Excludes HCRW sent for incineration.
2. Reported for the first time in FY2022.
3. Polyvinyl chloride (PVC).

Performance overview continued

Water

Investment	Water intensity	Water consumption	Water recycling
R12 million	**8%**	**3%[3]**	**27 043kl[4]**
CAPEX investment in water reduction initiatives since FY2014.	increase in water usage per bed per annum[1] to	increase in water consumed to	water recycled.
R77 million	**180kl[2].**	**1 953 678kl.**	**FY2022 internal target:** 21 931kl
total operational cost saving (cash saving of R19 million and cost avoidance of R58 million) to date.	**FY2021:** 167kl per bed per annum	**FY2021**: 1 895 020kl	**FY2022 internal stretch target:** 22 345kl
	17%	**4%**	Onsite water treatment plants at **two** hospitals, reducing water consumption at these sites by up to
	reduction in water usage per bed per annum since FY2014.	decrease in water consumed since FY2014.	**100%.**
	FY2014: 216kl per bed per annum	**FY2014:** 2 035 101kl	

1. *Calculated as the ratio of total water used to registered beds.*
2. *Kilolitres (kl).*
3. *All facilities have water meters installed.*
4. *Reported for the first time in FY2022.*

Environmental sustainability

Developed and implemented in FY2013, our 2023 environmental sustainability strategy continues to deliver tangible benefits which are expected to continue growing over the next ten years. We developed this strategy with a strong focus on energy – a major contributor to our emissions and costs – placing specific emphasis on efficiently managing and using electricity, and setting the goal of reducing energy intensity by 22-25% by FY2023, with a stretch target of 30%. Water and waste optimisation initiatives were introduced after our initial energy focus, due to their lower impact on our emissions. As of FY2022, we have exceeded our stretch target to reduce electricity usage per bed by 30% and have shifted focus to our 2030 goals.

Our strategy is designed to save costs while minimising the Group's environmental impact. Post-implementation reviews of environmental sustainability projects representing CAPEX of R403 million yielded a net present value (NPV) of R123 million. At approval stage, the NPV for these projects was estimated at R102 million, meaning that the projects are achieving greater savings than originally predicted. Post-implementation reviews are measured using the SANS 50010 measurement and verification standards.

Environmental targets

In March 2021, we secured a R1 billion sustainability-linked bond with Standard Bank. Achievement of agreed environmental targets will reduce our annual interest paid on the bond (a R1 million benefit). Our first report on progress made will be in March 2023 per the agreement.

	Description	Baseline (2020)	Target (March 2023)	Status	Performance
Energy efficiency	Reduction in electricity consumption by source	210.9GWh	205.8GWh (2.4% reduction)	✓ Target exceeded	**192.0GWh** (9.0% reduction)
Renewable energy	Renewable energy procured	0GWh	10GWh a year	✓ Target exceeded	**Purchased 15GWh,** redeemed February 2022.
GHG emissions	Absolute reduction in Scope 2 emissions	203 514 tCO_2e	189 014 tCO_2e (7.1% reduction)	✓ Target exceeded	**187 592 tCO_2e** (7.8% reduction)
Water efficiency	Amount of greywater recycled	0	10 000kl a year	✓ Target exceeded	**27 043kl**

Our environmental sustainability journey

2030 strategy

FY2014 — Updated our 2023 strategy to include water reduction targets and initiatives.

Exceeded our 2023 strategy target to reduce electricity usage per bed by 30%. We have shifted focus to our 2030 goals for FY2023.

Meet our 2030 targets for emissions, energy, waste and water.

FY2022

FY2030

FY2013 — Launched our 2023 environmental strategy, with a focus on energy consumption and carbon emissions.

FY2017 — Updated our 2023 strategy to include waste reduction targets and initiatives, focusing on HCRW, the most expensive category of waste.

FY2023 — Begin to report exclusively on our 2030 strategy against FY2020 baselines.

Our 2030 strategy is designed to build a solid foundation that enables us to achieve our long-term target of net zero emissions by **2050**.

2023 strategy

Beyond 2030

Our 2030 environmental sustainability strategy

Built on the solid foundations and progress achieved through our 2023 strategy, we believe our 2030 strategy is well within our reach and skillset and will continue to set us apart as a leader in healthcare sustainability, driving further financial savings with lower CAPEX, and getting us closer to our long-term 2050 net zero target, aligned to the 1.5 degree pathway of the Paris Accord (our objective is to have the bulk of the carbon neutrality work done by FY2030). Our strategy takes an integrated approach to addressing climate change-related risks, regulatory changes and resource scarcity while 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.

2030 environmental development goals

Best practice 1	**Global leader** 2	**Sustainable resource management** 3
Comply with 2030 global best practices including science-based targets and carbon budget goals	Be a global leader in healthcare sustainability solutions	Drive long-term security, efficiencies and cost savings for the business through sustainable resource management

OUR 2030 TARGETS

Achieve zero Scope 2 emissions	Reduce Scope 1 and Scope 3 emissions

Energy

Achieve

100% renewable energy

Achieve a further

energy reduction of 5%

(off the FY2023 30% reduction target)

Waste

Achieve

zero waste to landfill

Water

Achieve a further

20% reduction in water consumption

Significantly

reduce our impact

on the limited freshwater sources in South Africa (SA)

KEY INITIATIVES TO ACHIEVE THESE GOALS

Pillar 1
Energy

- Energy wheeling project – 100% renewable energy
- Further energy efficiency projects

Pillar 2
Waste

- Zero waste to landfill strategies
- HCRW innovative treatment solutions
- Zero cost recycling initiatives

Pillar 3
Water

- Harvesting greywater and blackwater and treating these to potable standards

Pillar 4
Plant maintenance

- Real-time plant monitoring and operation capability
- Increased operational efficiencies
- Preventative maintenance centred on predictive failure identification and predictive energy, waste and water performance and anomalies

Pillar 5
Green procurement

- Netcare's green procurement policy

Pillar 6
Carbon offsets

- Scope 1 offset projects
- Scope 3 offset projects

Pillar 7
Awareness

- Stakeholder awareness initiatives and marketing campaigns

Our strategy is underpinned by global guidelines and directives:

Science-based targets[1]

We were one of the first companies in Africa to commit to the SBTi in line with the Paris Agreement of the United Nations Framework Convention on Climate Change. The SBTi aims to reduce emissions to a level that will limit the global mean temperature increase to below 2⁰C (ideally 1.5⁰C).

Our emissions targets demonstrate our commitment to tackling the existential threat posed by climate change.

UN SDGs[2]

The 2030 Agenda for Sustainable Development adopted by all UN member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

How our sustainability strategy addresses the UN SDGs: PG 32.

SUSTAINABLE DEVELOPMENT GOALS

Key disclosure and reporting frameworks

How our sustainability strategy addresses TCFD[3]: PG 123.

How our sustainability strategy addresses CDP.

GRI: indicators and disclosures are listed throughout the ESG report.

Relationship to business strategy

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

We monitor consumption and measure progress through our Enterprise Sustainability Platform

The ESP 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); this has resulted in significant financial savings. We are now focused on implementing digital monitoring for Netcare Akeso facilities.

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 and flooding and deteriorating potable water quality.

1. *Previously submitted science-based targets were rejected due to a change in reporting requirements for Scope 3 emissions. We are currently undertaking a detailed analysis of our Scope 3 emissions before committing to specific targets.*
2. *The United Nations Sustainable Development Goals (UN SDGs).*
3. *Task Force on Climate-related Financial Disclosure (TCFD).*

Our 2030 environmental sustainability strategy continued

Net zero for Netcare

Targeting net zero by 2050

Over time, our commitment to net zero will necessitate transitioning to a circular economy without waste, and where our business operates in harmony with the natural ecosystem causing no harmful impact. Achieving this will require significant changes to how we operate. By beginning to plan for and implement these changes sooner rather than later, we are ensuring that we have the time to adapt while remaining a forward-thinking, profitable market leader.

Future focus areas

- An environmentally sustainable organisational culture.
- Enhanced operational efficiencies.
- Demand management.
- Green procurement.
- Green construction, refurbishment, replacement cycles and designs with consideration for decarbonisation.
- Addressing the ecological impact of existing facilities.
- Designing and implementing a circular economy for the Group.
- Onsite battery energy storage systems (BESS).
- Biofuels.

Defining net zero

Decarbonising Scope 1, 2 and 3 emissions to achieve zero emissions, potentially exceeding this in cases where the activities and actions of the Group offset the emissions of others, resulting in a net positive impact on the environment.

Net Zero Emission By 2050

Technology and net zero

With trends indicating exponential development, the rate at which new technologies are emerging and disrupting all sectors has no historical precedent. These changes have major implications for entire systems of production, management and governance. The healthcare sector is no exception and current developments indicate that the sector's future lies in combining and applying the catalytic elements of the fourth industrial revolution to integrate and optimise operations across the value chain.

Advances in cyber-physical systems, artificial intelligence, networking and the Internet of Things will drive greater coordination and collaboration between healthcare facilities and business (and suppliers) in real-time. Advanced systems will enable the prediction of energy, water and waste performance while also allowing for the identification and correction of anomalies more timeously.

Timeline of the industrial revolutions

Industry 1.0

Introduced new materials (iron and steel), energy sources (coal, steam, electricity, petroleum), machines (power loom) and new ways of working (factory system).

1784

Industry 2.0

Electrification allowed for new manufacturing methods, including the assembly line and mass production.

1870

Industry 3.0

Involved the spread of automation, digitisation (through the use of electronics and computers), the invention of the internet and the discovery of nuclear energy.

1969

Industry 4.0

The trend towards automation and data exchange in manufacturing technologies and processes including cyber-physical systems, the Internet of Things, cloud and cognitive computing and artificial intelligence.

Today

Emissions

Securing 100% renewable energy will enable us to reach our goal of zero Scope 2 emissions but will not reduce our Scope 1 and 3 emissions. To reach our long-term goal of carbon neutrality, we will need to undertake carbon offset projects and implement procurement strategies that target reductions in upstream and downstream emissions.

	Definition and inclusions	Measurement	Further detail	2030 targets[1]
Scope 1	Direct GHG emissions from sources controlled or owned by an organisation. *Mobile fuels (diesel, petrol and aviation fuel), stationary fuels (natural gas, diesel for generators, LPG[2] and coal), fugitive emissions (medical and refrigerant gases).*	Convert volume data from actual purchases from suppliers into equivalent carbon dioxide emissions.	Impacted by external factors including: • Supply interruptions which increase generator fuel usage. • Patient needs which drive medical gas usage. • Road and air ambulance services which rely primarily on fossil fuel use. While many of these are difficult to reduce at present, we will continue to follow market trends and product innovation and development to secure alternative solutions as these become available.	Reduce Scope 1 and Scope 2 emissions by **84%** in total.
Scope 2	Indirect GHG emissions associated with purchasing electricity, steam, heat or cooling. *Purchased electricity only.*	Measure the amount of electricity used at each of our facilities, converting this into equivalent CO_2 emissions based on how the electricity was generated.	Our Scope 2 emissions comprise the bulk of our total emissions and are related to electrical energy consumption. These are discussed in detail on page 50.	Reduce Scope 2 emissions to **zero**.
Scope 3	All other indirect emissions occurring in an organisation's value chain. *Waste (general, hazardous and medical waste), water (electricity usage to pump and treat water and waste water), 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).*	Sourced directly from our service providers.	We are working to enhance our science-based targets to include Scope 3 emissions. This requires a detailed analysis to quantify and map upstream and downstream emissions, as well as supplier engagements to influence Scope 3 emissions reductions.	Reduce Scope 3 emissions by **6%**.

1. With FY2020 as the baseline year for our 2030 strategy targets.
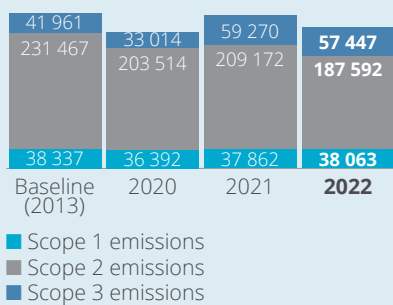2. Liquified petroleum gas (LPG).

Netcare 911

We have emergency ambulance services located at 92 sites. At November 2022, the fleet comprised 228 petrol/diesel vehicles and, while a significant contributor to our Scope 1 emissions – our fleet is essential for providing quality emergency care for insured and uninsured patients. We have begun to explore ways to reduce these emissions by sourcing electric ambulances and biofuel, however, this initiative remains in its very early stages and implementation is likely to commence in the medium to long term.

FY2022 performance

- Total Scope 1 emissions remained stable despite a significant increase in load shedding hours over the year[1] and the higher emissions factor applied.
- Scope 2 emissions decreased significantly due to consistent reductions in energy consumption (through energy efficiency initiatives) and renewable energy purchased.
- Scope 3 emissions decreased 3%, mainly due to reductions in HCRW volumes (attributable to better segregation at source).

1. 1 949 hours between January and September 2022 compared to 1 153 for all of 2021. Source: CSIR report: Statistics of Utility-Scale Power Generation in South Africa, 2022H1. https://www.csir.co.za/documents/statistics-utility-scale-power-generation-south-africa2022h1pdf.

Breakdown of GHG emissions (tCO_2e)

	Baseline (2013)	2020	2021	**2022**
Scope 3	41 961	33 014	59 270	**57 447**
Scope 2	231 467	203 514	209 172	**187 592**
Scope 1	38 337	36 392	37 862	**38 063**

■ Scope 1 emissions
■ Scope 2 emissions
■ Scope 3 emissions

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

Fuel and energy related activities: 17
Mobile fuels: 3
Stationary fuels: 3
Product use emissions: 7
Waste: 3
Scope 1: 13
Scope 3: 20
Scope 2: 66
Purchased electricity: 66
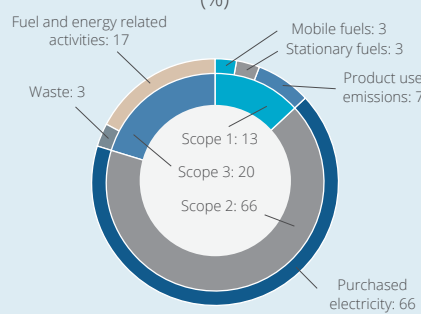
Scope 1 GHG emissions breakdown (%)

Diesel – generators 12
Diesel – transport 10
Natural gas 4
LPG 1
Coal 23
Medical gases 43
Mobile fuels 27
Products used 50
Stationary used 23
Refrigerant gases 7
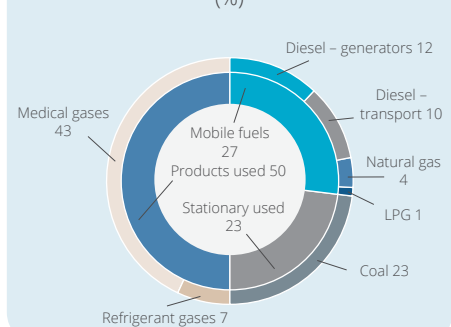
Key data: emissions

	Unit	**2022**	% change	2021	2020	Baseline (2013)
CO_2 emissions						
Scope 1 emissions	tCO_2e	**38 063**	0.5%	37 862	36 392	38 337
Scope 2 emissions	tCO_2e	**187 592**	(10.3%)	209 172	203 514	231 467
Total Scope 1 and 2 emissions	tCO_2e	**225 655**	(8.7%)	247 034	239 906	269 804
Scope 3 emissions	tCO_2e	**57 447**	(3.1%)	59 270	33 014	41 961
Total Scope 1, 2 and 3 emissions	tCO_2e	**283 102**	(7.6%)	306 304	272 920	311 765
Emissions falling outside the Kyoto Protocol	tCO_2e	**1 904**	114.2%	889	1 334	2 689
Total measured GHG emissions	tCO_2e	**285 006**	(7.2%)	307 193	274 254	314 454
CO_2 intensity ratios						
Ratio of Scope 1 and 2 to:						
– Revenue	tCO_2e/Rm	**10.43**	(10.5%)	11.65	12.73	20.09
– Registered beds	tCO_2e/bed	**20.82**	(4.6%)	21.82	21.23	33.56

Looking ahead

- Continue to explore projects for offsetting our Scope 1 and Scope 3 emissions.
- Revise our procurement strategies to reduce Scope 3 emissions.

Energy

As a key element of our decarbonisation journey and 2030 strategy, 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
(%)
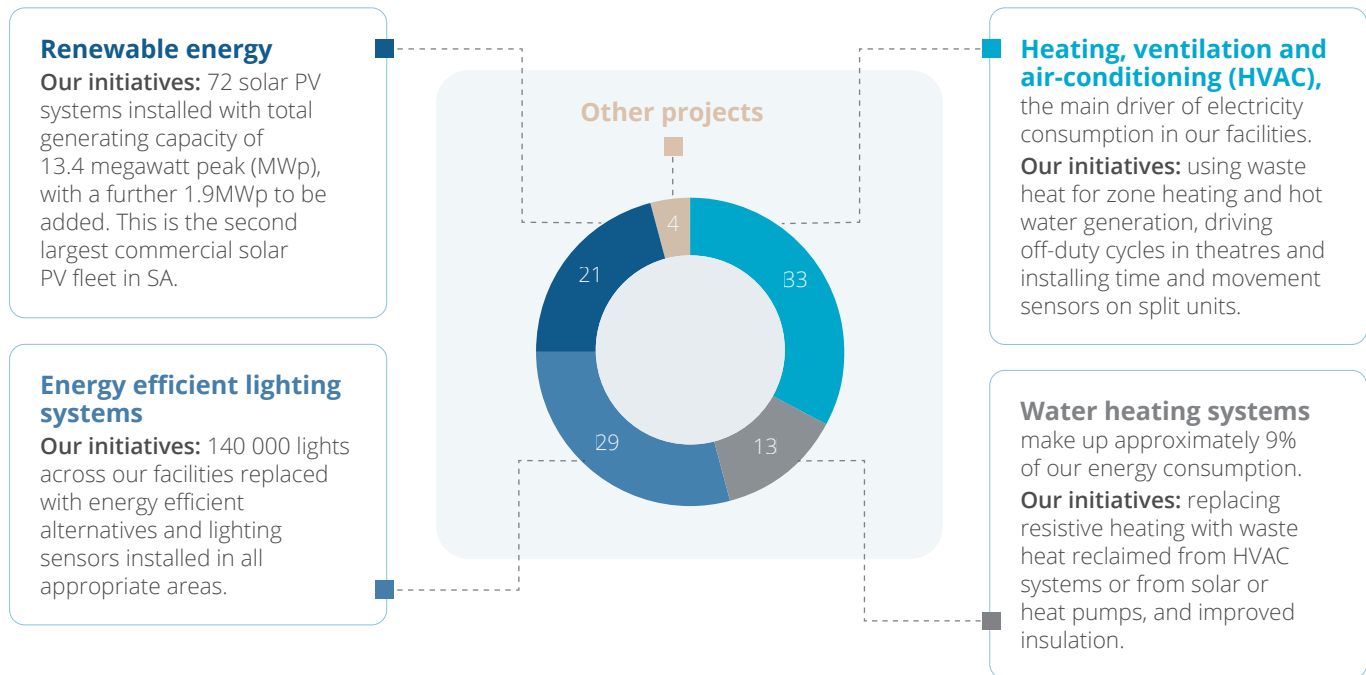
Renewable energy

Our initiatives: 72 solar PV systems installed with total generating capacity of 13.4 megawatt peak (MWp), with a further 1.9MWp to be added. This is the second largest commercial solar PV fleet in SA.

Energy efficient lighting systems

Our initiatives: 140 000 lights across our facilities replaced with energy efficient alternatives and lighting sensors installed in all appropriate areas.

Other projects

4

21

33

29

13

Heating, ventilation and air-conditioning (HVAC), the main driver of electricity consumption in our facilities.

Our initiatives: using waste heat for zone heating and hot water generation, driving off-duty cycles in theatres and installing time and movement sensors on split units.

Water heating systems make up approximately 9% of our energy consumption.

Our initiatives: replacing resistive heating with waste heat reclaimed from HVAC systems or from solar or heat pumps, and improved insulation.

Additional energy efficiency projects:

- Rolling out fresh air pre-treatment cooling units across all facilities to reduce energy used for air conditioning.
- Replacing end-of-useful-life equipment.
- Implementing additional onsite PV plants.
- Utilising water and oil treatment to improve chiller efficiencies.
- Further improving HVAC efficiency.
- Implementing new technologies as these develop.

How we measure and track energy

We measure energy consumption through electricity purchased and calculate reductions against our performance in 2013; this is adjusted year-on-year to accommodate for growth in activity and floor space expansion. 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.

Electricity meters are installed on an ongoing basis at Netcare hospitals and more recently at Netcare Medicross centres and Netcare Akeso facilities. 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. Audits are undertaken nationally, enabling us to identify opportunities to reduce our electricity consumption and additional projects for implementation.

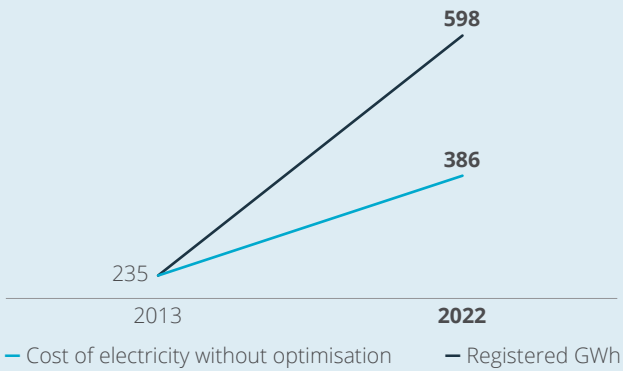We primarily measure energy intensity based on energy consumption per bed in use rather than patient days. This is because measures of patient days do not take into account the base energy consumption of a facility (e.g. HVAC and lighting requirements) required whether or not the beds are in use. Only once a facility exceeds 60% of capacity does patient days become a driver of energy consumption.

Achieving 100% renewable energy will maximise our ability to reduce emissions, lower operational costs and is expected to increase our savings by an additional R11 million per annum in today's terms. Currently, we use around 208GWh of electricity a year, of which around 16GWh is generated from our solar PV fleet across SA. We are evaluating wheeling renewable energy for the remaining 192GWh and aim to reach financial close for agreements to grid wheel renewable energy to six facilities in FY2023, and to begin purchasing green energy from an Independent Power Producer by FY2024.

FY2022 performance

- Year-on-year cost decreased 1% to R386 million due to energy efficiency and renewable energy initiatives.
- The cumulative electricity tariff increase since 2013 has been 113%, meaning that had we continued with business as usual, our electricity cost per bed would have been R57 500 compared to our current electricity cost per bed of R37 100 – a 38% increase on FY2013.
- Installed three new PV systems in FY2022. The new Netcare Alberton Hospital has a solar PV system that will contribute approximately 2GWh of electricity a year – equivalent to 76 000 energy efficient light bulbs burning for a year, saving R4 million.
- Six facilities have fresh air pre-treatment cooling units installed as of FY2022.
- Diesel usage increased 66% due to increased load shedding, negatively impacting Scope 1 emissions.
- Recovered costs for 19 megawatt hours (MWh) from tenants (FY2021: 20MWh).

Optimisation impact from energy saving initiatives
(Rm)

598

386

235

2013 **2022**

— Cost of electricity without optimisation   — Registered GWh

Optimisation impact from energy saving initiatives
(GWh)

296

248

192

2013 **2022**

— GWh no optimisation   — Registered GWh

Energy consumption
(kWh)

	2019	2020	2021	2022
Renewable energy	12 334	13 351	15 625	15 580
Electricity purchased	213 551	210 899	206 034	191 973

■ Electricity purchased   ■ Renewable energy
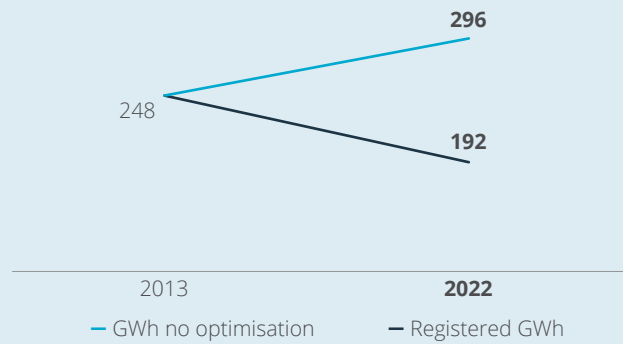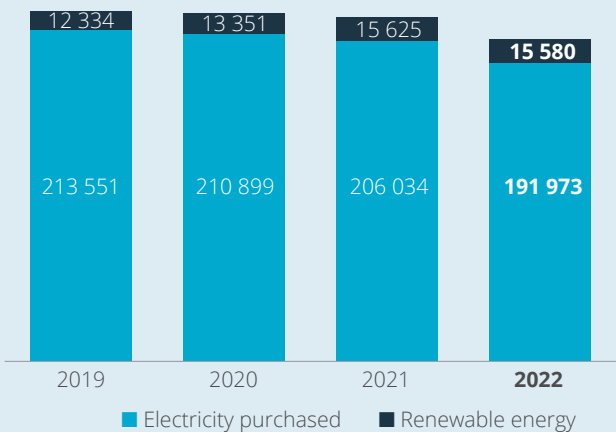
Electricity intensity on monitored facilities

	2013	2019	2021	2022
kWh/bed in use/year	24 457	20 730	19 872	19 920
kWh/patient day	97	84	96	90

■ kWh/bed in use/year   ■ kWh/patient day
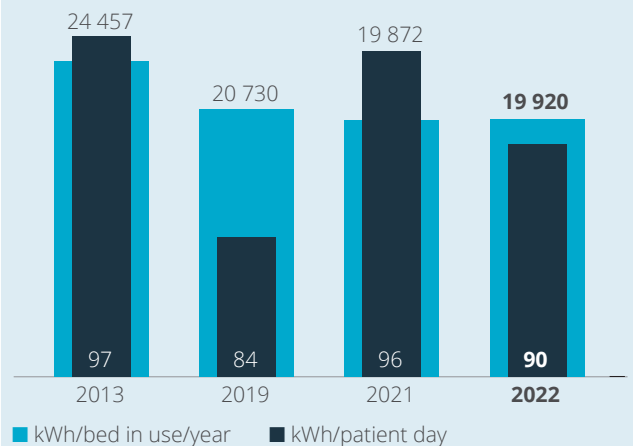
Energy continued

Progress against FY2022 targets[1]

Energy efficiency
(tCO$_2$e)

Target:	Achieved:
1 426 tCO$_2$e	**1 480 tCO$_2$e**
reduction with a stretch target of 1 462 tCO$_2$e.	reduction

Energy efficiency
(tCO$_2$e)

Target:	Achieved:
860 tCO$_2$e	**861 tCO$_2$e**
reduction with a stretch target of 899tCO$_2$e.	reduction

1. Targets are reported in tCO$_2$e to demonstrate the impact that energy reductions have on Netcare's carbon footprint. This is aligned to our 2030 strategy targets which speak to emissions reductions.

Key data: energy use

	Unit	2022	% change	2021	2020	Baseline (2013)
Direct energy used	gigajoules	**234 616**	10.2%	212 969	197 325	205 259
Indirect energy used	gigajoules	**691 103**	(6.8%)	741 723	759 235	833 281
Total energy consumed	gigajoules	**925 719**	(3.0%)	954 692	956 560	1 038 540

Note: Total energy use includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover more than 90% of the hospital network, 75% of Primary Care's electricity expense and 100% of Netcare Akeso facilities' electricity expense. Data covers SA and Lesotho up to FY2021 and thereafter only covers SA.

Looking ahead

- Drive initiatives aimed at meeting our 2030 target to purchase 100% of our energy from renewable sources.
- Pilot a BESS system to determine the savings and benefits that can be achieved. BESS provide energy cost advantages by storing energy in off-peak periods and discharging in peak periods as well as powering hospitals during load shedding.
- Roll out further efficiency projects (e.g. replacing our current energy efficient lighting with more efficient LED equivalents and conducting voltage optimisation).
- Explore utilising lower carbon-emitting fuel for diesel generators used during power outages and load shedding.
- Prioritise purchasing energy from renewable sources.

Waste

Landfill space in SA is rapidly decreasing and waste disposed through landfills is associated with severe environmental costs, making waste diversion imperative for public and private sector entities. As a core focus of our 2030 sustainability strategy, we aim to exceed the National Waste Management Strategy requirements for diverting waste from landfill and have set a target to reduce landfill waste to zero by 2030.

Our waste breakdown by category for FY2022
(%)

HCRW is the most expensive category of waste to dispose of and includes sharps, gloves, used medical items like bandages and infectious waste (including highly infectious or isolation waste) as well as anything anatomical. The balance of our waste is either recycled or sent directly to landfill.

Given legislative controls and our focus on this waste stream, our HCRW is accurately reported.

Recycled waste. Recycling provides a means to reduce our Scope 3 emissions, limit our exposure to unpredictable waste cost escalation and convert our waste streams to value streams that support enterprise and supplier development.

General waste includes all waste sent to landfill (except HCRW). We are currently focused on gaining a better understanding of this waste stream so that we can define a reduction pathway.

12

32

56

Our zero general waste to landfill strategy

We use the waste management hierarchy (which ranks various management strategies from most to least environmentally preferred) to guide our zero waste strategy and have developed a staged process for implementation at Netcare sites.

A national rollout for this initiative is planned for FY2023. While it is likely that unique logistical and/or legal factors will result in delays at individual sites, we anticipate zero general waste certification for the Group by 2026.

Waste management heirarchy

Reduce and reuse
decreasing waste sent to landfill by **50% – 60%**

through training and awareness programmes, and supply chain and internal waste management evaluations and interventions

Recycle and recover
decreasing waste sent to landfill by **60 – 90%**

by driving proper segregation at source and ensuring that the maximum amount of waste is recycled

Dispose

100% diversion can only be achieved through technological innovation

Waste continued

Zero general waste process

Current state assessment

1

Reviewing and evaluating current waste management procedures.

Waste characterisation

2

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

Standard operating procedures

3

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

Service provider alignment

4

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

Zero waste strategy

5

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

Strategy implementation plan

6

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

Resulting in zero waste certification

FY2022 performance

- To date, the project has been implemented at eight Netcare facilities (double the number initially proposed).
- Five of the eight sites have met our internal target of diverting 75% of general waste from landfill and three are currently diverting 65% of general waste from landfill.

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 regulation, 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 safety, health, environmental sustainability and quality management (SHEQ) information management system) and a data management dashboard is used to track waste volumes at hospitals.

More detailed information on SafeCyte is available in the Quality report.

Integrated waste management initiatives

HCRW beneficiation

Diverting HCRW reduces operational costs and significantly reduces waste volumes sent to landfill but is contingent on this waste being treated to a standard that allows for repurposing.

With our partners and waste service providers, we conducted a proof of concept exploring ways to treat HCRW to a low-risk, sterile standard that poses no risk for human handling or the environment.

A variety of uses for the transformed waste is being investigated, including whether it can be used to produce fuel cells for market, or sold as a raw material for making secondary products.

230 tonnes

of HCRW treated and diverted from landfill.

Four

hospitals currently participating in this initiative.

Run in partnership with the Council for Scientific and Industrial Research (CSIR) and Tech4Green.

Clinical glass recycling

Netcare generates large volumes of clinical glass, the majority of which is currently incinerated and disposed of at landfills. In partnership with Imperative Waste Solutions and A-Thermal Retort Technologies, we piloted a clinical glass recycling project that has now been trialled at three Netcare hospitals.

The project involves removing clinical glass from participating hospitals and treating it 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).

24 tonnes

clinical glass diverted from landfill during FY2022.

Reusable sharps containers

In hospital settings, needles and other sharp and hazardous waste are disposed of in dedicated single-use containers (sharps containers). In 2018, we began piloting the use of Daniel Sharpsmart containers in Netcare facilities in KwaZulu-Natal.

The Daniel Sharpsmart containers are a reusable sharps waste containment system that protects against infection risk and dramatically reduces environmental burden. The reusable sharps containers allow for segregation of sharps waste at source and eliminate supply chain challenges associated with disposable single-use containers.

11 tonnes

of plastic waste diverted from landfill as of the end of September 2022.

All KwaZulu-Natal

hospitals currently participating in this initiative.

Organic waste composting and recovery

Our organic and wet waste largely comprises food waste from our kitchens, the quantities of which are substantial. To reduce the volume of food waste diverted to landfill, we have introduced onsite and offsite composting solutions at a number of Netcare sites, with expansion planned for the near future.

In FY2021, we conducted a composting feasibility study on diverting organic waste from landfill at four hospital facilities using composting and anaerobic biodigestion plants (located onsite or offsite) that are capable of treating 50 tonnes of organic wet waste per day. These solutions were rolled out to 15 facilities over FY2022.

400 tonnes

of food waste diverted from landfill between over FY2022.

48

Netcare sites (including hospitals and Netcare Akeso facilities) currently participating in this initiative.

Additional recycling initiatives

Converting **freeflex drip bag** residue to refuse-derived fuel, diverting **12 tonnes** of waste from landfill since December 2020.

In partnership with Kyocera, recycling all **electronic waste and batteries** from hospitals, diverting **two tonnes** from landfill since February 2022.

Recycling and repurposing **sterile medical theatre wrap**, diverting **three tonnes** from landfill over FY2022.
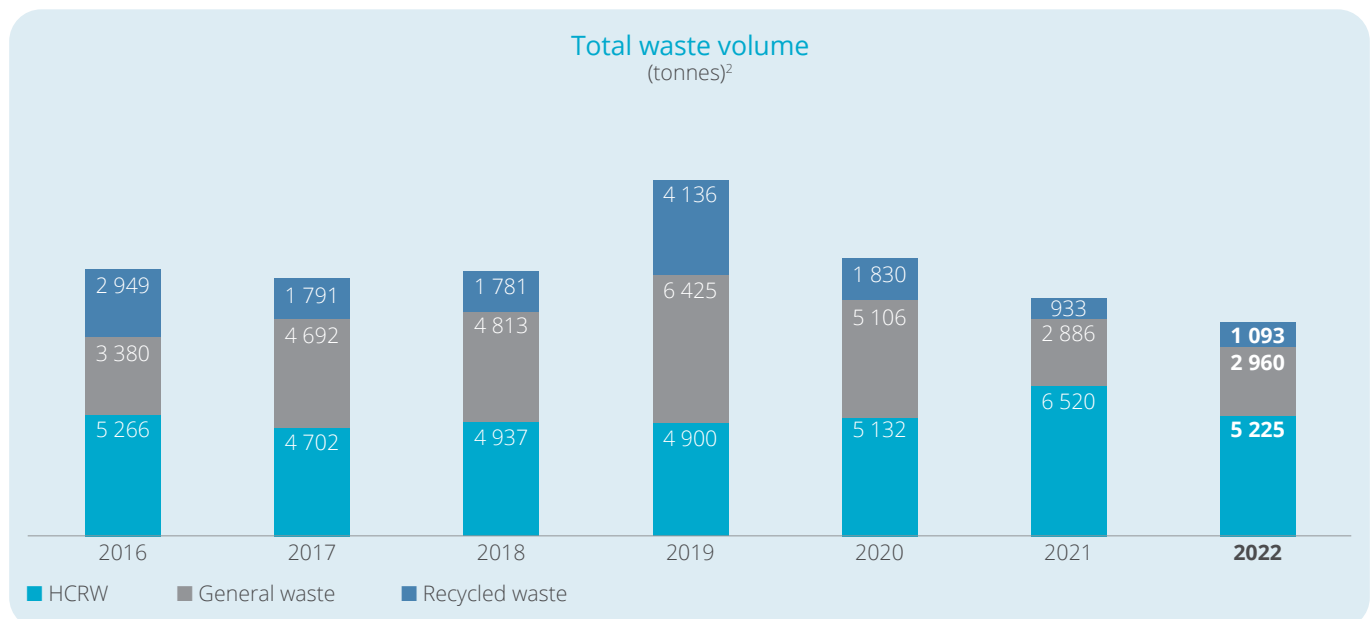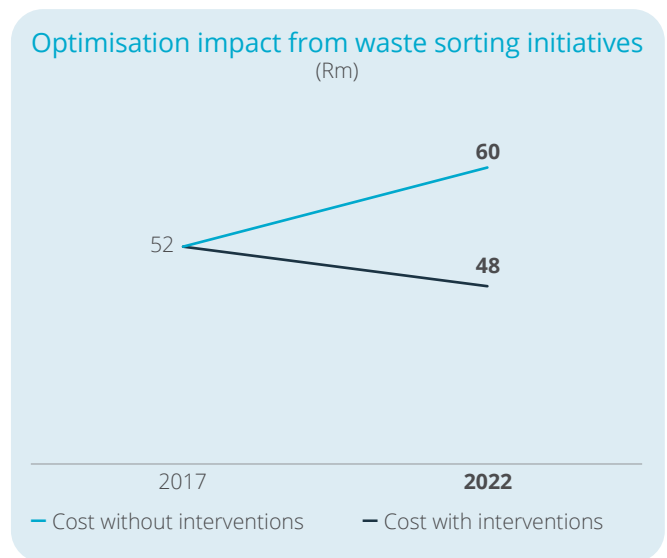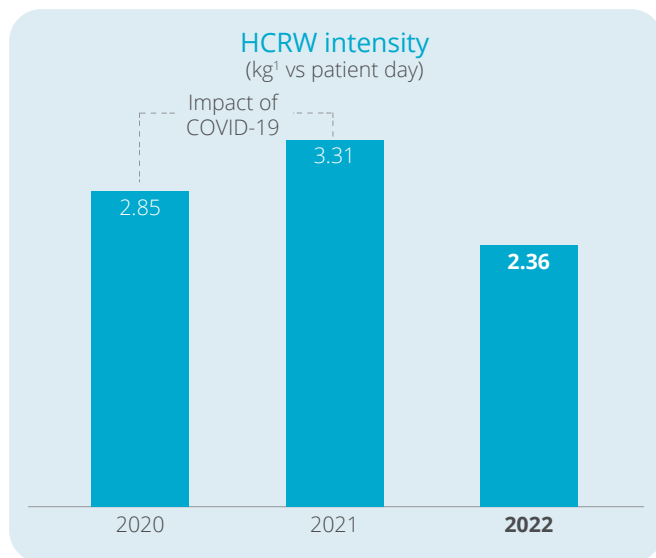
Waste continued

Waste and effluent disposal

A comprehensive action plan is in place to address HCRW, which is the most expensive operational cost associated with waste. We focus on finding innovative ways to recycle our waste into reusable products and correctly segregating waste using clearly marked colour-coded bins. We provide training to our employees on our recycling initiatives.

All untreated effluent is discharged into municipal sewer systems.

FY2022 performance

- HCRW generation decreased significantly and the year-on-year cost of HCRW decreased by 19% (with the balance of waste disposal costs increasing by 10%). This is attributable to better segregation of HCRW at source, resulting in increased general waste volumes and decreased HCRW volumes.
- Conducted a waste data quality review and advertised a national waste tender to align waste contractors with the Netcare zero waste goal and ensure improved contractor data management.
- Implemented waste performance tracking dashboards at all hospital sites.
- Trained four SHEQ regional managers on integrated waste management (IWM) within the healthcare sector. Ongoing mentorship is provided by the IWM Lead.
- Over 40 hospital-based waste officers trained on waste governance, recycling and waste beneficiation.
- There were no significant spills in FY2022.

HCRW intensity
(kg[1] vs patient day)

Impact of COVID-19

2020	2021	2022
2.85	3.31	**2.36**

Optimisation impact from waste sorting initiatives
(Rm)

	2017	2022
Cost without interventions	52	60
Cost with interventions	52	48

— Cost without interventions — Cost with interventions

Total waste volume
(tonnes)[2]

	2016	2017	2018	2019	2020	2021	2022
Recycled waste	2 949	1 791	1 781	4 136	1 830	933	**1 093**
General waste	3 380	4 692	4 813	6 425	5 106	2 886	**2 960**
HCRW	5 266	4 702	4 937	4 900	5 132	6 520	**5 225**

■ HCRW   ■ General waste   ■ Recycled waste

1. Kilogram (kg).
2. Total provided for HCRW includes incinerated HCRW.

HCRW cost and HCRW cost per patient day

Cost intensity impact due to **COVID-19**

15% reduction per patient day:
management intervention to drive segregation at source

Year	HCRW cost (Rm)	HCRW cost per patient day (R)
2016	52	21.79
2017	41	17.27
2018	43	17.89
2019	44	17.23
2020	49	22.72
2021	64	28.62
2022	52	22.58

■ HCRW cost (Rm) — HCRW cost per patient day (R)
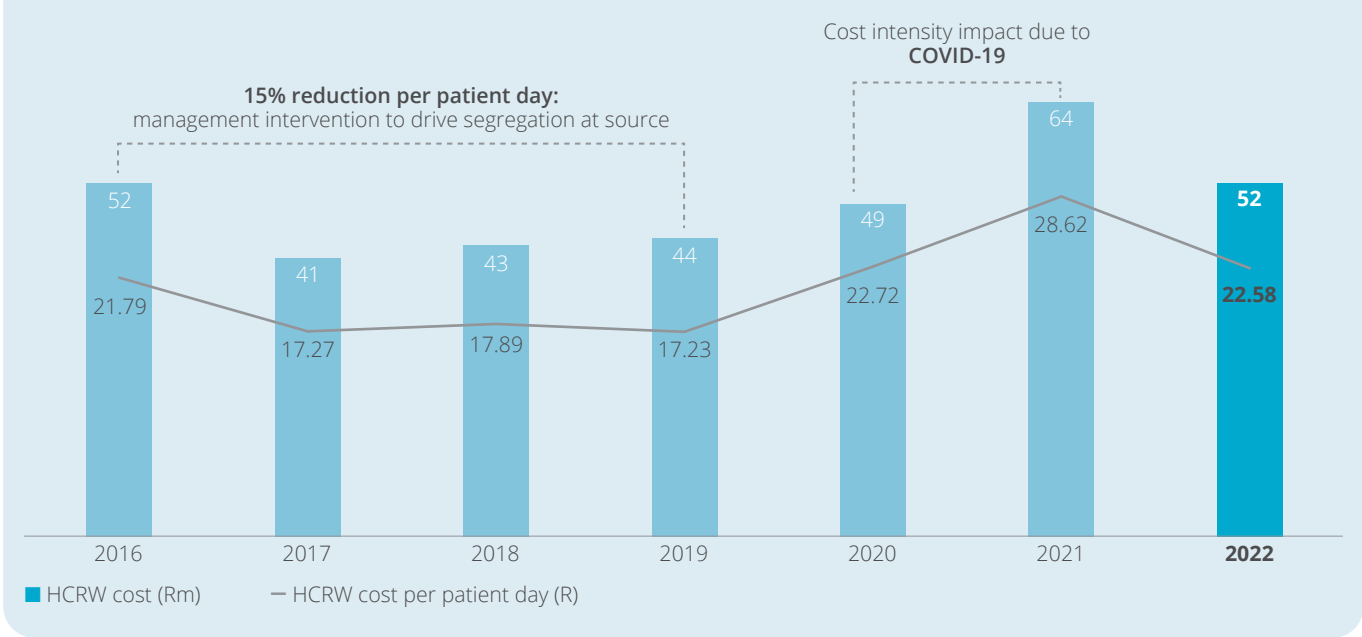
Key data: waste management

	Unit	2022	% change	2021	2020	Baseline (2017)[1]
HCRW						
– Incinerated	tonnes	**75**	(41.9%)	129	140	72
– Treated and landfilled	tonnes	**5 150**	(19.4%)	6 391	4 992	4 630
General waste (landfilled)	tonnes	**2 960**	2.6%	2 886	5 106	4 692
Total waste[2]	tonnes	**8 185**	(13.0%)	9 406	10 239	9 394
Recycled waste	tonnes	**1 093**	17.1%	933	1 830	1 791
Ratio of total waste generated to:						
– Revenue	kg/Rm	**378**	(14.9%)	444	543	491
– Registered beds	kg/bed[3]	**755**	(9.1%)	831	906	886

Note: Data covers SA and Lesotho for FY2020 and FY2021 and only SA for FY2017 and FY2022.
1. Now reporting against official baseline indicating when initiatives were implemented rather than FY2013 values.
2. Total waste excludes recycled waste.
3. Registered bed for the Hospital Division and Netcare Akeso.

Looking ahead

- Investigate further solutions for diverting HCRW from landfills.
- Further enhance the PVC waste recycling initiative to maximise recycling and extend the range of PVC materials included for recycling.
- Scale the clinical glass recycling project solution for implementation across 50% of Netcare facilities by FY2023.
- Include more sites in the food waste recycling project and explore a long-term solution to generate energy from food waste and blackwater, potentially enabling us to divert 100% of food waste from landfill.
- Progress the IWM waste reports that have been introduced in Netcare hospitals to establish benchmark targets for each hospital.
- Explore opportunities to recycle additional types of general waste.
- Roll out electronic waste and freeflex drip bag recycling programmes at additional Netcare facilities.
- In partnership with our service providers, establish a take-back programme for non-recyclable electronic waste.

Water

In 2011, the CSIR reported that if consumption patterns remained the same, SA's freshwater resources would be depleted by 2030. Due to aging infrastructure, challenges regarding water treatment and purification, delays in the Lesotho Highlands Project[1], and an increase in climate change-related weather disruptions and droughts, water security is increasingly threatened. To alleviate pressure on national resources and infrastructure and ensure our continued operations we must secure a sustainable water supply.

Key water supply challenges for organisations operating in SA

	Challenge	Description
	Water treatment and purification	Around **84%** of effluent generated in SA is not treated to the required standard before being re-introduced into fresh surface water systems. Much of the country's surface water is contaminated by industrial chemicals, pharmaceuticals, agricultural effluent and other pollutants.
	Droughts and water shortages	A 2015 water audit conducted across Netcare facilities revealed that **39%** of our facilities are located in areas at elevated risk of experiencing regular water shortages.
	Delayed Lesotho Highlands Project	The Highlands Scheme is more than five years behind schedule, and it is anticipated that Gauteng will experience a water deficit until **2030**.
	Groundwater quality and availability	Gauteng groundwater has been compromised by past mining activities, and availability is insufficient in some areas.

We are continuing to develop our water strategy roadmap, with the aim of reducing water consumption from 500 litres per bed per day to 400 litres per bed per day by FY2030 (a 20% reduction of our impact on water sources)[2]. Our focus thus far has been on establishing a solid baseline for benchmarking (in line with global best practice). We have also begun to roll out efficiency equipment to reduce water consumption and continue to roll out boreholes as well as explore the feasibility of harvesting and treating our greywater and blackwater into potable water using purpose-built water treatment plants

1. A binational infrastructure project between Lesotho and SA, designed to supply SA with water and hydroelectric power to Lesotho.
2. The 20% reduction refers to actual water used per bed (from 500 to 400 litres). The water intensity figure reported in the table on page 61 and the performance overview on page 39 refers to the ratio of total water used by the Group to each registered bed (calculated as total consumption/registered bed).

Key water saving initiatives

Our water saving projects have focused on water efficiency initiatives (changing existing showerheads to low-flow shower heads and upgrading autoclaves), grey water recycling and installing desalination plants.

Wastewater harvesting

Wastewater treatment is the most comprehensive and beneficial solution for supplementing and securing our water supply, reducing our environmental impact, and reducing demand on the national water supply. Over the past five years, Netcare has extensively investigated using greywater and recently began to explore treating and harvesting blackwater as well. With the cost of water increasing almost 300% between 2013 and 2022 and a projected 75% increase in water costs between 2020 and 2025, our feasibility analyses indicate that these projects are likely to result in cost savings in the medium to long term. The biggest challenges for implementing water harvesting initiatives are public perception and legislation.

We now have a greywater treatment plant at Netcare Sunninghill Hospital and the Netcare Alberton Hospital water treatment plant is expected to be brought online in the latter part of FY2023; the plant will collect greywater and treat it to the quality standards of drinking water. The hospital also has an attenuation pond to capture rainwater and four boreholes with both sources able to feed into the treatment plant. Provision has also been made to treat blackwater with minimal adjustment to the water treatment plant should the need arise.

Netcare Alberton Hospital

We estimate that just over **50 000kl** of water can be saved annually through the plant.

Reverse osmosis plants

National Renal Care implemented 38 indirect feed (storing all unused water) reverse osmosis plants during FY2022; these save between 50% and 70% of water depending on the unit. 42 National Renal Care renal dialysis units now have these types of plants.

27 043kl

of water saved to date.

Netcare Christiaan Barnard Memorial Hospital desalination plant

In 2019, we installed a desalination plant at Netcare Christiaan Barnard Memorial Hospital. The plant supplies 100% of the hospital's water and is capable of supplying water to all our facilities in the Western Cape independently of the water utility.

Over **60 000kl** of water saved per annum.

How we measure and track our water use

We use water meter readings to set targets for each facility, along with a list of interventions and associated implementation plans. 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 FY2021.

Water meters are installed at **all** Netcare hospitals.
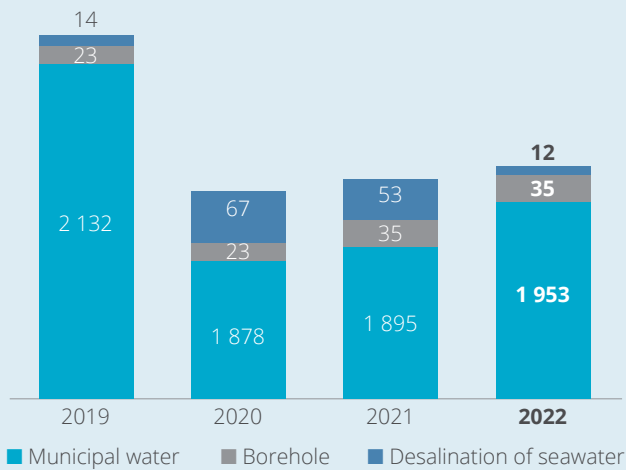
Water continued

Water sources

We use municipal water at all sites barring Netcare Alberlito, Netcare Kroon, Netcare Margate, Netcare Pholoso and Netcare Greenacres hospitals, where borehole water is used in addition to municipal supply. 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.
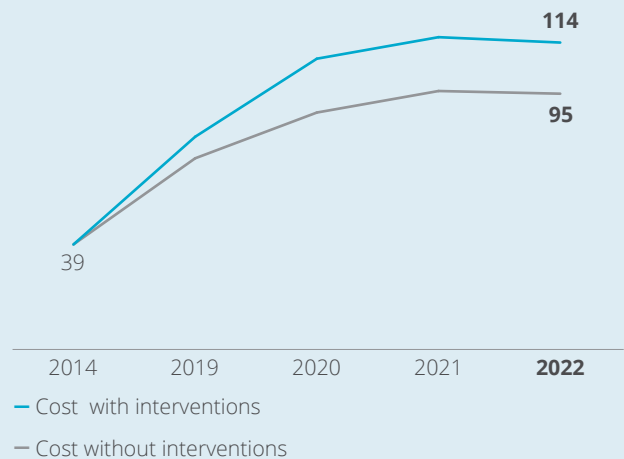
FY2022 performance

- Total water cost decreased year-on-year by 1.7% due to our water saving initiatives.
- Total consumption increased due to an increase in patient days as business recovers post-COVID.
- Upgraded all autoclaves in the Hospital Division to ensure the most efficient technology is being used.
- Upgraded water supply in hospitals where there is a high risk that municipal fire hydrant water supply is insufficient.
- Expanded our metering rollout to include major water consumers across the Group and provide an in-depth understanding of water consumption per area. The initiative will be further expanded to include major plant areas (e.g. HVAC system cooling towers).

Water consumption
(megalitres)

Year	Desalination of seawater	Borehole	Municipal water
2019	14	23	2 132
2020	67	23	1 878
2021	53	35	1 895
2022	12	35	1 953

- Municipal water - Borehole - Desalination of seawater

Optimisation impact from water saving initiatives
(Rm)

	2014	2019	2020	2021	2022
Cost with interventions	39				114
Cost without interventions					95

— Cost with interventions
— Cost without interventions

Water reduction
(litres per bed per day)

2014	2015	2016	2017	2018	2019	2020	2021	2022
592	589	560	521	535	514	455	458	493

Decrease due to lower patient days due to COVID-19
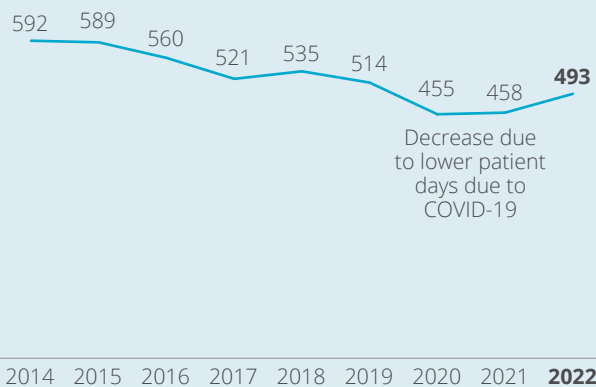
Key data: water consumption

	Unit	2022	% change	2021	2020	Baseline (2014)[1]
Municipal water consumption	kl	**1 953 678**	3.1%	1 895 020	1 878 400	2 035 101
Ratio of total water to:						
Revenue	kl/Rm	**90**	1.1%	89	100	125
Registered beds	kl/bed	**180**	7.8%	167	166	216

Note: Excludes re-use and borehole water. All facilities have water meters with more than 800 components installed since 2015. Data covers SA and Lesotho up to FY2021 and thereafter only covers SA.
1. Rebased from FY2013 to FY2014 when initiatives were implemented.

Looking ahead

- Continue to investigate and develop possible blackwater treatment plants at facilities. Investigations are currently underway to expand the water filtration plant at the Netcare Greenacres Hospital to allow for the treatment of recycled grey or black water. This will allow for the recycling of up to 75% of the water being used from the boreholes and municipal supply.
- Continue to drive water reduction and saving projects in our facilities.
- Roll out boreholes at additional facilities.

Social

Scope of reporting

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

GRI[1] standards:

102-8*-10 / 102-41 / 102-43 / 202-2 / 203-2 / 204-1 / 401*-3 / 402-1 / 403-1 to 7 / 404-2 and 3 / 405-1 / 406-1 / 407-1 / 413-1 / 419-1

1. *Global Reporting Initiative (GRI).*

* *More detailed information on these indicators can be found in: Additional data: page 126.*

Assurance

- Empowerdex (verification): broad-based black economic empowerment (B-BBEE) 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 an annual basis.

Performance overview

Our people

Employment

18 245

permanent employees.

FY2021: 18 346

R8 015 million[1]

in salaries paid to our employees.

FY2021: R7 570 million

Voluntary turnover decreased to **14.8%** with nurse turnover remaining constant; while overall turnover inclusive of involuntary labour turnover increased from 15.9% to 16.8%.

Health, safety and wellbeing

Around 85%

of employees have received COVID-19 vaccinations.

4 823

employees received OHS[2] training.

FY2021: 1 351

All 49 hospitals

have rolled out module 1 of Care4YOU, a key element of our compassion journey.

FY2021: nine hospitals

385

compassion ambassadors spearhead Care4YOU.

FY2021: 395

> 14 400

permanent employees and around 8 860 contractors completed module 1 of Care4YOU.

Unions

Successful wage negotiations for 2022/2023 with all recognised trade unions (four for the Hospital Division and two for Netcare Medicross).

Engagement

Voice of OUR employees engagement survey rolled out across all sites in the Group.

Target: 100% sites

---

1. Includes public private partnerships, excludes agency costs.
2. Occupational health and safety (OHS). Training conducted in collaboration with Netcare Education. This excludes informal health and safety training which been conducted at national and operational level throughout the year.

Performance overview continued

Our people continued

Training and development

R51 million

invested in training and development, equating to 0.9% of our payroll, exceeding our planned spend of R46 million, but below the 1% prescribed by the Skills Development Act of 1998.

SDP2021[1]: R49 million (1.2%)[2]

86%

(R44 million) of training spend invested in developing black employees and 75% (R38 million) invested in developing black women.

SDP2021: 91% and 82%

1%

(R345 245) of training spend invested in developing employees with disabilities.

SDP2021: 1%

15 968

employees (including 256 current and future leaders) participated in 56 067 training and/or development programmes.

SDP2021: 12 731

77%

of training invested in formal career-oriented NQF[3] programmes.

SDP2021: 89%

54%

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

SDP2021: 84%

Nurse training

595

employees enrolled in formal nursing programmes accredited by SANC[4] with 425 being new intakes.

SDP2021: 1 025

Management and leadership development

25

delegates (including 13 women) completed the executive leadership coaching programme.

81

delegates enrolled in management development programmes. 83% are black, 77% are women and 59% are black women.

SDP2021: 93

57

nursing managers enrolled on *Leading the Netcare Way*. 75% are black, 79% are women and 56% are black women.

SDP2021: 53

Learnerships and internships

668

YES[5] learners have completed the YES4Youth programme since 2018. 596 (89%) of learners who successfully completed the programme are gainfully employed, with 383 (64%) employed at Netcare.

Target: 90% gainfully employed

45

unemployed youth with disabilities enrolled into our FY2022 Sinako learnership programme (restarted in July, after being negatively impacted by COVID-19).

SDP2021: impacted by COVID-19

---

1. *Calculated for the skills development period (SDP) 1 April 2021 to 31 March 2022 as legislated by the Skills Development Act.. Leadership and management training is included in the overall number of employees trained.*
2. *Higher spend attributable to the three-month skills and development levy payment holiday implemented during COVID-19.*
3. *National Qualifications Framework (NQF).*
4. *South African Nursing Council (SANC).*
5. *South Africa's national Youth Employment Service (YES) programme.*

Rating

Level 3 B-BBEE rating

achieved a year earlier than initially targeted.

FY2021: Level 4
Target: Level 4

R439 million

in taxes paid to government.

FY2021: R618 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 HPFL[1] Trust and Treasury shares.

160 million

Netcare shares, valued at R1 billion, transferred to establish the HPFL Trust in 2005.

R1.1 billion

(net of debt) in beneficiation since inception.

Four

employee share scheme and broad-based community scheme trusts[2] that allocate units in favour of black and black women beneficiaries.

29%

of voting rights held by black people, compared to 18% in FY2007.

FY2021: 26%
dtic target: 25%+1 vote

16%

of voting rights held by black women, compared to 2% in FY2007.

FY2021: 15%
dtic target: 10%

Medical doctor profile

52%

of doctors[3] with admission privileges are black, compared to 24% in FY2011.

FY2021: 50%

Leadership

55%

of directors[4] are black compared to 31% in FY2007.

FY2021: 44%
dtic target: 50%

55%

of directors are women compared to 15% in FY2007.

FY2021: 44%

45%

of directors are black women compared to 8% in FY2007.

FY2021: 33%
dtic target: 25%

45%

of the members of our Executive Committee are black, 36% are women and 9% are black women.

FY2021: 46%, 36% and 9%
dtic target: 60% black and 30% black women

Workforce diversity

81%

of our workforce comprises black employees, 81% are women and 65% are black women.

FY2021: 80%, 81% and 64%
EAP[5]: 91%

50%

of senior managers are black compared to 6% in FY2007. 53% are women and 25% are black women.

FY2021: 43%, 60% and 23%

53%

of middle managers are black compared to 21% in FY2007. 61% are women and 32% are black women.

FY2021: 53%, 60% and 31%

76%

of junior managers and skilled workers are black compared to 47% in FY2007. 85% are women and 65% are black women.

FY2021: 73%, 86% and 62%

People with disabilities

IRAS[6], in partnership with the National coalition for and of Persons with Disabilities awarded Netcare for having the highest representation of people with disabilities among JSE listed companies with more than 10 000 employees.

4%

(809) of our workforce are people with disabilities, exceeding the national target of 2%. Of these, 67% are black and 46% are black women.

FY2021: 4%

Note: *We use 2007 as a comparative baseline as this is when the Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes) were introduced. Our Trusts were introduced prior to the promulgation of the Codes, in 2005.*

1. *Health Partners for Life (HPFL).*
2. *Established through the HPFL Trust.*
3. *Data for doctors with billed revenue in excess of R300 000.*
4. *Nine non-executive directors and two executive directors.*
5. *Economically active population (EAP).*
6. *Integrated Reporting and Assurance Services (IRAS).*

Performance overview continued

Our transformation progress continued

Socioeconomic development	Enterprise and supplier development	Preferential procurement

Socioeconomic development

R35 million

CSI spend of which (33%) qualified under the dtic Codes, equating to 1.2% of NPAT[1].

FY2021: R31 million
dtic target: 1% NPAT

91%

of our CSI beneficiaries are black.

FY2021: 94%
dtic target: 75%

R18 million

of our CSI spend was invested in entities that train and develop doctors.

FY2021: R5 million

> 15 000

survivors assisted free of charge through our 37 Sexual Assault Crisis centres since 2002.

Enterprise and supplier development

R62 million

ESD[2] spend.

FY2021: R62 million

R36 million

invested in supplier development, of which 61% (R23 million) was measurable under the dtic Codes, equating to 2.2% NPAT.

FY2021: R45 million (62%)
dtic target: 2%

R26 million

invested in enterprise development, of which 69% (R18 million) was measurable under the dtic Codes, equating to 1.7% NPAT.

FY2021: R17million (47%)
dtic target: 1%

220

jobs supported by our 15 ESD partners with 23 new jobs created this year.

FY2021: 15 supporting 204 jobs

Preferential procurement

R12.9 billion

total procurement spend, of which 89% (R11.5 billion) qualified as measurable under the dtic Codes.

FY2021: R12.3 billion (93%)

R13.2 billion

(114%) of measurable spend was with B-BBEE compliant suppliers.

FY2021: R12.3 billion (108%)
dtic target: 80%

Note: We use 2017 as a comparative baseline for procurement and supply chain diversification progress as we introduced an integrated transformation improvement plan after amendments to the dtic Codes in 2015 (which resulted in our B-BBEE rating dropping from Level 2 to Level 8). For more on this, see page 90.

1. Net profit after tax (NPAT)
2. Enterprise and supplier development (ESD).

Supply chain diversity

51%

(R5.9 billion) of measurable spend was with >51% black-owned enterprises.

FY2021: 49% (R5.6 billion)
dtic target: 50%
Internal target: 40%

Black-owned suppliers now comprise **27%** of total suppliers, up from 6% in FY2017.

33%

(R3.7 billion) of our measurable spend was with 30% black women-owned enterprises.

FY2021: 28% (R3.2 billion)
dtic target: 12%
Internal target: 26%

Black women-owned suppliers comprise **15%** of total suppliers, up from 3% in FY2017.

9%

(R1 billion) of our measurable spend was with QSEs[1].

FY2021: 8% (R914 million)
dtic target: 15%
Internal target: 8%

QSEs now comprise **14%** of total suppliers, up from 6% in FY2017.

5%

(R543 million) of our measurable spend was with EMEs[2].

FY2021: 3% (R355 million)
dtic target: 15%
Internal target: 7%

EMEs now comprise **29%** of total suppliers, up from 9% in FY2017.

8%

(R916 million) of our measurable spend was with majority black-owned and black women-owned QSEs and EMEs.

FY2021: 6% (R715 million)
Internal target: 10%

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

Supply chain diversification progress
(black-owned, black women-owned, EME and QSE suppliers as a percentage of total suppliers)

| 2017 | 2018 | 2019 | 2020 | 2021 | **2022** |

— >51% black owned — >30% black women owned — QSEs — EMEs
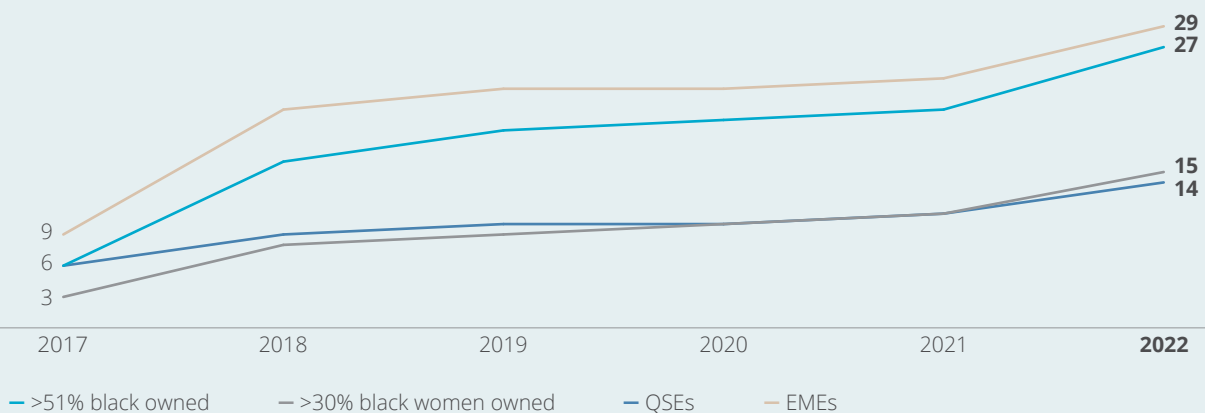
Our people

The Netcare Way culture of caring means that we prioritise the wellbeing of our employees, never more crucial than during the COVID-19 pandemic, which has challenged healthcare systems in South Africa (SA) and across the globe. Over the past few years, the pandemic exerted enormous pressure on our employees who needed to work long hours to provide compassionate health and care to our patients. The changing nature of the pandemic – from an urgent existential crisis to a protracted global response to a pandemic disease verging on entering the endemic stage – poses new challenges requiring a different response; namely, a heightened focus on the wellness of our people, particularly their psychosocial wellbeing and risk of burnout after a series of incredibly difficult and traumatic years.

In addition to supporting our teams, we continued to focus on addressing the challenges posed by the national shortage of healthcare professionals, redoubling our recruitment and retention efforts and ensuring that our employees are appropriately skilled to address current and predicted skills gaps. We have also maintained our focus on key areas including employee engagement and relations, management and leadership development, succession planning, diversity and inclusion.

Core people objectives:

Prioritise the health, safety and wellbeing of our people.	Attract, retain and develop our talented people to maximise their potential and drive our person centred, digitally enabled and data driven health and care strategy.	Build pipeline and bench strength for clinical and support functions.	Invest in leadership development.	Drive diversity and inclusion.

Relationship to business strategy

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

Transformation of our society — Continuing to develop and invest our workforce and communities

Key data: Our people

	2022	2021	2020
Employee by employment contract			
Permanent: full time	**18 030**	18 088	18 892
Permanent: part-time	**215**	258	322
Fixed-term	**671**	922	923
Total workforce	**18 916**	19 268	20 137

	2022	2021	2020
Permanent employee breakdown			
Hospital and Pharmacy	**14 508**	14 859	15 705
Radiotherapy	**73**	64	59
Netcare 911	**1 157**	1 159	1 136
Netcare Management	**773**	658	635
Netcare Akeso	**510**	484	497
Innovative Healthcare Solutions	**28**	26	–
Primary Care – Occupational Health	**181**	42	59
Primary Care	**787**	844	916
Total permanent employees	**18 036**	18 136	19 007
Public private partnerships	**228**	210	207
Total permanent employees including public private partnerships	**18 245**	18 346	19 214

	2022	2021	2020
Permanent employees by employment level			
Executive	**45**	43	45
Management	**1 676**	1 597	1 585
Professional	**7 288**	6 911	7 096
Enrolled nursing and support	**9 236**	9 795	10 488
Total	**18 245**	18 346	19 214

Additional data: PG 126.

Employee health, safety and wellbeing

While the health, safety and wellbeing of our employees is always a priority, the COVID-19 pandemic necessitated robust and comprehensive strategies for managing the immense challenges faced by our people and the risk of COVID-19 infection for all employees. Our initial response to the pandemic and its associated surges focused on protecting our people from infection, caring for those who were infected or ill and ensuring that our people received additional psychosocial support to adequately cope with trauma. The shift in the nature of the pandemic has required an intensified focus on caring for our people, placing their psychosocial wellbeing at the forefront of our human capital initiatives and helping to manage and minimise their risk of burnout after the challenging and traumatic conditions experienced during the first two years of the pandemic.

This shift in prioritisation is largely possible due to our confidence that we now have the infrastructure, processes and experience needed to appropriately manage the threats posed by new COVID-19 surges and future pandemics, while remaining cognisant of the fact that new and even more impactful strains of COVID-19 may emerge in the coming years. We have, therefore, retained many of the response mechanisms introduced in the past few years to continue to protect our people from COVID-19 and to care for them should they fall ill.

Responding to COVID-19

We adhere to and monitor best practice OHS protocols. Prevention and support are focused on employee medical surveillance, major incident management, infection prevention and control protocols and prioritising the physical, mental and emotional wellbeing of frontline employees. We also engage more intensively with organised labour.

We continue to protect our employees from COVID-19 exposure by:
- Using a risk-based approach to implement engineering, administrative and personal protective equipment controls.
- Implementing hybrid working and rotational shifts for office workers during COVID-19 surges.
- Advocating for and ensuring easy access to vaccination (including providing paid time off so that employees can get vaccinated during working hours). Vaccination is strongly recommended, but not mandatory.
- Using risk- and exposure-based medical surveillance to identify employees at higher risk for severe disease and accommodating these employees accordingly.
- Aligning our testing strategy with the National Department of Health (NDoH) guidelines published in February 2022.
- Endeavouring to adhere to the OHS Act of 1993 (and related Regulations for Hazardous Biological Agents) and the Code of Practice: Managing Exposure to SARS-COV-2 in the Workplace (June 2022) which falls under the Labour Relations Act of 1995.

We care for our employees who contract COVID-19 by:

- Placing them on paid sick leave.
- Offering counselling and emotional support.
- Investigating and reporting COVID-19 cases that are (or are presumed to be) work-related to the Department of Labour. We also submit claims to the Compensation Fund for these cases.
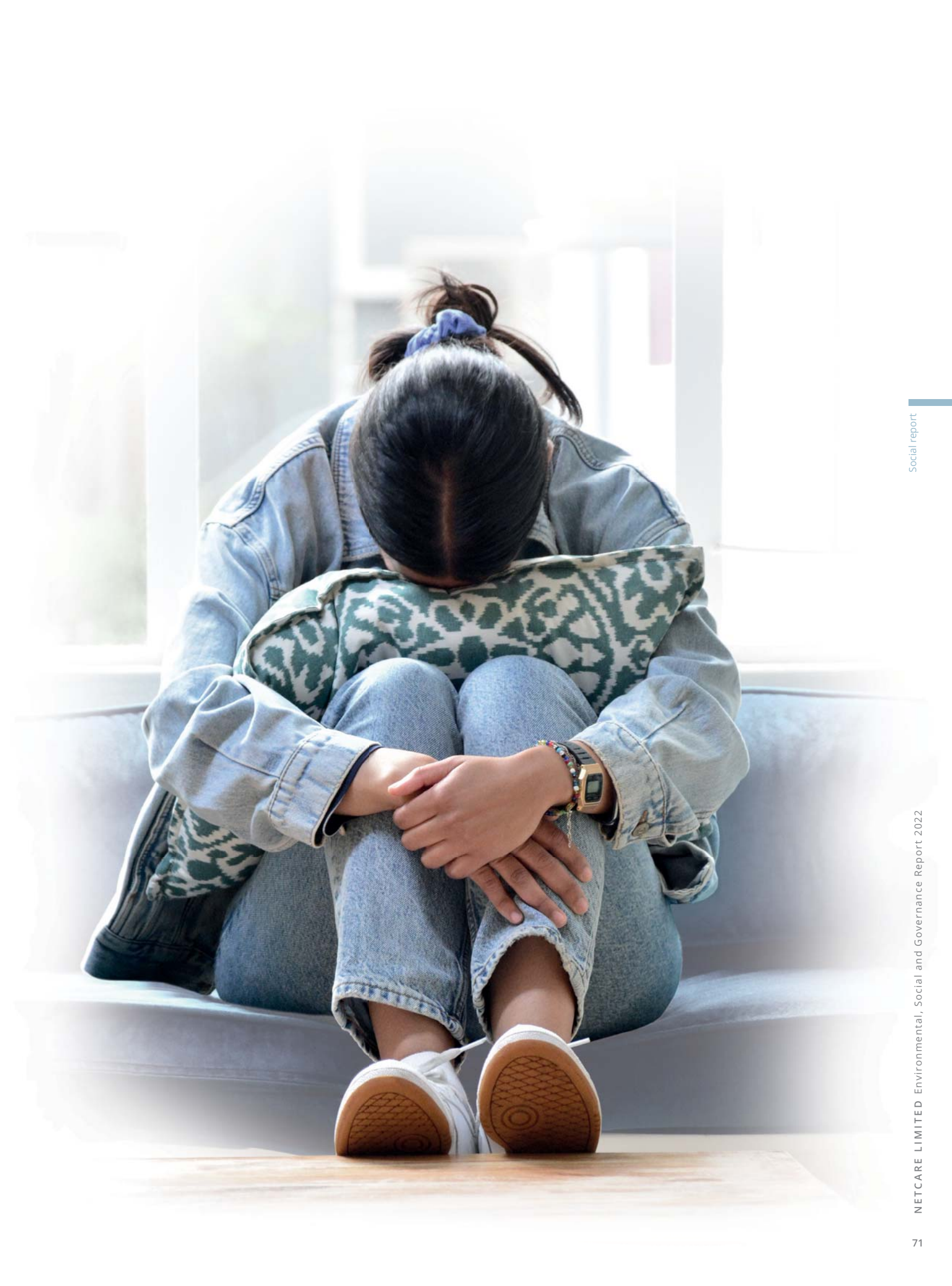
Employee health, safety and wellbeing continued

Employee wellbeing

Run in partnership with Independent Counselling and Advisory Services (ICAS), 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.

As part of our compassion journey, our Care4YOU and related digital gratitude programmes were also prioritised this year to support employee wellbeing and resilience. The rollout of the programme is a collaborative effort between Consistency of Care, the Nursing division and hospital management leadership teams.

Care4YOU

A priority human resources (HR) initiative, Care4YOU seeks to embed behaviours relating to compassion, kindness and mindfulness as a way of living and working at Netcare. The programme is designed to recognise individuals for acting with compassion (for patients, other employees and themselves), enable employees to give and receive compassion, to build confidence and to better enable our employees to make compassion a way of living.

The programme is delivered through a blended learning approach and includes Care4YOU theoretical content (available in printed form or through our eLearning platform), experiential workshops and toolbox talks. Trained compassion ambassadors drive the initiative forward and provide the HR team with weekly feedback. This feedback is used to better understand employees' experiences of Care4YOU, any barriers to adoption, and to ensure that the content of the modules is accessible and clearly communicated.

Our Care4YOU modules

Care4YOU comprises three modules which were designed based on learnings from the Stanford University's Applied Compassion Training (ACT) programme. The modules are being rolled out using a phased approach.

Module **1**	Module **2**	Module **3**
Teaches the principles of compassion and how applying these can ease suffering of the self and others. The module has been rolled out to all 49 hospitals.	**1 833 employees** have completed the optional module 2, which reinforces the learnings of module 1, delving deeper into the principles of compassion.	**3 626 employees** have completed module 3, which deepens understanding around self-compassion, common humanity and the spirit of Ubuntu (humanity to others).

Impact and feedback

Our nurse compassion score has steadily improved as more hospitals began the programme. The average nurse compassion was 8.11 at September 2022 (target: 8.11).

From our people, the bulk of the feedback has been overwhelmingly positive, with many:
- Expressing appreciation that our focus on compassion is comprehensive, frequently reinforced and ongoing, rather than a once-off intervention.
- Engaging enthusiastically with the content delivered and anticipating forthcoming modules.
- Reporting eagerness to test the self-care guided practices learned through the modules and to actively engage in actions that lessen the suffering of others.

Module 3 has been exceptionally well-received, with employees describing the content on self-compassion and Ubuntu as meaningful, and in some cases, transformative. Compassion ambassadors are also noting shifts in organisational culture, reporting that the compassion message is steadily gaining traction and becoming part of hospital vernacular.

These sessions have created a space for employees to speak and think about unresolved issues and traumas. While this is ultimately considered psychologically healthy, it can cause discomfort and distress in the short term. To support our people through this journey, we are working closely with ICAS, Netcare Akeso and an ESD partner (Dube and Pottas) to provide appropriate support and counselling guidance for employees and to help unburden our compassion ambassadors. Feedback indicates that our people are using these services after attending Care4YOU sessions and report feeling relief, appreciating the opportunity to talk with qualified professionals about deeply held trauma and suffering.

Gratitude programme

Our digital gratitude card platform allows patients to express gratitude to the employees and teams who have cared for them. It is a powerful personal motivator that reinforces compassionate behaviours, positively impacting the patient experience.

Cards are delivered to the mobile device of the acknowledged employees and posted on gratitude boards displayed in the wards. The number of cards received each month has increased over time, with more than 3 300 cards received per month in August and September.

Negative sentiments received via the gratitude programme are managed through our complaints management processes.
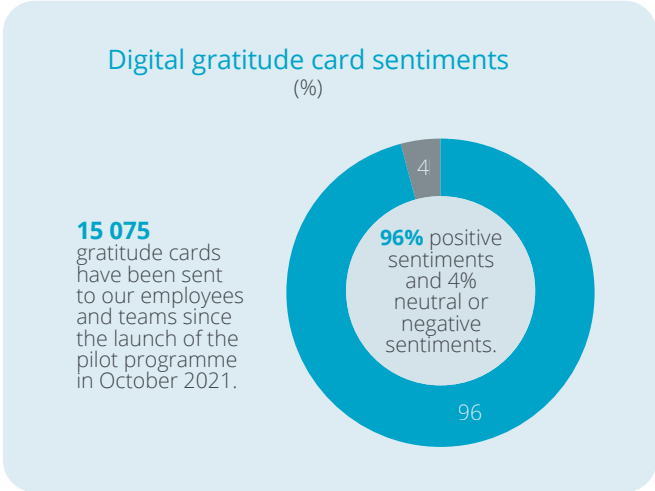
Progress for FY2022

- Rolled out module 1 at Netcare 911 (at the Emergency Operations Centre) and Netcare Education.
- Grew our lead facilitator team to maintain the Care4YOU momentum gained during the pilot rollout.
- Based on feedback received from compassion ambassadors, developed Care4YOU sessions targeted at leadership and management. The programme was launched in May 2022.
- Leadership teams have leveraged Care4YOU with their own creative ideas to entrench a culture of compassion, kindness and mindfulness at their hospitals.
- Launched hospital-based support sessions for compassion ambassadors to prevent burnout.
- Piloted a digital learning application (app) for our compassion ambassadors, unit managers and employees at selected wards at three hospitals to test adoption and scalability of the initiative. The app is based on microlearning principles and delivers bite-sized pieces of learning interspersed with theory, role playing activities, videos, guided practices and discussion opportunities. The solution allows our employees to work at their own convenience and has the potential to enable consistent and sustainable teaching of compassion throughout Netcare.
- Continued to roll out our digital gratitude card platform for Care4YOU (through which patients, visitors and other employees can thank employees for acts of compassion). The platform is now enabled in all 49 hospitals (FY2021: nine).

Digital gratitude card sentiments
(%)

15 075 gratitude cards have been sent to our employees and teams since the launch of the pilot programme in October 2021.

96% positive sentiments and 4% neutral or negative sentiments.

4

96

Looking ahead

- Maintain the positive impacts of Care4YOU in high-pressure environments where staffing shortages can leave nurses feeling overworked.
- Deliver additional training modules in the Hospital Division in FY2023, reinforced with the digital learning platform, which in time will support the easy replication of the programme for other divisions.
- Comprehensively market the gratitude programme to patients to enable greater uptake, and develop and roll out the next phase of the programme, encouraging gratitude flows between peers and from managers to employees.

Other key wellness initiatives

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

The **managerial support programme**, comprised of workshops and training designed to assist our managers to effectively engage with their teams, deal with and resolve conflict and to identify and support employees experiencing specific challenges.

eCare, an online health and wellness service that delivers a high-impact, personalised service to employees via email and the internet.

Training and development sessions focused on emotional impact, team building, conflict resolution and communication skills.

Employee health, safety and wellbeing continued

Occupational health and safety

OHS is integrated into our safety, health, environmental sustainability and quality (SHEQ) system, and is overseen by the Consistency of Care Board Committee.

Over FY2022, our team has done extensive work on standardising our standard operational procedures and implementing standard OHS practices across the Group to ensure OHS compliance, particularly in relation to risk assessments, legal appointments, health and safety representative inspections, training, employee incident reporting and improving the functioning of our Health and Safety Committees. Compliance is managed through our digital SHEQ compliance IT system, SafeCyte.

We also reviewed our Group health risk assessment and developed a comprehensive medical surveillance programme that is based on occupational risk exposure profiles. Programme implementation began in March 2022 and will continue over the next three to five years (based on risk stratification). The programme includes a comprehensive vaccination strategy that is implemented according to risk of exposure to hazardous biological agents.

Additionally, we rolled out a new employee incident management system across all divisions. This will enable better incident reporting, trend identification and benchmarking (from FY2023 onwards).

Our collective agreements with trade unions cover OHS. This ensures that our health and safety measures in the workplace comply with legislative requirements. In line with these agreements, our onsite shop stewards act as union representatives in our Health and Safety Committees. Our stewards report monthly to the Shop Steward Committee on health and safety issues in the workplace.

Medical surveillance and incident reporting
(FY2022)

6 111

medicals conducted as part of our medical surveillance programme.

Target: 4 700

9 807

employees screened via digital tuberculosis surveillance questionnaires. 158 employees were identified as at risk and 27 were referred for further investigation and/or treatment.

2 940

incidents recorded, with 84% reported for the Hospital Division.

2% were categorised as high to major risk, 32% as moderate risk, 52% as minor risk and 14% as insignificant risk.

5 860

COVID-19 claims submitted to the Compensation Fund since the start of the pandemic, the majority of which are from the Hospital Division. Liability has been accepted for 29% of cases.

FY2022 performance

Employee wellbeing
- 409 (FY2021: 963) employees reached through 59 (FY2021: 126 webinars) training events relating to emotional impact, team building, conflict resolution and communication skills. Counselling, motivational speaking and mental health and wellness sessions were also held.
- 328 managers (FY2021: 379) used the managerial support programme.
- In collaboration with Netcare Akeso, held 11 sessions with 124 frontline managers at National Renal Care. These focused on identifying the support needed and providing the skills needed to manage burnout.

Occupational health and safety
- Appointed 13 occupational health nurse practitioners to roll out the medical surveillance programme across the Group.
- Enrolled 33 employees in a five-day safety management training course run by SafetyCloud (previously the National Occupational Safety Association) to enhance our SHEQ capabilities.
- Conducted OHS self-assessments (and/peer reviews) to evaluate legislative and standard operating procedure compliance. Assessments were conducted for the Hospital Division, Netcare Medicross and National Renal Care. The overall score for these assessments was 86%.

ICAS

15.7%

overall engagement rate.

FY2021: 18.4%
ICAS client company average: 13.9%

69.1%

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

FY2021: 62.3%

6.6%

of cases referred for assistance.

FY2021: 4.8%

2 243

employees and their immediate family members were provided with counselling interventions.

FY2021: 2 810

Key data: health, safety and wellbeing

Incident	Group total	Hospital Division	Netcare 911	Netcare Akeso	Netcare Medicross	National Renal Care	Netcare Education
Exposure to COVID-19[1]	**2 034**	1 730	66	90	5	143	0
Exposure to TB/other infectious diseases	**10**	5	0	0	5	0	0
HBA exposure: sharps injuries	**169**	146	10	0	6	7	0
HBA exposure: splashes	**18**	15	0	0	0	3	0
Exposure to hazardous chemical agents	**35**	33	1	0	1	0	0
Incident resulting in an injury	**673**	536	103	11	14	8	1
Radiation incident	**1**	1	0	0	0	0	0
Total	**2 940**	2 466	180	101	31	161	1

Note: data includes incidents for employees and third-party contractors. Netcare 911 and Netcare Education were onboarded to SafeCyte's employee incident reporting functionality in FY2022.
1. *From February 2022, only definitive work-related exposures were included.*

Absenteeism	2022	2021	2020
Total hours of sick leave	**1 101 865**	1 118 679	1 155 570

Looking ahead

- Continue to implement our comprehensive medical surveillance programme and conduct 7 900 medicals over the course of FY2023.
- Focus on accurate employee incident reporting and, based on trend analyses conducted on FY2022 data, initiate quality improvement programmes to address pertinent risks.

Employee engagement

Employee engagement plays a key role in our approach to employee wellbeing, and we place considerable focus on engendering a culture that enables our people to engage with and see their work as meaningful, impactful and as a way in which they connect with our patients and each other while they embark on their own personal and professional development journeys. In turn, we believe that 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 over-arching aim of our engagement initiatives is to ensure that we grow Netcare with teams that are cognitively and emotionally connected to the Group, our values and their own job functions. To do this, we must connect with our people to better understand how they see themselves in relation to Netcare.

The Voice of OUR Employees

This year, we launched the Voice of OUR Employees engagement survey across the Group. The survey was launched with the ultimate objective of assessing the experience of our people in the workplace, enabling us to better understand their needs so that we can implement targeted programmes to enhance our people's experiences of our organisational culture and improve existing relationships in the workplace as well as sustain and improve overall engagement and organisational outcomes.

The survey was rolled out using a blended delivery model in June 2022 and was distributed and administered via email surveys, cell phone, intranet and a dedicated call centre for those who found the digitised survey challenging. It comprised questions related to key engagement drivers identified through engagement with our research partners, leaders, and managers.

Compassion at work	Fairness at work	Trust and integrity at work	Workplace diversity, equity and inclusion	Relationship with management

Teamwork and collaboration	My personal wellbeing	Sense of achievement	My personal boundaries

Results: overall

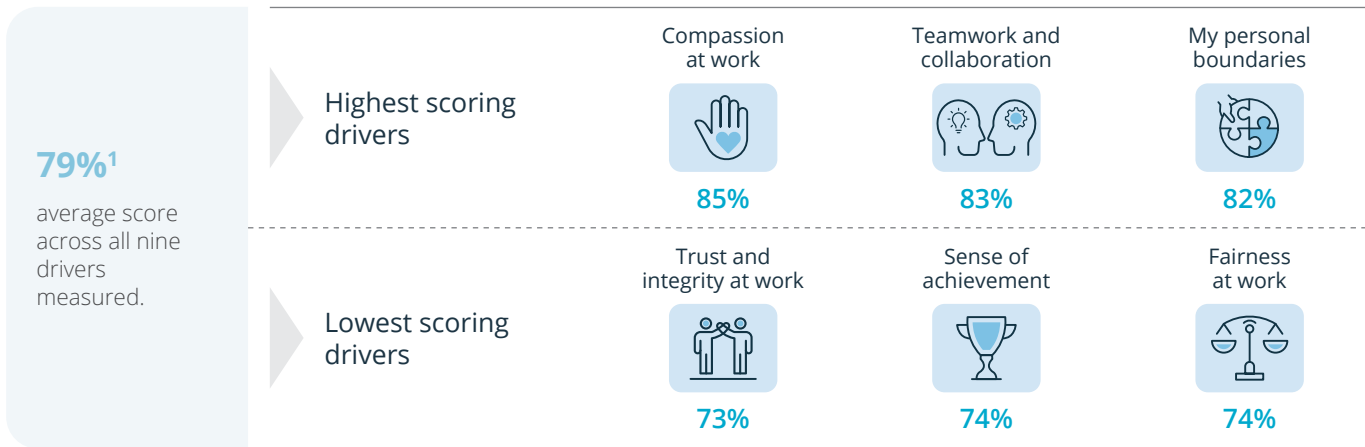| **70%**	**30%**	**49%**	**13%**	**8%**
(13 113) of employees participated in the survey.	fully engaged	key contributors	opportunity group	fully disengaged
	FY2017: 27% Global sector average: 25%[1]	**FY2017:** 43% Global sector average: 52%	**FY2017:** 29% Global sector average: 19%	**FY2017:** 1% Global sector average: 4%[2]
	Highly motivated employees characterised by strong discretionary effort, organisational pride and innovation.	Satisfied employees considered 'strong and steady'. This population is typically heavily represented in organisations.	Highly neutral employees for whom engagement can be increased.	Employees who are bored and frustrated with work, and who speak poorly about leaders while avoiding accountability.

1. *Data for sector averages provided by DecisionWise.*
2. *High levels of disengagement are likely due to high levels of stress, trauma and burnout experienced as a result of COVID-19, economic instability and pervasive socioeconomic inequality in SA.*

Results: by performance driver

79%[1]

average score across all nine drivers measured.

Highest scoring drivers

Compassion at work	Teamwork and collaboration	My personal boundaries
85%	83%	82%

Lowest scoring drivers

Trust and integrity at work	Sense of achievement	Fairness at work
73%	74%	74%

1. Drivers were scored out of ten and converted to percentages for reporting purposes.

Additional engagement initiatives

Onsite Workplace Transformation Committees, comprising management representatives, employees and shop stewards.

Employee wellbeing programme (counselling and advice, managerial support programme and a health and wellness service).

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 Primary Care divisions.

Change management interventions (change readiness surveys and emotional impact assessments).

Individual development discussions.

Diversity interventions (diversity and inclusion dialogues, surveys and customised workshops).

Confidential SHOUT hotline for employees to report alleged or perceived incidents of racism, sexism, discrimination, harassment and human rights violations.

We continue to celebrate our nurses on International Nurses Day and have retained our enhanced leadership visibility and engagement initiatives that were introduced during the COVID-19 surges to support our frontline employees.

This International Nurses Day, share your
Inner Smile
12 May 2022

Employee engagement continued

Change management
Over the past three years, we have introduced a range of organisational change initiatives to support CareOn (the Hospital Division's electronic medical records project). The initiatives are designed to drive change adoption and develop skills needed to successfully implement the project. This change management framework has given us a good base from which to implement other change management initiatives supporting strategic delivery.

CareOn change management plan

Trained Clinical Application Support Specialists, who assist administrative staff and healthcare professionals with the transition to CareOn.

Awareness sessions for management and employees of the hospitals, emergency departments and pharmacies impacted. Published 'frequently asked questions' (on the Netcare intranet) are regularly updated with new questions raised at these sessions.

Regular communication (text messaging and newsletters) keeps employees updated on the CareOn implementations. In addition, tailored communication platforms are developed for specific groups of employees. Examples include our weekly nursing toolbox talks and the Pharmacy Connect sessions.

Change readiness surveys to understand the levels of preparedness, attitude, understanding, acceptance and commitment to CareOn and to identify where additional support is needed.

The CareOn organisational design plan, which covers doctor, nursing, pharmacy and technical structures, and is tailored for each hospital where CareOn will be implemented.

Training of all employees impacted by CareOn, coupled with ongoing onsite support.

Care Sessions (before and after implementation) provide employees with emotional support and a 'safe' forum to express concerns. Employees are taught how to manage stress, handle difficult situations and conversations and build resilience. Feedback is communicated to the project development team so that action plans can be put in place to address any issues. Updates are communicated to employees using the CareOn newsletters.

Go Live activities, which include visits by senior project team members and executive management as well as SMS messages and gifts to create excitement.

Feedback at this stage indicates that CareOn is well-received by employees who report that it enables higher quality patient care, is easy to use and enhances efficiency. Feedback also indicates high levels of approval for the training and support received during implementations.

FY2022 performance

- Developed and tested a mobile app that will allow employees to access HR-related transactions and streamlined new employee onboarding, enabling them to log onto all systems relating to their roles on their first day at work. The app is scheduled for piloting in FY2023.
- Conducted change readiness assessments at eight hospitals to determine readiness for CareOn implementation and post-implementation surveys at 11 hospitals. Similar change management interventions supported digitisation of Netcare Akeso.
- Embarked on a new project to evaluate critical HR business processes to identify and eliminate inefficiencies; optimise, digitise and integrate key HR systems and business processes; and to leverage HR data to improve employee experiences.

HR digital transformation project

Business process optimisation

+

Digitisation

People centred value chain

Phase 1 focus areas:
- Recruitment and selection
- Onboarding
- Orientation
- Talent management
- Training and development
- Payroll
- Offboarding
- Employee wellness
- Employee relations
- OHS
- Workforce planning
- Employee engagement
- Diversity, equity and inclusion

Looking ahead

The Voice of OUR Employees
- Survey results indicate three areas of focus for FY2023 including employees' sense of achievement and perceptions of trust, integrity and fairness at work. The results also indicate that we should pay additional attention to employee retention and our culture as well as carefully considering more flexible working arrangements, workloads and our people's mental wellbeing.

Change management
- Roll out CareOn change management initiatives at 17 hospitals.
- Continue to drive CareOn and provide ongoing training and support across the Group.
- Drive the HR integration and digitisation process to standardise, create efficiencies and improve user experiences across the employee lifecycle.

Employee relations

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

Industrial relations training is provided to our managers and focuses on managing workplace discipline, poor performance and how to chair a disciplinary hearing. The training is relevant to the healthcare environment and includes updates on any changes in legislation. We encourage our line managers to attend to grievances promptly and constructively, with written feedback provided to employees.

Our internal disciplinary procedures are governed by our workplace relations policy, standard operating procedures and guidelines. Mechanisms are in place for employees to report any 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.

We adhere to the collective bargaining provisions set out in the Labour Relations Act of 1995. We promote ongoing interaction with our representative trade unions, which includes annual collective bargaining and quarterly national consultative forums. We also fund three full-time shop stewards who assist with employee relations. The shop stewards are invited to regional hospital HR meetings which take place on a monthly basis; the meetings provide a forum at which hospital-specific labour-related matters can be tabled and discussed.

At times, our focus on operational excellence requires necessary operational changes to drive efficiencies. We maintain positive and transparent relationships with our representative trade unions by:
• Disclosing all relevant information related to our proposals.
• Providing unions with the opportunity to respond to these proposals and make alternative suggestions.
• Responding to alternative proposals presented by 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 of 1997. Accordingly, we require:
• One week's written notice of termination of employment during the first six months of employment.
• Two week's written notice of termination of employment during the second six months of employment.
• Four week's written notice of termination of employment after the first year of employment.

FY2022 performance

• The Group's headcount dropped 0.6% to 18 245 permanent employees, mostly due to natural attrition and replacing only critical and clinical positions.
• Discussions were held with trade unions on concluding the minimum service level agreement following determination of private healthcare as an essential service (which limits industrial action for designated job roles) under the Labour Relations Act, the improvement and standardisation of the recognition agreements between Netcare and employee representatives, and the shortage of nursing skills.

Looking ahead

• Conclude the minimum service level agreement with recognised unions and work together on strategic initiatives that will ensure sustainable business growth.
• Proactively collaborate with trade unions to identify barriers to positive and productive employee-employer relationship and resolve these swiftly. We will roll out industrial relations training initiatives across the Group to help us achieve this goal.

Key data: Employee relations

	2022	2021	2020
New employees	2 969	2 058	1 687
Employee turnover	16.8%	15.9%	13.9%
Union membership	48.6%	50.9%	52.8%
Proportion of senior management who are South African citizens[1]	100%	97.7%	96.6%

Note: permanent employees only. Excludes National Renal Care.

Training and development

We have a strong culture of people development with a range of structured learning and development programmes that equip our workforce at various levels with the skills required to perform at their best. Our 'growing with passionate people' strategy focuses on upskilling all our people on formal qualifications in nursing, pharmacy and emergency services, driving the development of black people, developing a diverse pipeline of scarce and strategic skills and providing opportunities for unemployed youth through various vocational programmes, retaining them upon programme completion. Our human capital development strategy and investment is linked to our transformation strategy (page 90), as is our skills development investment. Our training programmes are designed to develop the skillsets needed to deliver our core business strategy, including delivering outstanding levels of care.

Programmes like **Caring the Netcare Way** and **Leading the Netcare Way** aim to enhance behaviours that support our culture of care.	**Caring the Netcare Way** is targeted at all new employees as part of our induction programme.	**Leading the Netcare Way** supports growth in emotional intelligence, equipping our managers with the skills to effectively guide employees through change initiatives and drive quality and care.

Bursaries, learnerships and internships

A particular focus area for 2022, we received R2 million in bursary funding from the Health and Welfare Sector Education and Training Authority (HWSETA); this was allocated to 41 employees based in head office, Gauteng and KwaZulu-Natal. The bursaries were awarded to employees and students of medical physics, radiotherapy and radiography; this is aligned with scarce and critical skills needed within the Group.

Transformation

Skills development

Our skills development strategy takes into account the human capital needs of our business and ensures that our people are adequately skilled to deliver on our strategy. We view skills development as central to achieving workforce diversity and our broader socioeconomic transformation agenda; our skills spend is heavily focused on building a pipeline for core clinical areas of our business and building a leadership pipeline through management and leadership development programmes.

Despite restrictions relating to the number of students that can be enrolled at our Netcare Education nursing campuses, we met and exceeded our planned skills spend for SDP2022 by rolling out multiple leadership development programmes (page 86), technical and artisan skills development initiatives, learnerships and internships, YES4Youth training initiatives, and including the Professor Bongani Mayosi scholarships in our skills development spend.

We use discretionary grants to fund our learnerships, internships, bursaries and workplace experience programmes for our employees and unemployed youth enrolled on the YES programme.

Training and development continued

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.

R20 million

invested in bursaries, of which R12 million was invested in bursaries for unemployed black youth.

Doctoral scholarships

Our Physician Partnership Trust has granted doctoral scholarships[1] that fund studies at local and international universities for 24 black clinicians. To date, 12 of these clinicians have completed their doctoral theses and have published research in internationally recognised peer-reviewed academic journals. Nine clinicians are currently conducting their research and writing up their dissertations (two of these are due to complete their studies at the end of 2022) and three were awarded scholarships in FY2022 and are in the very early stages of the research process.

This year, we introduced a mentorship programme for our doctoral candidates to guide them through the process of designing, conducting and reporting on their research.

Impact

The 12 doctors who have completed their studies have supervised 158 postgraduate students, 75 of which have graduated; this includes 25 doctoral candidates, three of whom have since graduated. They have also published more than 640 academic journal articles and three have achieved Level C National Research Foundation (NRF) ratings, with one achieving a Level B rating.

R8 million

spend for FY2022 with R4 million set aside for FY2023 (to fund those still completing degrees). R63 million cumulative spend since the inception of the programme.

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 (page 101). The objective of the YES initiative is to stimulate inclusive economic growth through skills development and work experience for unemployed youth and small, medium and micro enterprise (SMME) development.

1 148

learners enrolled on learnerships and internships, with a further 270 planned for FY2023.

Sinako

Our Sinako 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. Internships are also offered for Sinako candidates with qualifications but little workplace experience. The aim of the programme is to provide candidates with the skills or qualifications required to secure a job within Netcare.

45

unemployed youth and 11 Netcare employees enrolled into our FY2022 Sinako learnership programme (restarted in July, after being negatively impacted by COVID-19).

FY2022 performance

- 7% of training spend was invested in developing top talent through our management and leadership development programmes. 82% benefitted black people.
- Rolled out the next phase of the Netcare Ulusha YES Hub in Alexandra (page 101).

Our training metrics are calculated for the SDP 1 April 2021 to 31 March 2022 as legislated by the Skills Development Act.

Looking ahead

- Resecure and maintain an absorption rate above 90% for successful YES graduates.
- Empower our nursing staff to deliver the best and safest health and care by prioritising enrolments onto six-month certificate programmes across various specialties.
- Invest in bursaries and learnerships within our clinical departments for unemployed youth.

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 Award (2018 to date).

FY2022 performance

Nursing and emergency care[1]

- Our training spend on formal NQF-aligned structures learning programmes included R1 million on General Nursing Diplomas (1st and 2nd year), R2 million on bridging courses for nurses, R5 million on Higher Certificates in Auxiliary Nursing and R14 million on six-month nursing certificate programmes.
- 439 (SDP2021: 354) nurses enrolled on six-month in-service programmes.
- 772 nurses participated in service certificate programmes focused on safe practice in specialised environments.
- 20 nursing students successfully completed the academic development bridging course, preparing them for enrolment as registered nurses at Netcare Education (SDP2021: 120).
- Enrolments for the Higher Certificate in Emergency Medical Care remained fairly low due to the programme being new in the market and our inability to promote it at schools and careers exhibitions in 2021 because of COVID-19 postponements. 12 students graduated from the SDP2021 programme. At March 2022, 28 students were enrolled on the programme of whom 29% are black and 82% are new students.

- The Diploma in Emergency Medical Care was delayed due to SDP2019 and SDP2020 programmes being extended to cater for COVID-19 impacts, resulting in the last cohort only commencing in November 2021. 15 students successfully completed the programme in SDP2021. At March 2022, 90 students were enrolled on the programme of whom 24% are black and 63% are new students.
- Pleasingly, the number of women participating in our emergency medical care programmes has increased as we attempt to redress the stereotypes associated in this male-dominated sector.

Other courses

- 4 088 employees received training on **Caring the Netcare Way**.
- 7 005 (SDP2021: 5 985) employees attended CPD courses including 1 553 employees who attended cardiopulmonary resuscitation (CPR) courses and 28 employees who attended first aid courses.
- Continued to place YES and Sinako learners in appropriate positions throughout the organisation.
- A 12-month clinical engineering capacity building project is being piloted in Gauteng.
- 79 frontline administration and finance personnel at Netcare Akeso participated in the patient centric skills programme.

Training spend by category
(March 2022)
(%)

68 · 9 · 7 · 16
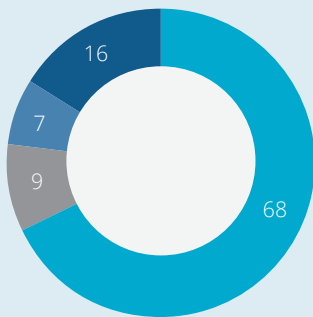
- Formal nursing training (SDP2021: 89%)
- Emergency and critical care training (SDP2021: 2%)
- Management and leadership development (SDP2021: 6%)
- In-service[2] and CPD programmes (SDP2021: 3%)

Training spend per occupational level
(March 2022)
(%)

29 · 25 · 43 · 3
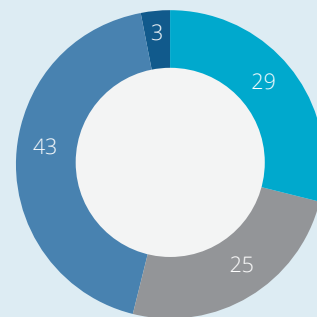
- Unskilled workers (SDP2021: 37%)
- Semi-skilled workers (SDP2021: 47%)
- Skilled technical and qualified workers, junior managers, supervisors, foremen and superintendents (SDP2021: 13%)
- Professionally qualified and experienced specialists and middle managers (SDP2021 2%)

1. The Faculty of Emergency and Critical Care is accredited as a continuous professional development (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. Includes computer skills, systems-related, Care4YOU, legislated training (including OHS and fire safety), diversity and inclusion and CPD training, among others.

Training and development continued

Key data: Training and development

	Skills period April to March		
	2022	2021	2020
Netcare[1]			
Paramedic courses (BAA, AEA & CCA)	**4**	1	31
Formal nursing programmes[2]	**595**	1 025	1 240
Six-month in-service programmes for nurses	**439**	354	352
Other training programmes[3]	**14 930**	11 351	13 653
Total employees trained	**15 968**	12 731	15 276
% of employees trained that are women	**87%**	86%	90%
Training interventions and spend[1]			
Number of training interventions delivered	**56 067**	25 335	50 378
Skills development spend[4]	**51 million[5]**	R49 million	R66 million
Total number of students currently registered at Netcare Education (nursing, emergency and critical care, and management development)	**3 884**	2 241	3 141
National Renal Care			
Clinical technology students	**14**	11	5
Postgraduate clinical technologists	**2**	4	4
Non-Netcare employee training[6]			
Paramedic courses	**103**	107	30
Nursing programmes	**300**	447	637
Total	**403**	554	667

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.
5. 0.9% (2021: 1.2%) of payroll, exceeding the planned spend for FY2022 but below the 1% requirement prescribed in the Skills Development Act of 1998.
6. Fee for service and private funding students.

Key data: Skills development

	2022	2021	2020	2019	2018
Netcare annual training report (R million)[1]	**51**	49	66	84	70
Training spend on black people (%)	**86**	91	92	90	90
Training spend on black women (%)	**75**	82	83	77	80
Spend on formal nursing (%)	**68**	89	72	69	74
Spend on management development (%)	**7**	6	3	4	8

1. Netcare's annual training report is submitted to the HWSETA annually and excludes indirect training costs.

Looking ahead

- Meet our training spend for skills period April 2022 to March 2023. This is budgeted at around R39 million. Key programmes will be our diploma in general nursing, six-month in-service programmes, management development programmes and CPR courses.
- Continue to invest in bursaries for health- and care-related studies for our people and invest in postgraduate studies for medical doctors.
- Develop an in-house nephrology course for National Renal Care.
- HWSETA bursary funding for SDP2023 will be allocated to divisions across the Group, funding training in nursing, pharmacy and other internships.
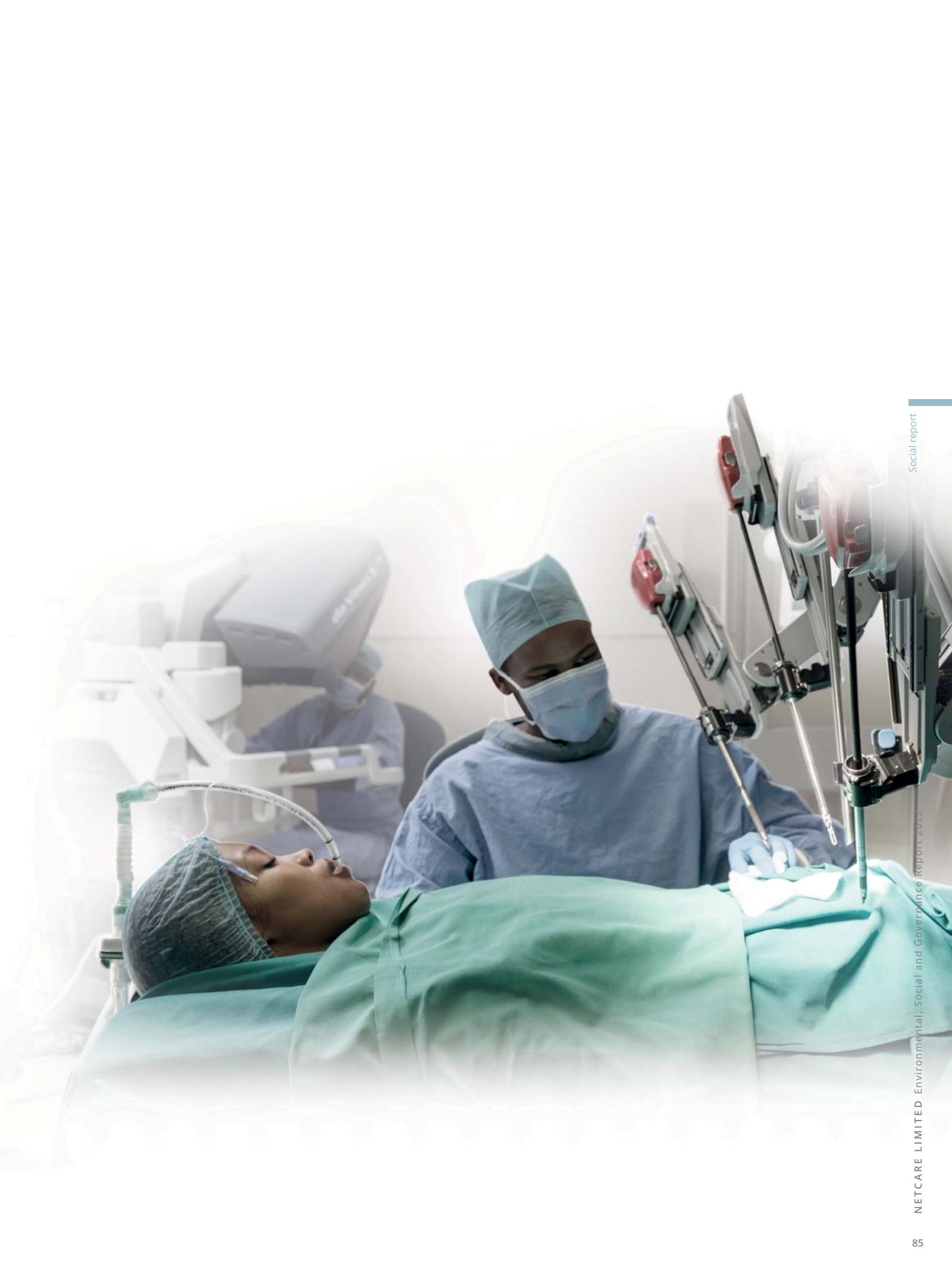
Management and leadership development

Our suite of leadership programmes addresses critical business needs, are designed to drive person centred health and care with compassion, align to our race and gender objectives and create bench strength at various levels.

Netcare leadership journey

A customised 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.

The programme was a success and 77 talented individuals are now enrolled across three cohorts. A series of seminars/workshops are being developed to provide ongoing learning and development around key themes that emerged from the coaching sessions.

Leading the Netcare Way programme

The programme supports tangible growth in emotional intelligence, strengthening the capabilities and resilience of our leaders and enabling them to drive Netcare's culture of compassion, care and quality. The programme is designed to assist our nursing managers to manage high-performance nursing teams. All nominated delegates undergo pre- and post-course psychometric tests.

This year, one of the programmes was designed for executives (Gauteng) and the other three for unit managers and deputy nursing managers (Gauteng and Western Cape). The programme is reinforced with a one day *Leading the Netcare Way* refresher module, which was rolled out for the four groups of the SDP2021 intake.

Management development programmes

Delivered through Netcare Education, 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 are designed to build managerial acumen and the behavioural competencies we require of our managers.

Assessments completed for the SDP2020 and SDP2021 cohorts indicated a 100% pass rate across all programmes.[1] Throughput rates for the programme have improved to 78% (SDP2020: 58%) but have not yet returned to SDP2019 levels because COVID-19 and high nursing turnover have increased programme length.

Four new programmes commenced in February 2022. Of the 81 delegates, 83% are black, 77% are women and 59% are black women.

Senior leadership development programme

A 14-month health systems management programme for middle managers delivered in partnership with the University of Pretoria. The programme will build a pipeline of candidates for senior management positions.

The SDP2021 programme was extended due to COVID-19 and 13 delegates enrolled in 2021 graduated this year.

1. *All results, assessment reports, throughput rates, pass rates and graduation prizes are approved by a Subject Assessment Board.*

Diversifying our workforce and building a leadership pipeline

1

Develop our **skills pipeline**, identifying core skills and related skills gaps, providing support to employees, and identifying employees for enrolment into our management and leadership development programmes.

2

Deploy **existing talent**, filling skills gaps by appointing or promoting internal candidates.

3

Where appropriate internal candidates cannot be found, candidates will be **sourced externally** through advertisements, targeted head hunting, employee referrals, and when necessary, special approval will be sought to make non-employment equity appointments.

Retain, grow and reward our employees by developing an inclusive culture, ensuring we remunerate equitably and competitively, continuing to drive our employee wellness, engagement and development initiatives, and by providing new employees with a comprehensive and accessible onboarding experience.

FY2022 performance

- Launched a Group-wide talent identification exercise to identify skills gaps and to develop succession plans for senior management and key roles. We are reviewing the outcomes to ascertain successor readiness and where personal development plans are required.
- Initiated needs-based development journeys linked to individual development plans for senior management.
- 16 executives and senior leaders began an executive coaching initiative
- Ten senior managers from across the Group embarked on Stanford University's ACT programme.
- Commenced a talent mapping process at middle and junior management levels.
- Appointed a new chief executive officer for National Renal Care from within the Group.

Looking ahead

- Continue to drive our talent mapping strategy and extend the initiative to include junior and management level employees across the Group.
- Enrol members of our procurement team on programmes to further enhance their negotiating skills.
- Roll out bootcamp sessions for our senior leadership talent pool.

Leadership and workforce diversity: PG 95.

Competitive remuneration, retention and benefits

Our remuneration philosophy rewards employees for their contribution to the Group, 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.

Retention

We are always exploring how to create more flexible remuneration arrangements that enable employees to customise their packages to their unique needs. This year, we reviewed and amended the policies governing retirement fund contributions, giving employees the choice to restructure their remuneration packages to suit their lifestyle needs. These changes were well received with more than 4 800 employees electing to amend their remuneration packages.

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.

In addition:
- Our minimum wage is 44% higher than the legislated national minimum wage.
- We offer annual increments above consumer price index (CPI) inflation for employees at lower ends of the pay scale and CPI-linked increments for executive directors, prescribed officers and senior executives.
- Permanent employees at non-managerial level receive a guaranteed 13th cheque for each completed 12-month period worked.
- As part of our B-BBEE employee ownership scheme, all employees below executive level were allocated 3 000 shares each in October 2019.
- We offer uniforms to our employees at no cost to them (uniform allocation is made every 18 months).
- We offer subsidised meals to employees while on duty.

Nursing skills shortages

Given the shortage of suitably qualified healthcare professionals in SA, we direct most of our training spend to developing healthcare professionals with a focus on registered nurses, paramedics and pharmacist practitioners. Our beneficiaries include our employees and unemployed South Africans who aspire to careers in the healthcare sector. Our nursing qualifications are accredited by SANC and aligned to the NQF.

Since migrating from the SANC accredited legacy qualifications to new nursing qualifications in 2018, our overall student numbers have continued to decline. Although expected with the phasing out of legacy programmes, this is concerning given the current shortage of healthcare skills and that SANC has significantly reduced the allocation of student enrolments onto our new qualifications.

We continue to actively engage with relevant stakeholders to find solutions to the critical issue of skills shortage. This year, we[2]:
- Submitted applications for SANC accreditation of additional clinical facilities for undergraduate placements and successfully applied for increased student numbers on Netcare Education's formal nursing programmes.
- Secured a letter of support from the KwaZulu-Natal Department of Health for the inclusion of an additional 100 students in undergraduate and postgraduate programmes.
- Are actively seeking to influence the skills production pipeline through our engagements via the Future of Nursing platform.

Attracting critical skills

Attracting and retaining nursing skills (particularly those that are highly specialised) remains a critical HR focus. To address this, we have implemented a recruitment campaign resulting in our receiving over 700 curricula vitae (CVs); these are screened on an ongoing basis and distributed to relevant regions and divisions. As of the FY2022 year-end, around 400 CVs have been distributed and sent for further review and for selection into interviews.

South africa

A shortage of **26 000 to 62 000** nurses based on current demand burden across all service delivery platforms.

Projected to increase to a shortage of **131 000 to 166 000** nurses by 2030, primarily driven by population growth and retirement-related attrition outpacing the supply of new nurses entering the profession.[1]

Netcare

A nursing vacancy rate of around **18%** at February 2022.

Netcare education

425 new nursing enrolments and **595** total nursing enrolments for SDP2022.

Declines in nursing enrolments are largely attributable to the transition to new nursing qualifications, reductions in approved student numbers and multiple regulatory requirements.

1. https://hasa.co.za/2022/06/03/open-letter-on-nursing-in-south-africa-it-is-time-to-address-our-challenges-with-urgency/.
2. This is in addition to appealing the decision to not increase Netcare Education numbers, lodged in March 2021.

Parental leave

We ensure that new parents are supported and offer benefits in excess of those prescribed by the Basic Conditions of Employment Act 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.

FY2022 performance

- Awarded higher salary increases to our employees in non-managerial roles. Our nursing staff received higher salary adjustments including a skills allowance, compared to non-nursing employees. 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.
- Externally benchmarked our remuneration, and where required, approved additional special allowances to attract and retain nurses with specialised clinical skills. A portion of this was set aside to pay the SANC Annual Practicing Certificate fee (registration fee) for specialised nurses.
- Competition and skills scarcity are driving up salary demands. To better manage costs, we have placed a freeze on new appointments and replacements for manager resignations are tightly scrutinised.
- Conducted IT remuneration benchmarking; results indicate that our IT employees' salaries are competitive.

Key data: Competitive remuneration and benefits

Employees who are members of Netcare's medical aid	2022	2021	2020
Full time	82.0%	82.1%	81.9%

	2022			2021		
Benefit coverage	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	Yes	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.

	2022			2021		
Number of employees	Male	Female	Total	Male	Female	Total
Entitled to parental leave	3 618	15 082	18 700	3 584	15 469	19 053
That took parental leave	216	779	995	198	874	1 072
Who returned to work after parental leave ended	216	567	783	198	650	848
Who returned to work and are still employed 12 months after their return	144	599	743	137	655	792
Return and retention rates						
Return to work	100.0%	72.8%	78.7%	100.0%	74.4%	79.1%
Retention	72.7%	92.2%	87.6%	81.5%	93.6%	91.3%

Looking ahead

- Continue to benchmark our remuneration policy to ensure that we remain attractive to talent.
- Conduct quarterly reviews of our talent management strategy.
- We are currently reviewing our performance management system and aim to develop and implement a new programme for FY2023. In the interim, the balanced scorecard has been used to drive performance at Group, divisional and individual level.

Transformation

We view ourselves as an integral part of transforming SA and are committed to playing a pivotal role in ensuring that our society, economy and labour market are inclusive and support human dignity, equality and fairness. We aim to transform our organisation and to positively impact society. We recognise our critical role in building a more inclusive and definitively equal SA for all; as such, the transformation of society is a central pillar of the Netcare strategy.

Our approach to transformation

Our transformation strategy and initiatives are grounded in **a social justice paradigm** with the aim of addressing the systemic, structural inequalities that are the products of South African and global histories.

At Netcare, this drives a focus on human rights, the Millennium Development Goals, macroeconomic development strategies and global shifts from shareholder to stakeholder capitalism.

The **Constitution of the Republic of South Africa Act of 1996** lays the foundation for the promulgation of legislative instruments that redress the inequities of the past across the economy, labour market and society.

We strive to follow both the letter and the spirit of the constitution, and view this as a vital link between social justice ideals and regulations developed to ensure these ideals become a South African reality.

Our strategy and initiatives are aligned to the following regulatory frameworks:
- B-BBEE Act of 2003
- dtic Codes
- Employment Equity Act of 1998
- Skills Development Act of 1998
- Skills Development Levies Act of 1999
- Promotion of Equality and Prevention of Unfair Discrimination Act of 2000
- King Report on Corporate Governance for South Africa (King IV)

Our transformation journey timeline

2007
Level 5 rating — Adopted the B-BBEE framework and the dtic Codes.

2014
Level 2 rating — Received numerous accolades recognising Netcare as a transformation trailblazer in the healthcare and pharmaceuticals sector.

2015
Level 8 rating — Our rating dropped against the revised dtic Codes, largely due to not meeting new requirements for ESD. An integrated transformation improvement plan was introduced to achieve a Level 5 rating by 2020.

2018
Level 5 rating — Met our Level 5 B-BBEE rating objective two years ahead of schedule as a result of good progress made in targeted initiatives for Board and leadership diversification, skills development learnerships, preferential procurement and care of indigent patients.

2020/21
Level 4 rating — Met our Level 4 B-BBEE rating objective a year ahead of schedule.

2022
Level 3 rating — Exceeded our FY2022 target, meeting our Level 3 B-BBEE rating ahead of schedule.

Our transformation plan for 2021 – 2026

We are pleased to report that our progress against our new transformation plan and employment equity targets has resulted our achieving a Level 3 rating for FY2022.

Ownership ✔
- Maintain black and women ownership.
- Generate value for the beneficiaries of our B-BBEE share schemes.

PG: 63 and 94

Leadership and workforce diversity ✘
- Ensure racial and gender diversity in our workforce and leadership structures.
- Promote social cohesion by tackling discrimination in the workplace.

PG: 63 and 95

Socioeconomic development ✔
- Increase access to quality health and care for indigent South Africans.

PG: 63 and 104

Our 2021 – 2026 priorities

Skills development ✔
- Increase our skills spend on black people against leviable amount.
- Provide bursaries and development programmes for high-performing employees.
- Continue offering vocational learning opportunities for unemployed youth, including people with disabilities.

PG: 63 and 81

Procurement and ESD ✔
- Support SMMEs by diversifying our supply chain.

PG: 63 and 99

Key
- ✔ Target met or exceeded
- ✘ Target not met

We monitor our progress against our B-BBEE scorecard:

Dimension	Weighting	Target	2022	2021	2020	2019	2018
Ownership	25	21.24	**21.80**	21.24	19.64	19.03	14.49
Management control	19	12.23	**11.39**	11.05	10.43	10.63	9.63
Skills development	20	8.50	**9.87**	9.68	8.77	17.07	15.01
Procurement	27	24.27	**25.07**	24.12	20.65	22.03	15.54
Enterprise development	5	7.00	**7.00**	7.00	7.00	5.22	7.00
Supplier development	10	10.00	**10.00**	10.00	10.00	5.50	10.00
Socioeconomic development	5	5.00	**5.00**	5.00	5.00	5.00	5.00
Total score	111	88.24	**90.13**	88.09	81.49	84.48	76.67
B-BBEE Level		4	**3**	4	4	4	5

Relationship to business strategy

Transformation of our society — Continuing to develop and invest in our workforce and communities

Transformation continued

Supporting access to healthcare

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

Patient centred, value-based care that rewards better healthcare outcomes for the lowest possible cost are essential components of sustainable universal health coverage systems, and a central tenet of Netcare's strategy. We are determined to demonstrate that it is possible to deliver new benefits and better value to our patients and other stakeholders, even as we seek better returns for our shareholders.

We fully support the introduction 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, whether this is access to our products and services or the training of nurses and doctors. While the private healthcare sector is able to provide the best and safest care for the most efficient cost; it cannot do so without adequate, sustainable and predictable funding and a strong trust-based relationship with the public sector.

The National Health Insurance (NHI) Bill, introduced to Parliament in August 2019, paves the way for an NHI Fund which will purchase services from accredited public and private healthcare providers. The Bill is explicit on contracting in the first phase with both private and public primary healthcare and emergency services, but only public hospitals with an option for contracting other providers. As the Bill currently stands, medical schemes will only be allowed to offer cover for services not reimbursable by the Fund once the NHI is fully implemented.

Together with other private hospital groups under the auspices of the Hospital Association of South Africa (HASA) we remain concerned that the NHI Bill, as it reads, will fall short of the ambition to provide universal healthcare, particularly given the concentration of systemic risk associated with a single NHI Fund. HASA has proposed a multiple fund framework, which will allow appropriate risk pooling across funds, as a more sustainable approach to closing the inequality gap, as opposed to making the whole population solely dependent on the fiscus.

What we are doing

- We continue to engage on the SA Future Nursing Workforce project – a plan first developed by Netcare in 2016 and adopted by the Public Private Growth Initiative to train approximately 50 000 nurses over eight years. Stakeholders involved include the NDoH, SANC, HWSETA, organised labour and sector and business associations. We also escalated our concern about the reducing nursing student intake to senior levels in government.
- Through Business Unity South Africa, HASA and other sector memberships, we continue to engage with government on universal healthcare and contracting private resources.
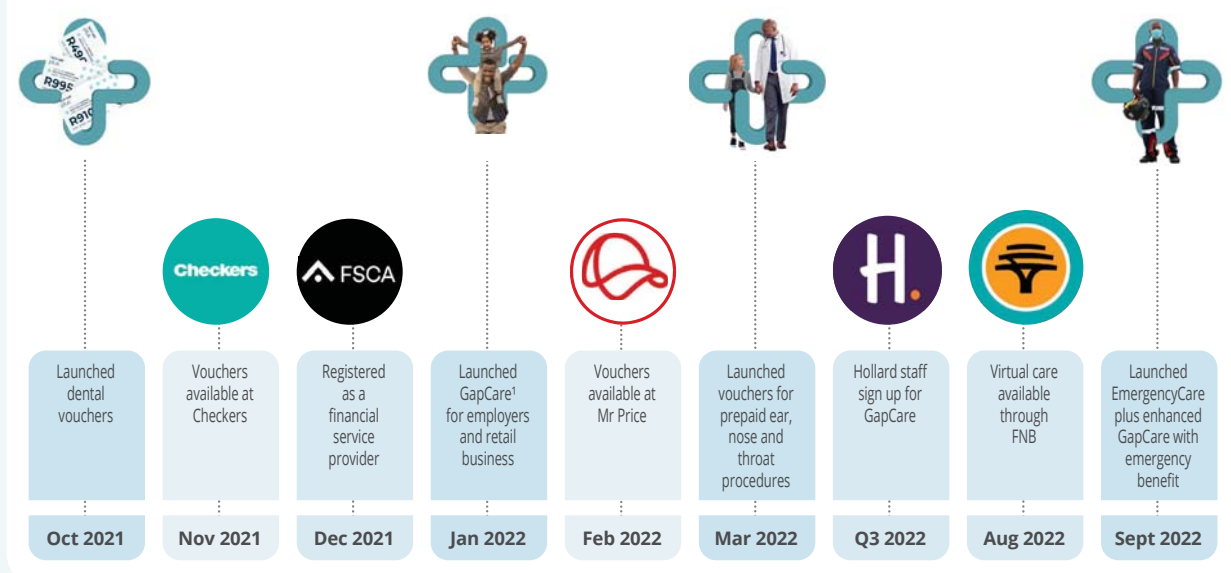
Affordable private healthcare

NetcarePlus is an end-to-end platform that integrates financial services with healthcare products, providing a new and affordable way for those who are employed but not adequately covered by insurance or medical aid to access private healthcare and Netcare's facilities. Our online products are accessible through multiple channels, can be bought in less than five minutes and the predetermined price removes uncertainty (there are no hidden costs).

Netcare Diagnostics, our new pathology offering (and one of our ESD beneficiaries), provides highly accurate, point-of-care testing at reduced costs. Thus far, 130 blood gas analysers have been deployed across the Hospital Division's intensive care and high care units, and the point-of-care solution has been piloted in two emergency departments.

NetcarePlus progress in FY2022

Launched dental vouchers	Vouchers available at Checkers	Registered as a financial service provider	Launched GapCare[1] for employers and retail business	Vouchers available at Mr Price	Launched vouchers for prepaid ear, nose and throat procedures	Hollard staff sign up for GapCare	Virtual care available through FNB	Launched EmergencyCare plus enhanced GapCare with emergency benefit
Oct 2021	**Nov 2021**	**Dec 2021**	**Jan 2022**	**Feb 2022**	**Mar 2022**	**Q3 2022**	**Aug 2022**	**Sept 2022**

1. A range of three gap cover products underwritten by Hollard. Key product differentiators include emergency medical cover beyond accidents, out-of-hospital specialist cover and extension of day-to-day benefits, enhanced maternity benefits and unlimited cover for co-payments in Netcare hospitals with no upfront payments.

Read more about our new product development in the Integrated report: PG 146.
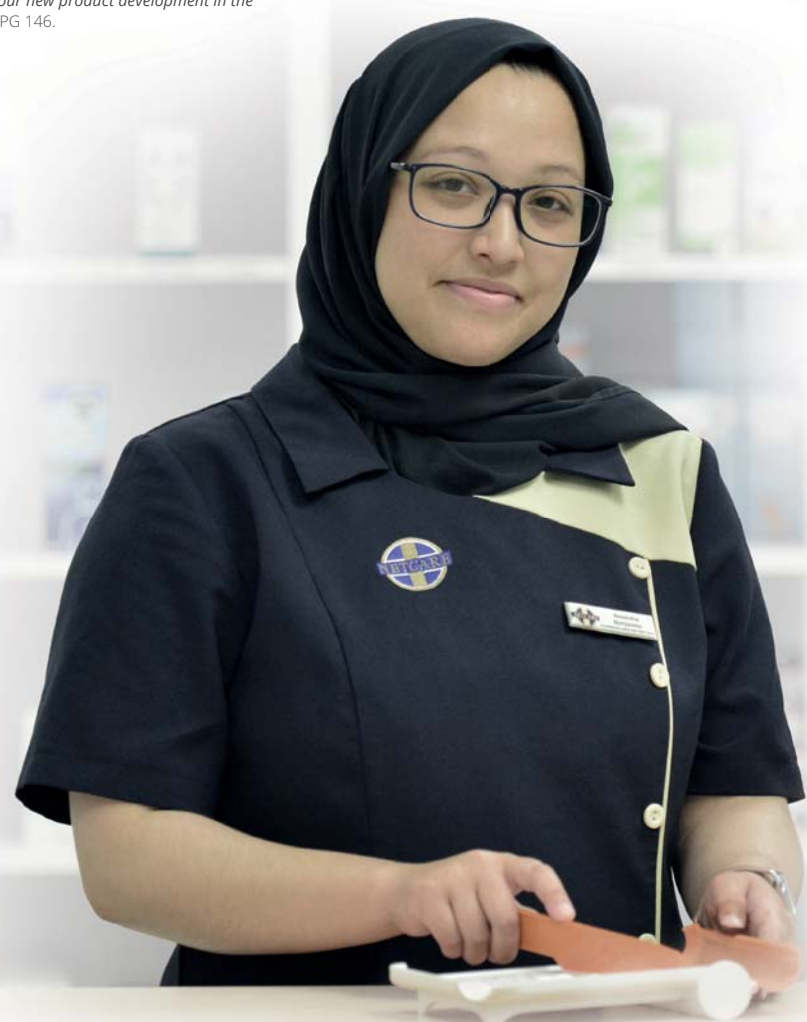
Ownership

The Group's B-BBEE ownership scores are mainly derived from mandated investments that are monitored and evaluated for black and black women ownership by an independent third party. Ownership is also derived from the HPFL Trusts.

Health Partners for Life Trusts

Our trusts are reflective of our commitment to building a transformed SA characterised by values of social and economic equality and inclusion for all. They create value for beneficiaries via our share price performance, ensuring that our people and communities benefit when we perform well.

The trusts support various initiatives focused on clinical academic research excellence, early childhood development initiatives, mental health services for young people, and (via funding provided to the Netcare Foundation) access to medical procedures for cataracts, cochlear implants, elephantiasis, craniofacial anomalies, and cleft lips and/or palates. In FY2022, funding was also provided for Netcare's Sexual Assault Crisis Centres.

Passionate People Trust

Netcare's Passionate People Trust oversees the management of 61 million shares allocated at a 20% discount to 20 370 employees (excluding executives) 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).

Socioeconomic development and corporate social investment: PG 104.

Key data: Ownership

(%)	Weighting	2022	2021	2020
Voting rights of black people	25	**28.6**	25.6	20.2
Voting rights of black women	10	**16.1**	14.7	11.8
Economic interest of black people	25	**20.8**	18.5	15.8
Economic interest of black women	10	**11.8**	10.6	9.1
Economic interest of designated groups				
Black participants in employee ownership schemes				
Black beneficiaries of broad based ownership schemes				
Black participants in cooperatives	3	**3.6**	3.6	3.6
Black new entrant	2	**3.6**	3.6	3.6
Net value	25	**17.1**	15.5	15.8
Total ownership score	25	**21.80**	21.24	19.64

FY2022 performance

- In consultation with organised labour, began implementing a programme to trace employees who are beneficiaries of the old scheme and have vested shares but cannot currently be contacted.
- R8 million distributed to beneficiaries through the HPFL Trusts.

Looking ahead

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

Leadership and workforce diversity

We firmly believe that every South African, regardless of race, gender identity, religion, sexual orientation or disability, has the right to decent work and to contribute meaningfully towards the economic growth and development of our country. Our targeted people development strategy, particularly at the middle management level as the pipeline for leadership roles, focuses on normalising our workforce diversity profile to reflect SA's EAP. Our workforce profile reflects our belief in diversity and human potential.

We continue to focus on improving representation of black people at executive, senior and middle management levels; more specifically, improving representation of African men and women across these levels, as representation of these groups remains unaligned with the SA EAP. At the junior management and skilled levels, we remain focused on recruiting black men who are under-represented. We also aim to retain our YES learners and interns, including those with disabilities (page 81).

Leadership

Following the appointment of two new black female directors, the Netcare Board has increased to 11 directors (FY2021: nine) and now meets race, gender and skillset diversity requirements. Our Executive Committee comprises 11 executives excluding the CEO and CFO; further work is needed to increase representation of black people, women and black women at this level.

Management

We improved overall representation of black people across all occupation levels, exceeding our targets at senior management, junior management and skilled worker levels. We also exceeded our targets for representation of black women at middle management, junior management and skilled worker levels, as well as for representation of people with disabilities. While we missed our targets for representation of black women at senior management level and representation of black people at middle management level, we made significant progress driving diversity at these levels resulting in an overall improvement for this element of our B-BBEE scorecard.

We continue to focus on improving representation of men at junior management and skilled worker level by working with Netcare Education to recruit male candidates into their annual intakes. Encouragingly Netcare Education enrolled a further 96 male nursing students this year (FY2021: 117). Representation of black people at junior management and skilled levels is enabling us to build a talent pool for future leadership roles.

Leadership and workforce diversity continued

Our people

Diversity and inclusion

Meaningful diversity and inclusion programmes extend beyond employment equity targets, ensuring that individuals from a multiplicity of backgrounds can experience a sense of belonging in 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 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 and local enrichment through local employment.

Our zero-tolerance approach to all forms of discrimination covers our employees, contractors, doctors and partners as well as our patients and their families. Inculcating a culture of inclusiveness is central to our operations and is supported by our seventh **Netcare Way** behaviour ("I always embrace diversity, to show that I am not a racist").

2 057

new employees received awareness training on our zero-tolerance approach to discrimination and harassment.
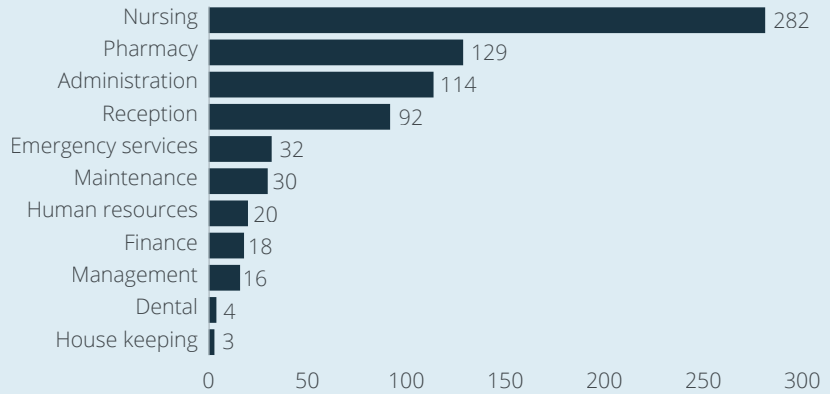
FY2021: 710

Our leadership is committed to dealing with racism, sexism and all forms of discrimination through meaningful diversity and inclusion initiatives, breaking down barriers to social cohesion. Aspiring to be a fully inclusive employer, we focus on:
- Aligning our workforce with SA's national and regional EAP demographics.
- Gender parity.
- Creating an environment that supports people with disabilities.
- Entrenching a culture of diversity, equity and inclusion through our daily practices, processes, and ways of doing work.

Education, awareness, and reasonable accommodation

campaigns were rolled out 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 will aid in fostering inclusivity.

Representation of people with disabilities

Department	Count
Nursing	282
Pharmacy	129
Administration	114
Reception	92
Emergency services	32
Maintenance	30
Human resources	20
Finance	18
Management	16
Dental	4
House keeping	3

Key initiatives

Our diversity and inclusion programme:
- Identifies contextual diversity dynamics at each workplace (including the needs, experiences and challenges faced by our people) through diagnostic focus group discussions conducted with managers and selected employees.
- Uses the themes that emerge from these discussions as a foundation for externally facilitated education delivered to Workplace Transformation Committees.

In doing so, we empower committee members to engage on matters beyond transformation-related legislation so that they are equipped to tackle systematic barriers to diversity, equity and inclusion, and to become ambassadors for an inclusive culture where everyone feels they belong regardless of their race, gender, religion, sexual orientation or disability.

282

Workplace Transformation Committee members (including leaders and employees) from 16 Netcare facilities have attended diversity dialogue workshops since FY2021.

The **SHOUT line** – an anonymous toll-free line managed by ICAS – enables employees to report alleged or perceived discriminatory or racist actions as well as 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.

Three

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

FY2021: four

FY2022 performance

- 87.4% (FY2021: 84.5%) of all recruitments and promotions went to black people, with 69.3% (FY2021: 68.1%) being black women.
- Two promotions and two new appointments to senior management level; two candidates were black women and two were black men.
- 10.4% male nursing students enrolled at Netcare Education at September 2022, as part of our efforts to increase representation of men at junior management level.
- 48 employees with disabilities either resigned or were placed on permanent disability during FY2022.

Key data: Leadership and workforce diversity

Leadership diversity	2022	2021
Board participation		
(% of Board members)		
Exercisable voting rights of black board members	**54.5**	44.4
Exercisable voting rights of black female board members	**45.5**	33.3
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

Leadership and workforce diversity continued

Employment equity

(% of the workforce)		Target 2022	**2022**	2021	2020	2019	2018
Senior management	Black	45.7	**50.0**	43.3	41.9	41.4	29.2
	Black women	28.6	**25.0**	23.3	25.8	24.1	16.7
Middle management	Black	54.7	**53.1**	52.9	48.9	45.2	39.9
	Black women	31.0	**32.4**	30.6	27.6	25.1	21.7
Junior management and skilled workers	Black	74.4	**75.9**	72.8	71.9	71.2	68.0
	Black women	63.0	**64.6**	62.3	61.8	61.9	58.9
Employees with disabilities	Overall	4.2	**4.4**	4.2	3.9	3.6	3.2
	Black	2.9	**3.0**	2.8	2.6	2.3	1.9
	Black women	2.0	**2.1**	1.9	1.8	1.6	1.3

Looking ahead

- Execute the workplace transformation objectives set out in our employment equity plan, focusing on gender diversity at leadership level, representation of black people at middle management level and further aligning our workforce and the SA EAP.
- Use feedback from the FY2022 employee engagement survey to inform initiatives focused on workplace diversity, equity, inclusion and belonging to improve the lived experiences of our people at work.
- Continue to empower our Workplace Transformation Committees to carry out the emotive work related to social cohesion.

Preferential procurement and enterprise and supplier development

The National Development Plan[1] estimates that SMMEs will contribute 60% – 80% to gross domestic product (GDP) and generate 90% of the 11 million new jobs in SA by 2030. It is therefore vital for larger organisations like Netcare to promote supply chain diversity and support small and micro enterprises, as by making a concerted effort towards growing small South African businesses, we can have a significant and tangible impact on job creation and inclusive socioeconomic growth and development, both presently and in the years to come.

The importance of supply chain diversity and related preferential procurement strategies means that improving our spend (particularly with black-owned suppliers, EMEs and QSEs) continues to be a major area of focus for the Group, even with the solid progress made in the past seven years. The same is true for driving greater localisation through ESD initiatives, as these are two ways in which we can positively and sustainably impact the socioeconomic development of SA over the short, medium and long term.

During FY2022, we improved our procurement score by increasing our spend on B-BBEE compliant suppliers, black-owned suppliers, black women-owned suppliers and black designated suppliers, exceeding dtic thresholds.

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 South African Health Product Regulatory Authority. The balance of this spend is for services, indirect supplies, property, technical services (e.g. repairs, maintenance, consultancy services, plant and machinery) and utilities. Our procurement team actively engages with multinational and generic suppliers to improve their B-BBEE statuses.

Supply chain challenges introduced by the pandemic emphasised the importance of local manufacturing and local suppliers; sourcing items and services locally is an area of significant focus for our procurement team, both to fortify our supply chain and to further our transformation objectives while creating jobs in SA. We are participating in the dtic's black industrialist scheme which aims to create multiple and diverse pathways and instruments for black industrialists to enter strategic and targeted industrial sectors and value chains. Through this programme, we are currently liaising with a local manufacturer (BT Industrial) to expand their medical device programme.

There have been no significant changes to our supply chain during this financial year.

Enterprise and supplier development

To support entrepreneurship and the critical role it plays in stimulating inclusive economic growth and employment creation, we have programmes that facilitate greater inclusion of black-owned and black women-owned enterprises in our supply chain and strategic projects.

1. https://www.gov.za/issues/national-development-plan-2030.

Preferential procurement and enterprise and supplier development continued

How we improved our procurement spend and score for FY2022

Integrated B-BBEE requirements into our tender process and weighted B-BBEE ratings equally to criteria such as price and/or functionality.	Intentionally shifted procurement spend away from non-compliant and poorly rated B-BBEE vendors.	Actively engaged with suppliers on improving their B-BBEE statuses and intentionally sourced and included black-owned and black women-owned suppliers.

In partnership with Galelo (a trusted investment group specialising in economic inclusion and transformation), we have developed and implemented a programme that monitors and supports SMME performance, proactively identifying risks for timeous management and mitigation.

These, along with other multifaceted interventions, enabled the Group to exceed dtic thresholds for ESD during FY2022, while also allowing us to focus on integrating more SMMEs into our supply chain and reducing ESD beneficiary dependency on Netcare, enhancing their prospects for long-term independent sustainability.

Additional ESD support strategies

Unlocking cash flow hurdles through early payment terms of 13 days on average.	Providing seed and capital growth through low-interest and interest-free loans.	Providing human and other resources to support growth.

In some instances, providing black entrepreneurs (suppliers of pharmaceutical consumables and medical equipment), with free rental space at Netcare facilities, and providing suppliers of medical or clinical services (e.g. occupational therapy) with discounted rental space at Netcare facilities.

We measure the extent to which we create access to our ESD entities through an extensive procurement spend analysis. We have also implemented key financial and non-financial performance indicators (including a sustainability risk rating) to measure the performance of our ESD beneficiaries; these are monitored and analysed on a monthly basis. Pleasingly, the overall performance of the beneficiary portfolio has improved over FY2022 – as have loan repayments – despite the negative impacts of load shedding and a tougher economic environment.

Enterprise development

We invest in a range of enterprise development initiatives including the Netcare Ulusha Alexandra Hub, the My Walk Made with Soul initiative, medical doctor support and the North Coast Emergency Group.

Netcare Ulusha YES Hub

YES hubs are designed to address barriers to youth employment and economic inclusion by connecting members of surrounding communities to training and technology and by providing registered participants with access to networks, training, markets, work opportunities, ideas for careers or new businesses, and the partner support needed to make these ideas a reality.

Construction of the Netcare Ulusha YES Hub was sponsored by Netcare, with Phase 1 completed in May 2021 and the second phase completed in April 2022. Through the hub, Netcare and our partners aim to incubate high-potential small businesses from Alexandra and facilitate inclusive economic growth and transformation by addressing barriers to skills development, youth employment and sustainable entrepreneurship growth in townships.

The hub currently hosts the Cut Make and Trim Factory and training centre, the Culinary School and Restaurant, a pottery and ceramics training and production centre, a digital skills training centre, a creative agency, a SMME entrepreneurship centre, and the YES4Youth enrolment centre.

>14 500

unemployed youths enrolled at the YES4Youth Centre.

283

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

Four

small businesses hosted by the hub, two of which are sponsored by Netcare.

Partner highlights

Hluvuko Designs, a women-owned social enterprise cooperative that employs 25 people, is an anchor tenant focused on textile manufacturing and training.

This year, they were awarded a three-year contract (with a two-year renewal option) to design, manufacture and supply neonatal intensive care unit linen items for Netcare hospitals. Five orders totalling over R1 million have already been placed.

CTU linen, one of our supplier development partners, provided technical support, training, guidance and coaching to facilitate successful delivery of the orders.

Nyathi Arts Creations, a black-owned ceramic manufacturing company, has set up a ceramics training centre at the hub and recruited and begun training nine young people (including eight women and one man). The training began in September 2022 and will last for 12 months.

Nyathi Arts Creations supplies ceramic essential oil burners to Faithful to Nature and creates and sells corporate gifts. The owner of the business is dedicated to transferring his skills and knowledge of handmade ceramics to the youth of SA.

Preferential procurement and enterprise and supplier development continued

My Walk Made with Soul

Tonnes of our high-quality polyvinyl chloride (PVC) waste (including drip bags and oxygen masks and tubing) can only be used once within a medical context before being incinerated or sent to landfill. To reduce our environmental impact, and benefit society, we embarked on the My Walk Made with Soul initiative that re-uses non-hazardous and uncontaminated PVC waste to make school shoes for underprivileged children. The shoes are waterproof and 100% recyclable (excluding the laces).

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

In total, 19 Netcare hospitals are involved in the initiative.

>5 000

Netcare nursing staff trained on waste recycling between 2019 and 2022.

>16 tonnes

of PVC have been recycled since 2018. For each tonne that is repurposed, 1.5 tonnes of GHG emissions are abated.

During the year, the project gained SABS approval.

77 570

pairs of shoes donated since FY2020. More than 115 000 pairs have been manufactured since inception.

Target: manufacture 1 million pairs of shoes

10

jobs supported by entrepreneurial businesses involved with the initiative.

Medical doctors

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

69%

of 137 newly qualified doctors recruited in our Hospital Division are young black doctors.

Additional projects and partners

Netcare Diagnostics partnered with a black women-owned pathology practice, Dr Esihle Nomlomo Inc. (page 92). We provide the equipment and infrastructure, logistics, administration, finance and operational support, and the practice provides pathology services to our intensive and high care units. The practice strives to reduce the cost of its services to support access to affordable healthcare.

Our **green project** integrates ESD support and our zero waste to landfill goal. Our SMME partners include businesses that salvage, customise and re-sell our used hospital furniture and keep the grounds of our hospitals clean (piloted in Gauteng and expanded to KwaZulu-Natal and the Eastern Cape in FY2022) and three beneficiaries who support our zero waste to landfill strategy (an accredited electronic waste recycler, a provider of clinical glass collection and transportation services and a HCRW management services provider).

Two

enterprise development beneficiaries who support our zero waste to landfill strategy graduated to supplier status this year (page 55).

Supplier development

We continuously identify black-, women- and youth-owned small enterprises with high-growth potential to provide supplier development support. We continue to support Mlungisi Health Solutions, CTU Linen, Cheftalk Catering, Southern Basadi, Odire, Brittan Healthcare, Dube and Pottas and Dosimeter Services.

FY2022 performance

- We are investigating potential solutions to digitise more procurement processes to gain efficiencies, enhance supplier assessment and improve compliance measures.
- Established in 2019, the 51% black women-owned dosimeter services business (which is an ESD beneficiary) commenced repayments on its business loan. The business is accredited by the South African National Accreditation System and provides services to Netcare and other clients, enhancing the protection of healthcare professionals exposed to radiation from x-rays and other devices. It is expanding its production output to support growing demand for its services.
- During the COVID-19 pandemic, we continued to support our ESD beneficiaries helping them to preserve jobs. This included the continued purchase of imported latex gloves despite a significant price increase during the height of the pandemic, the continued support of a canteen operating on our premises that was negatively impacted by lockdown restrictions and working with our ESD partner on the My Walk initiative to diversify its revenues following the reduction in PVC waste generated due to fewer elective surgeries.
- Nine of 15 ESD partners are enrolled on our structured development programme. Eight of these businesses are majority black women owned.
- 94 suppliers are receiving early payment terms and 28 black doctors receive ESD support.
- Nine ESD beneficiaries were enrolled onto the Galelo mentorship programme.
- Six suppliers improved their B-BBEE ratings from Level 3 or below to Level 1, and one major international supplier has improved their rating from Level 8 (in 2018) to Level 5 (in 2022), with plans to improve to Level 2 by 2024 by participating in the Equity Equivalents Investment Programme.
- Guided one of our ESD beneficiaries to find solutions to address long international lead times; either by procuring materials locally or sourcing substitute materials where no local manufacturing was available.
- We are investigating potential solutions to digitise more procurement processes to gain efficiencies, enhance supplier assessment and improve compliance measures.
- Awarded tenders for laparoscopic devices, surgical stapling, arthroscopy, linear stapling and respiratory devices to various QSEs and EMEs.

Looking ahead

- Roll out affordable short-term liquidity funding to qualifying black SMMEs that are delivering services or finished products through the main contractors managing Netcare's construction and other projects. The initiative is under final review. We are currently assessing which projects will qualify for the initiative and exploring an IT solution that will assist with managing non-payment risks.
- Further develop the two partners we are incubating at the Netcare Ulusha Hub.
- Expand the green project to all Netcare hospitals nationally.
- Support ESD beneficiaries providing waste management solutions.

Socioeconomic development and corporate social investment

We recognise that our success depends on 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 competencies, our CSI activities focus on healthcare with priority given to indigent patients, health science education, community projects and wellness programmes. We also support a broad range of community-based initiatives including sexual assault assistance programmes, medical assistance programmes and community sponsorships.

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

The Netcare Foundation aims to provide access to quality healthcare to low-income and unemployed South Africans. The Foundation's person centred programme allocates 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. These patients are stabilised and sent to a state facility as and when a bed at one of these facilities becomes available. The Netcare Foundation provides funding for patients unable to pay for treatment and services received at Netcare hospitals.

R5 million

spent to assist **150** indigent patients accessing emergency medical services.

FY2021: R8 million

Sexual Assault Crisis Centres

Gender based violence is a pervasive global and local challenge with severe consequences for the physical and psychological health of survivors. Netcare provides healthcare and medico-legal services to survivors of sexual assault free of charge. 63% of survivors attending our clinics have been encouraged to press charges, supporting efforts to address this crime in SA.

In FY2022, we received external funding for this programme for the first time (R1 million). This will be used to cover treatment costs including doctors' consultations, hospital emergency department costs, medications and forensic kits.

R1 million

spent to assist survivors of sexual assault.

FY2021: R1 million

757

survivors treated; of these, 37% were under 18 years old, 94% were women and 88% were uninsured.

FY2021: 484

Accessibility initiatives

Netcare cleft lip and palate programme: cleft lips and/or palates are the third most common congenital abnormalities worldwide. Children born with cleft lips and/or palates that are left untreated can suffer from hunger and thirst, speech difficulties and social isolation or bullying.

In partnership with Tannah's Gift, the Netcare Foundation aims to make a difference in the lives of our beneficiaries by providing them with free surgical treatment. The programme is run at Netcare Sunninghill Hospital, with healthcare practitioners who offer their services at a lower rate for Foundation patients.

Gift of Sight: cataracts are one of the leading causes of blindness worldwide. They are, however, treatable and cataract procedures are fast, cost-effective and low-risk.

Supported by the Healthy Lifestyle Trust and Genop (who donate lenses), our Gift of Sight programme assists qualifying beneficiaries to regain their sight. The programme is run at six Netcare hospitals where ophthalmic surgeons donate their services and theatre costs are covered by funds ringfenced for the Netcare Foundation.

Due to the high demand for this service, this remains our busiest programme with a waiting list of 46 patients.

Cochlear programme: cochlear implants are small electronic devices that stimulate the cochlear nerve (the nerve that enables hearing) and help people with hearing loss restore or improve their ability to hear and understand speech. Early intervention for hearing loss is important and implants are particularly beneficial for children and support their development. As post-surgical therapy is required for the procedure to be successful, candidates for these surgeries must be carefully selected.

In partnership with The Healthy Lifestyle Trust, The Johannesburg Cochlear Implant Centre (JCIC) and a team of ear, nose and throat surgeons around SA, the Netcare Foundation offers cochlear implants to indigent patients. The JCIC provides audiologists, speech therapists and occupational therapists for the cochlear implant beneficiaries. Two ear, nose and throat surgeons donate their skill, time and expertise to this programme.

The Healthy Lifestyle Trust donates funding towards this necessary yet costly programme.

13

cleft lip and palate beneficiaries funded this year, with **425** funded since the inception of the programme.

FY2021: five

155

cataract beneficiaries funded this year, with **5 007** funded since the inception of the programme.

FY2021: 47

Eight

cochlear implant beneficiaries funded this year with 78 funded since the inception of the programme.

FY2021: five

Socioeconomic development and corporate social investment

Key Netcare Foundation initiatives continued

Accessibility initiatives continued

Craniofacial programme: the term craniofacial anomalies refers to a group of congenital musculoskeletal disorders which primarily affect the bones of the head and face. In many cases, people born with these disorders encounter high levels of stigma in their daily interactions with others and are invariably hidden from society.

In partnership with the Vodacom foundation and a dedicated multi-disciplinary team at Netcare Sunninghill Hospital, the Netcare Foundation provides craniofacial surgery to those unable to access it otherwise. After selection into the programme, beneficiaries often require multiple procedures across a series of months, and inclusion in the programme is therefore limited.

Elephantiasis programme: elephantiasis is a relatively rare condition that results in swelling of an area of the body. While uncommon, the condition can make doing routine tasks very difficult and can also result in secondary infections which may be life threatening. The condition can also severely impact psychological health due to stigmatisation and lowered self-esteem.

In partnership with The Healthy Lifestyle Trust and specialist healthcare practitioners, the Netcare Foundation offers elephantiasis treatments to those affected by the condition and unable to afford treatment. Programme beneficiaries receive intense specialist physiotherapy with the possibility of surgical intervention; beneficiaries' participation in the programme is lifelong. Social workers are included in treatment plans if it is determined that the patient lacks the degree of social support required to follow treatment through to completion.

Seven

craniofacial surgery beneficiaries funded this year, with 98 funded since the inception of the programme.

FY2021: eight

Five

elephantiasis beneficiaries funded this year, with 13 funded since the inception of the programme.

FY2021: four

Netcare Ncelisa human milk banks

Netcare upholds the World Health Organization's (WHO's) maternal and neonatal care view that breastmilk provides immunological benefits for all babies and, more importantly, for at-risk babies admitted to a neonatal intensive care unit.

Conceived in 2016, Netcare Ncelisa human milk banks have played an ever-increasing role in contributing to the wellbeing of newborn babies admitted for intensive care. Netcare operates five human milk banks and 36 collection points for mothers to donate excess breastmilk; this milk is provided free of charge to public and private sector hospitals.
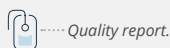
····· Quality report.

3 079

babies fed through the milk bank programme since inception.
937 donors have provided a total of 2 883 litres of breastmilk.

181

babies' mothers donating their excess breastmilk.

FY2021: 185

242

babies in the public sector were fed through the programme, equating to 37% of all babies fed with donated breastmilk.

FY2021: 151[1]
Target: 33% of donated breastmilk distributed to public sector.

National blood drives

It is estimated that less than 1% of South Africans donate blood on a regular basis, resulting in frequent national shortages. As blood transfusions can provide life saving care to patients in need, with components (plasma, platelets and red blood cells) from one donation able to help a minimum of three people, these shortages threaten the lives and health of patients.

Employees at our trauma centres across SA run blood drives to assist with national donor blood shortages. Drives are also now held at Netcare head office, enabling non-hospital employees to easily donate blood.

4 501

units of donor blood collected.

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1. *Service provision was disrupted in FY2021 because of the fire at Charlotte Maxeke Johannesburg Academic Hospital.*

Our Health Partners for Life Trusts

Our HPFL Trusts were established two years prior to the promulgation of the dtic Codes, with the aim of supporting designated groups and communities.

The Mother and Child Trust

The Mother and Child Trust focuses on supporting women and children and provides funding relating to their concerns.

>R1 million

spent to fund Netcare Sexual Assault Crisis Centres and various accessibility initiatives.

21

early childhood development centres funded since 2015 with proposals for funding for the next three-year phase of the project (including toy libraries and other initiatives) currently under review.

The Healthy Lifestyle Trust

The Healthy Lifestyle Trust focuses on funding initiatives that support the physical and mental health and wellness of all South Africans. The Trust has funded various initiatives run in partnership with the South African Depression and Anxiety Group (SADAG) since 2016, a partnership which will continue into 2023. This year, it also funded various healthcare accessibility initiatives run by the Netcare Foundation.

R2 million

approved for cochlear implant procedures.

R1 million

approved for cataract procedures.

R500 000

approved to fund procedures for elephantiasis beneficiaries.

R2 million

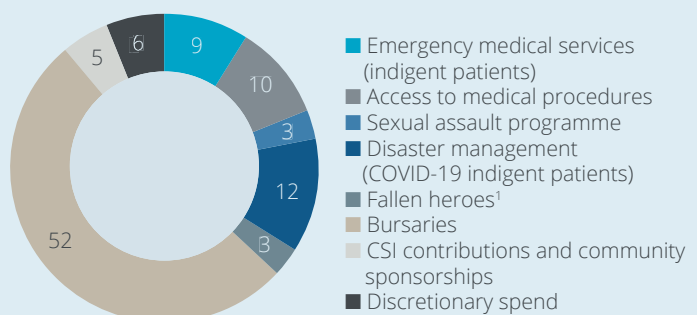approved to fund the SADAG Ivory Park counselling container and teen depression and suicide prevention school outreach programme for FY2023.

Physician Partnership Trust: PG 82.
Passionate People Trust: PG 94.

FY2022 performance

- Recorded a spend of R4 million for COVID-19-related treatment (as part of our disaster management budget); however, this largely represents patients who received treatment in FY2021 but whose invoices were only received in FY2022. R8 million of the R18 million spend on bursaries was claimed under skills development.
- Netcare 911 provided significant support and collaborated with multiple agencies in the search, rescue and retrieval operations during the devastating floods in KwaZulu-Natal in April 2022.
- Donated equipment from the closed Netcare Union and Netcare Clinton hospitals to five hospices, one orphanage, an old age home and the Onderstepoort animal hospital.
- Donated 70 used personal computers to a community-based outreach programme that distributed them among several schools. We ensured that each computer had a keyboard and mouse.

1. *For families of employees who lost loved ones to COVID-19.*

Total CSI spend for FY2022
(%)

- Emergency medical services (indigent patients)
- Access to medical procedures
- Sexual assault programme
- Disaster management (COVID-19 indigent patients)
- Fallen heroes[1]
- Bursaries
- CSI contributions and community sponsorships
- Discretionary spend

9
10
3
12
3
52
5
6

Governance

Scope of reporting

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

GRI[1] standards:

102-17 to 20 / 102-30 / 102-32 / 102-35 / 205-1 to 3 / 307-1 / 308-1 and 2 / 407-1 / 408-1 / 409-1 / 412-2 / 413-1 / 414-2 / 415-1 / 416-2 / 417-3 / 418-1 / 419-1.

1. Global Reporting Initiative (GRI).

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 an annual basis.

Performance overview

Governance

Compliance

Zero

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

FY2021: 0

Zero

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

FY2021: 0

Zero

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

FY2021: 0

Zero

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

FY2021: 0

Suppliers

Zero

supplier contracts terminated as a result of negative environmental impact.

FY2021: 0

Zero

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

FY2021: 0

Zero

suppliers identified as having significant negative social impact.

FY2021: 0

Ethics

3 858

hours spent training 2 871 new employees on human rights.

FY2021: 5355 hours training 871 employees

2 730

new employees received anti-corruption and bribery training.

113

incidents of alleged fraud and irregularities reported. 105 have been investigated and closed with the balance still under investigation. 13 incidents were reported via the Fraud and Ethics Hotline, with the remainder reported through other mechanisms such as direct engagement, email or the incident management system. Most of the incidents reported related to theft and medical fraud with the majority being perpetrated by third parties.

FY2021: 182 incidents, 21 reported via the Fraud and Ethics Hotline

Zero

incidences of alleged unethical medical behaviour reported.

FY2021: 0

No

political contributions made.

FY2021: 0

Cybersecurity

Zero

known cybersecurity breaches or material data loss incidents.

FY2021: 0

Protection of Personal Information Act

>15 300

employees trained on POPIA[1] and their obligations to protect personal information.

10

internal POPIA assessments undertaken across divisions.

Six

assessments against the European Union General Data Protection Regulations.

213

third-party assessments.

Six

onsite privacy assessments performed.

1. *Protection of Personal Information Act (POPIA).*

Governance overview

A high standard of corporate governance is instilled within the Group and our competitiveness and growth is irrevocably intertwined with stewardship – of not only mitigating but deliberately improving our socioeconomic and environmental outcomes.

The Netcare Board

Netcare's Board of directors (the Board) subscribes to the principles of the King Report on Corporate Governance for South Africa (King IV), the Companies Act of 2008, the JSE Limited Listings Requirements and other relevant laws. 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, which in turn, support the Group's achievement of the sector-specific objectives of the *Quadruple Aim* – to balance the value of our services with their cost to society – and are pivotal to the delivery of the Group's purpose – to deliver the best and safest care.

The Board is committed to a transparent and effective governance process that provides stakeholders with a high

degree of confidence that the Group is being managed ethically, within acceptable risk parameters and in compliance with all applicable laws and international best practices. It is prepared to do what is needed to create and protect value for stakeholders as Netcare transforms to a patient centred organisation that is digitally enabled and data driven.

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.

Shareholder report.

Our Board:
- Comprises nine independent non-executive directors[1] 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, 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.
- Governance committees provide an in-depth focus on specific areas, assisting the Board to discharge its responsibilities.

1. The chief executive officer (CEO) and chief financial officer (CFO) sit on the Board as executive directors.

Responsible corporate citizenship

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, finding 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, non-governmental organisations, and lobby groups.

📄····· *Social report:* PG 62.

📄····· *Affordable access to healthcare:* PG 92.

Our environmental sustainability strategy recognises not only that climate change and a deteriorating environment place the wellbeing of entire populations at risk, but also that we unavoidably contribute to the problem. While this strategy was driven largely to secure the resources needed to provide optimal care, it has become the foundation for reaching carbon neutrality.

📄····· *Environment report:* PG 38.

We also consider the United Nation's (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, of which we are a member, as part of our commitment to good corporate citizenship.

Netcare does not make contributions to political parties, government affiliates or candidates, whether in cash or in kind.

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.

Relationship to business strategy

Governance relates to all pillars of the Group's strategy.

🤲	Consistency of care	⚙️	Integration
💡	Disruptive innovation	💰	Investment
🧑‍🤝‍🧑	Transformation of our society	🌱	Environmental sustainability
📊	Organic growth		

How we manage our environmental and social impacts

Board oversight and accountability

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.

Social and Ethics Committee

- 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 broad-based black economic empowerment (B-BBEE) plans and scorecard, our employment equity plan, and governance of our Health Partners for Life Trusts and non-profit organisations affiliated with Netcare (including the Netcare Foundation).

Shareholder report.

Risk Committee

Reviews the Group's environmental, social and governance (ESG) practices and assessments, including plans to deal with electricity outages, water shortages, fire and civil unrest.

Managing our environmental impact

Our environmental performance is managed and monitored by the national environmental sustainability manager (ESM), supported by an energy engineer, a sustainability operations engineer and an integrated waste manager. The ESM reports directly to the Sustainability Committee.

Project implementations are managed centrally and in close collaboration with each facility. Building projects are overseen by the Property division, with environmental impact assessments undertaken by specialists as required.

The consultant guideline for green construction was developed and published at the end of the 2019 calendar year; this is used to guide all new construction undertaken through the Property division. This guideline is updated regularly to align with best practice and the latest environmental trends.

The Facilities division is responsible for day-to-day operations and service providers are responsible for collecting waste and managing the safe disposal of hazardous waste on behalf of Netcare. The Procurement division is responsible for service level agreements and managing service providers.

Operating committees

The Sustainability Committee, chaired by the CEO, leads the environmental sustainability strategy and initiatives to meet strategic targets. It also oversees key environmental initiatives such those relating to energy and water efficiency.

Link to remuneration

Implementing our strategies for reducing energy and water consumption, carbon emissions and waste sent to landfill accounts for 10% of the Group balanced scorecard for FY2022.

Shareholder report.

Policies

Our environmental policies apply to all Netcare Group operations and joint ventures and are applicable to Netcare employees, contractors, facility tenants and suppliers who provide products and services to and in Netcare Group facilities.

Our green procurement policy places particular focus on packaging requirements and on reporting environmental performance and strategies.

Policy index: PG 125.

Managing our social impact

Our performance against social indicators relating to people and transformation is managed and monitored by the Group human resources and transformation director, supported by divisional and regional human resource managers and Workplace Transformation Committees which comprise management and labour representatives, as well as divisional heads.

The Group human resources and transformation director reports to the CEO and the Social and Ethics Committee. The employment relations department, together with executives and senior management, is the custodian of the management of the relationship between Group and employees and for ensuring compliance with South Africa's (SA's) labour legislation.

Group human resources and transformation director

General managers

Human resources

Supported by regional and divisional human resource managers who lead site-based human resource management teams.

Employee relations

Manages the relationship with organised labour and provides related leadership and guidance to the business and human resource management teams.

Transformation and enterprise and supplier development

Provides leadership on operationalising the Group transformation strategy, including the enterprise and supplier development (ESD) strategy, and supports the business and human resource managers in developing, implementing and monitoring transformation plans aligned to the Group strategy.

Operating committees

The Operational Transformation Committee, chaired by the Group human resources and transformation director, monitors and drives implementation of the Group's transformation and diversity initiatives. The Committee meets at least four times a year and reports to the Social and Ethics Committee.

Link to remuneration

As a pillar of the Group strategy, transformation of our society accounts for 10% of the Group balanced scorecard for FY2022. Meeting our transformation targets is thus an integral part of the performance parameters for executive and management incentives.

⚲······*Shareholder report.*

Policies

Our people and transformation policies ensure that our principles, targets and standards are clearly articulated. They cover patient care and feedback, employee wellness, health and safety, transformation and procurement.

▤······*Policy index:* PG 125.

Supply chain management

Board oversight and accountability

The Social and Ethics Committee oversees ethics within the supply chain and outsourced relationships.

Shareholder report.

Supplier selection and assessment

When selecting suppliers, we consider the quality of products or services, compliance with regulation 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 green procurement policy, published on our website. All new vendors are required to complete a compliance declaration where our standard terms and conditions of trade require that they supply goods and services in accordance with 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.

The general manager of procurement services is responsible for negotiating preferential pricing aligned to bulk purchasing and reviews the supplier base to ensure ethics in the supply chain.

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 healthcare risk waste (HCRW) can have a negative environmental impact when not treated according to regulations, we assess the compliance of HCRW treatment plants and related service providers.

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.

Operating committees

The Procurement Committee, headed by the general manager of procurement services and chaired by the CFO, reviews and enhances procurement processes to ensure good governance and ethical conduct. The committee also provides input into our ESD initiatives.

Policies

Policies relating to procurement and our suppliers can be accessed on the Netcare website. These cover multiple elements of our relationship with suppliers, including expected codes of conduct, compliance, criteria for how we evaluate suppliers and our guidelines for procuring green products and services.

Policy index: PG 125.

Looking ahead

- Engage with suppliers to ensure better environmental performance.

Preferential procurement and enterprise and supplier development: PG 99.

NETCARE LIMITED Environmental, Social and Governance Report 2022

Governance report

115

Ethical corporate citizenship

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 (page 96). 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 Ethics 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.

Board oversight and accountability

The Board assumes ultimate responsibility for the Group's ethical performance. Its oversight of strategy rests on an ethical foundation and directors hold one another accountable for acting in the best interests of the Group. Assisted by all governance committees, the Board governs the Group's approach to ethics and ensures awareness around Netcare's commitment to doing business ethically.

Social and Ethics Committee

- Assists the Board in setting the tone for an ethical organisational culture and oversees our commitment to social and economic development, fair labour practices, environmental responsibility 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.

Audit Committee

Assists with overseeing and monitoring compliance to Netcare's Code of Ethics and reviews adherence to the Group's compliance and business ethics programme.

These committees also assist the Board to ensure strict adherence to anti-bribery and corruption, fraud and anti-money laundering laws and regulations.

Shareholder report.

| Honesty | Integrity | Values | Partnership | Collaboration | Sensitivity | Commitment | Charity | Initiatives |

A number of initiatives and mechanisms are in place to support an ethical culture

Netcare's Code of Ethics 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.

The **Netcare Clinical Practice Committee** sets governance guidelines and monitors compliance with clinical governance criteria relating to clinician conduct.

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.

The FY2022 survey was conducted in December 2021 with results reported to the Social and Ethics Committee.

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.

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.

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 Health Professions Council of South Africa. Civil recoveries are pursued by prejudiced business units where financially appropriate.

Employees, management and external parties[1] can report irregularities[2] to Group Forensics via telephone, email or meeting request. The Fraud and Ethics Hotline is available to stakeholders wanting to protect their anonymity.
All employees receive regular communication on recent fraud trends.

Supplier policies and assessments

⌐ ····· *Supply chain management:* PG 114.

Anonymous toll-free SHOUT line

⌐ ····· *Diversity and inclusion:* PG 95.

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

1. Including the public, suppliers and patients.
2. Such as alleged theft, or fraudulent, corrupt or unethical behaviour (including unethical medical behaviour).

Ethical corporate citizenship continued

Anti-corruption

Corruption risk is assessed across the Group by the Risk and Social and Ethics Committees. Group Internal Audit 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 anti-corruption training, with periodic road shows conducted to raise awareness.

Regulatory compliance

Assisted by all governance committees, the Board ensures that the Group remains compliant with changing regulation. Compliance risk is monitored by the Risk Committee and managed through the compliance framework and compliance reviews. The Compliance Committee and compliance function monitor the legislative landscape on an ongoing basis and assess the potential impact of new laws, regulations and relevant sector-related developments on the Group. Changes required are delegated to management and must be achieved within defined timelines.

All service platforms, 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 sector. The Board and Social and Ethics Committee are kept informed of regulatory changes and changes to non-binding standards, codes and relevant sector developments that could potentially affect the Group and its operations. Adherence to non-binding rules is considered an integral part of doing business.

Human rights

Our operations and strategies align to 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 a human rights awareness programme that forms part of our induction programme.

Operating committees

The Compliance Committee monitors the legislative landscape and assesses the potential impact of new laws and regulations on the Group. The Compliance Committee and compliance function keep the Board appraised of any material developments in this regard.

Policies

We have policies that clearly articulate our Code of Ethics as well as those that provide guidance on gifts and hospitality, fraud and whistleblowing, human rights and anti-bribery and corruption.

Policy index: PG 125.

FY2022 performance

- The FY2022 governance, risk and compliance survey was rolled out across all divisions (including 25 hospitals, 11 Netcare Akeso mental health facilities and 28 Netcare Medicross medical and dental centres). The survey covers a number of areas, including licensing, procurement practices, regulatory understanding and compliance, the ethical framework and IT controls, among others. Results indicated satisfactory conformance to current practices.
- The Board, Executive Committee and the procurement team attended business ethics and anti-bribery and corruption refresher training delivered by ENSAfrica.
- An independent fraud risk maturity assessment was also conducted by ENSAfrica; the results demonstrated employees have mature fraud risk awareness.

Looking ahead

- Implement action plans to address the areas of improvement identified by the fraud maturity risk assessment.
- Continue implementing policies that ensure regulatory compliance and value creation for all stakeholders.
- Procure systems to enhance supplier vetting and improve our contract management system.

Data privacy and protection

IT is fundamental to the support, sustainability and growth of the Group, both as an operational enabler and a vital strategic asset for creating opportunities and gaining competitive advantage. Digitisation requires increasing reliance on IT systems to process personal information in our day-to-day business operations. This in turn, necessitates that our IT systems and data are adequately secured without impeding access to patient information for healthcare facilities and doctors.

Board oversight and accountability

Assisted by the Audit and Risk Committees, the Board oversees the governance of technology and information management (including cybersecurity initiatives).

Risk Committee

- 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.

Audit Committee

Reviews Risk Committee reports relating to cybercrime and cybersecurity, including cyber liability insurance.

Shareholder report.

We operate a robust IT governance, risk management and compliance function, and Group IT supports the principles and practices of fairness, transparency, responsibility and accountability in its dealings with stakeholders. The guidelines of our IT governance framework and 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.

The Group continuously strives to ensure that appropriate technical and organisational safeguards are in place to secure the integrity and confidentiality 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 the implementation of privacy protection measures across all business operations, aligned to applicable privacy and data protection laws. Our cybersecurity and privacy frameworks

ensure that we can effectively monitor, govern and enforce best practice policies as well as appropriately respond to and recover from cyber-related incidents and prevent or minimise data loss. Through these frameworks and careful management of our risk exposure to acceptable levels, economic value is created by safeguarding our physical and intellectual assets. All frameworks include assessments, risk management, training and awareness.

Data privacy and protection continued

We ensure that our data remains protected through:

Data protection safeguards

based on international best practices and control frameworks. Their effectiveness is regularly verified by internal and external parties. Reasonable mechanisms, tools and technologies have been implemented to detect, prevent and respond to security violations.

Data protection technologies

that safeguard digital assets across the Group. We utilise best of breed technologies including end point detection and response systems, threat intelligence, 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

that are carefully managed and include terms and conditions relating to cyber insurance, information security and data protection clauses. Third parties with access to personal information must comply with stringent privacy clauses[1].

Group digital culture

focused on continuous information security awareness that is reinforced through training and/or awareness programmes ensuring data confidentiality, integrity and availability to support critical business functions. We also ensure that access is restricted to authenticated people and processes and that our information assets remain adequately controlled.

1. Including non-disclosure agreements, privacy impact 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.

We have adopted a hybrid approach to cybersecurity, with an experienced internal cybersecurity team complimented by external experts, and our best of breed technologies complimented by control frameworks. This approach continues to stand us in good stead in safeguarding our information and detecting, preventing and responding to security violations.

Operating and management committees

- IT Steering Committee: oversees and directs IT strategy and reviews IT priorities, risks and opportunity management.
- IT Management Committee: headed by the chief information officer, oversees and manages all IT assets.
- 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: implements data governance within Netcare and enables ongoing support, understanding and awareness of the data.

Other IT governance structures include the Continuous Business Improvement Committee, Enterprise Architecture Committee and the Change Advisory Board.

Policies

Our data protection policies include a privacy policy and an access to information policy.

Policy index: PG 125.

FY2022 performance

- Benchmarked cybersecurity performance against sector and global peers, achieving a higher performance rating than sector and global averages.
- Undertook a cyber risk self-assessment and reviewed cybersecurity initiatives and disaster recovery plans.
- Continued to educate our people about cybersecurity risks using various awareness-raising mechanisms including simulated phishing campaigns.
- Reviewed the integrity of critical data and commenced data quality improvement initiatives.
- Some of the cybersecurity-related projects underway include:
  - Proactive and continuous testing and evaluation of our systems.
  - The development of playbooks to outline the processes required in the event of a security incident.
  - Migration to a new 24/7 Security Operations Centre and Security Incident and Event Management platform.
  - Development of strategic third-party cybersecurity assessments.

Looking ahead

- Continue to monitor implementation of key strategic IT projects, including our digital and data strategies.
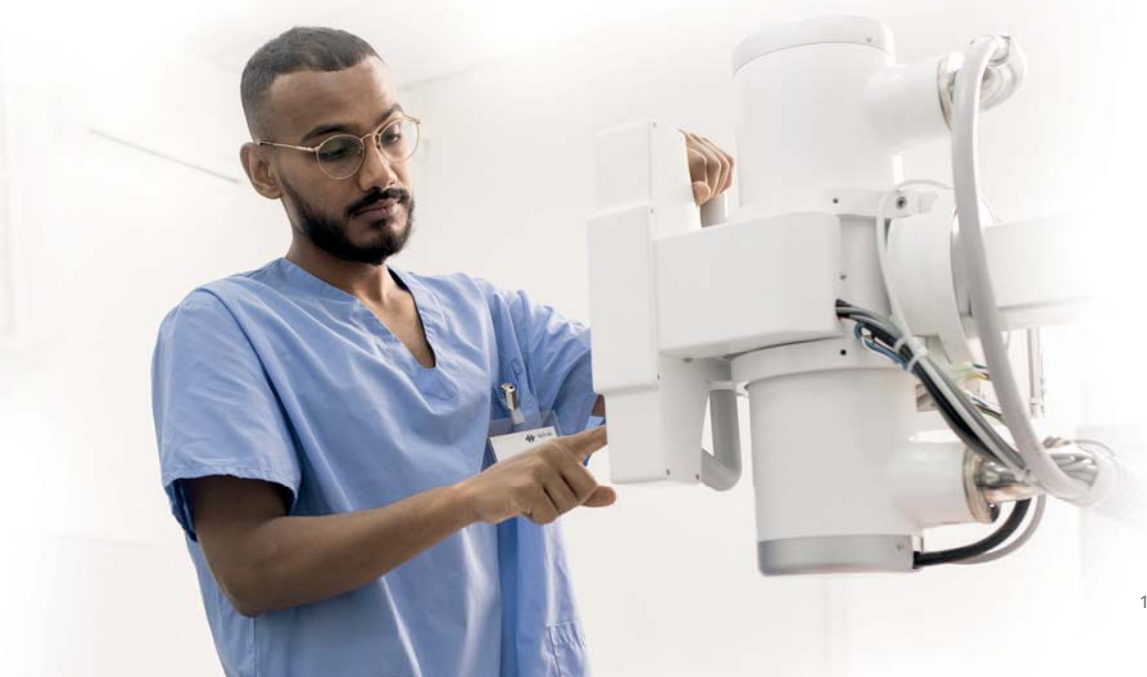
Additional information

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 2022 CDP submission

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.	**CDP Climate Response 2022:** C1.1 **CDP Water Response 2022:** W6.1-2 **ESG report:** How we manage our environmental and social impacts: PG 112.
	Role of management Describe management's role in assessing and managing climate-related risks and opportunities.	**CDP Climate Response 2021:** C1.2 **CDP Climate Response 2022:** W6.3 **ESG report:** How we manage our environmental and social impacts: PG 112.

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 climate-related risks and opportunities over the short, medium and long term.	**CDP Climate Response 2022:** C2 **CDP Water Response 2022:** W4 **ESG report:** Our ESG context, risks and opportunities: PG 25.
	Impact on investment strategy Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	**CDP Climate Response 2022:** C2 **CDP Water Response 2022:** W4 **ESG report:** Our strategy: PG 14. **ESG report:** Environmental sustainability: PG 43. **ESG report:** Our 2030 environmental sustainability strategy: PG 44.
	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 2022:** C2-3 **CDP Water Response 2022:** W4 **ESG report:** Our ESG context, risks and opportunities: PG 25.

Task Force on Climate-Related Financial Disclosures Index continued

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.	**CDP Climate Response 2022:** C2.2 **CDP Water Response 2022:** W4 **Shareholder report:** PG 30. **Integrated report:** PG 58.
	Processes for managing risks and opportunities Describe the processes for managing climate-related risks.	**CDP Climate Response 2022:** C2.1-4 **CDP Water Response 2022:** W4.3 **ESG report:** Our ESG context, risks and opportunities: PG 25. **ESG report:** Our 2030 environmental sustainability strategy: PG 44. **ESG report:** Emissions: PG 48. **ESG report:** Energy: PG 50. **ESG report:** Water: PG 58. **ESG report:** How we manage our environmental and social impacts: PG 112.
	Integration into risk management processes Describe how the processes above are integrated into existing risk management processes.	**CDP Climate Response 2022:** C2.1-4 **ESG report:** Our ESG context, risks and opportunities: PG 25. **Shareholder report:** PG 30. **Integrated report:** PG 58.

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.	**CDP Climate Response 2022:** C1.1b, C2.3a, C4.1-2 **CDP Water Response 2022:** W8.1a **ESG report:** ESG-related strategic progress: PG 34. **ESG report:** Environment report, starting on PG 38.
	Disclose emissions Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas emissions, and the related risks.	**CDP Climate Response 2022:** C6-7 **ESG report:** Performance overview: PG 39. **ESG report:** Emissions: PG 48. **ESG report:** Our ESG context, risks and opportunities: PG 25.
	Disclose the targets Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**CDP Climate Response 2022:** C4.1-2 **CDP Water Response 2022:** W8 **ESG report:** Performance overview: PG 39. **ESG report:** Our new environmental sustainability strategy: PG 44.

Policy index

Environment

Base year and baseline recalculation policy (2016, revised 2018)
https://www.netcare.co.za/Portals/0/Investor%20Relations/
Governance/JSE%20SRI/FTSE%20ESG%20-20Climate%20
Change/Environmental_Sustainability_Policy_Base_Year_
Recalculation_Policy.pdf?ver=2017-05-15-152551-280

Energy policy (2015, revised 2017)
https://www.netcare.co.za/Portals/0/Investor%20Relations/
Governance/JSE%20SRI/FTSE%20ESG%20-%20Climate%20
Change/ECC_Environmental_Sustainability_Policy_Energy.
pdf?ver=2017-05-15-152551-343

Environmental sustainability policy (2015, revised 2017)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/corporate-governance-environmental-
sustainability-green-procurement-policy.pdf

General waste policy (2014, revised 2014)
https://www.netcare.co.za/Portals/0/Investor%20Relations/
Governance/JSE%20SRI/FTSE%20ESG%20-%20Climate%20
Change/ECC_Environmental_Sustainability_Policy_General_
Waste.pdf?ver=2017-05-15-152552-037

Green procurement policy (2015, revised 2017)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/corporate-governance-environmental-
sustainability-green-procurement-policy.pdf

Water management policy (2014, revised 2016)
https://www.netcare.co.za/Portals/0/Investor%20Relations/
Governance/JSE%20SRI/FTSE%20ESG%20-%20Climate%20
Change/ECC_Environmental_Sustainability_Policy_Water_
Management.pdf?ver=2017-05-15-152550-563

Social: General

Employee wellness policy (2013, revised 2015)
https://silo.tips/download/netcare-limited-human-resources-
employee-wellness-policy-number-hr07-human-resou

Patient feedback and complaints management policy (2015, revised 2017)
https://www.netcare.co.za/Portals/0/Investor%20Relations/
Governance/JSE%20SRI/FTSE%20ESG%20-%20Corporate%20
Governance/CR_Patient_Feedback_Policy.
pdf?ver=2017-05-15-152523-650

Supply chain

Indirect expenditure procurement policy (2007)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/indirect-expenditure-procurement-policy.pdf

Preferential procurement policy (2007)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/preferential-procurement-policy.pdf

Supplier accreditation policy (2007)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/group-supplier-accreditation.pdf

Ethics

Anti-corruption policy (2014, revised 2016)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/anti-corruption-policy.pdf

Gifts and hospitality policy (2014, revised 2016)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/corporate-governance-gifts-hospitality-policy.
pdf

Netcare Code of Ethics (2013, revised 2015)
https://www.netcare.co.za/Portals/0/Images/Content-Images/
suppliers/policies/corporate-governance-doc.pdf

Data and privacy

Access to information policy (2018, revised 2020)
https://www.netcare.co.za/Portals/4/Documents/
CORPORATE%20GOVERNANCE%20COR13-A%20PRIVACY%20
AND%20CONFIDENTIALITY%20(EXTERNAL)%20v1%20%20
FEBRUARY%202018.pdf

Privacy policy (2020)
https://www.netcare.co.za/Portals/_default/GlobalDocuments/
PAIA-PRIVACY-AND-CONFIDENTIALITY-V8.pdf

Additional data

Employment data
Employment data is calculated for employees on Grade D upper and above in terms of the Patterson grading system.

Permanent employee breakdown	2022			2021	2020
	Female	Male	Total		
Permanent employees by service platform					
Hospital and pharmacy	12 302	2 208	14 508	14 859	15 705
Mental health	394	116	510	484	497
Oncology	63	10	73	64	59
Netcare 911	482	694	1 176	1 159	1 136
Head office	488	313	801	684	635
Primary Care	846	122	968	886	975
Total number of permanent employees	14 757	3 461	18 036	18 136	19 007
Public private partnerships	167	42	209	210	207
Total number of permanent employees including public private partnerships	14 742	3 503	18 245	18 346	19 214
Permanent employees by employment level					
Executive	21	24	45	43	45
Management	1 217	459	1 676	1 597	1 585
Professional	6 300	988	7 288	6 911	7 096
Enrolled nursing and support	7 204	2 032	9 236	9 795	10 488
Total number of permanent employees	14 742	3 503	18 245	18 346	19 214

Employees by employment contract	2022			2021		
	Female	Male	Total	Female	Male	Total
Permanent: Full-time	14 534	3 496	18 030	14 645	3 443	18 088
Permanent: Part-time (reduced hours)	208	7	215	249	9	258
Fixed-term	512	159	671	748	174	922
Total workforce	15 254	3 662	18 916	15 642	3 626	19 268

Permanent employees by race	2022			2021		
	Black[1]	White	Total	Black	White	Total
Executive	21	24	45	18	25	43
Management	1 069	607	1 676	956	641	1 597
Professional	5 862	1 426	7 288	5 130	1 781	6 911
Enrolled nursing and support	8 160	1 076	9 236	8 513	1 282	9 795
Total number of permanent employees	15 112	3 133	18 245	14 617	3 729	18 346

1. African, Coloured and Indian.

Turnover data

New hires	2022			2021		
	Female	**Male**	**Total**	Female	Male	Total
Under 30 years of age	**551**	**209**	**760**	422	178	600
Between 30 and 50 years of age	**1 510**	**403**	**1 913**	1 007	254	1 261
51 years of age and above	**262**	**34**	**296**	170	27	197
Total number of new employees	**2 323**	**646**	**2 969**	1 599	459	2 058

Rates of new hire	**2022**	2021
Overall new hire	**16.3%**	11.2%
Male	**3.5%**	2.5%
Female	**12.8%**	8.7%
Under 30 years of age	**4.2%**	3.3%
Between 30 and 50 years of age	**10.5%**	6.9%
51 years of age and above	**1.6%**	1.1%
Overall turnover rates		
Overall turnover	**16.8%**	15.9%
Male	**3.2%**	2.9%
Female	**13.6%**	13.0%
Under 30 years of age	**2.3%**	1.9%
Between 30 and 50 years of age	**11.0%**	10.2%
51 years of age and above	**3.5%**	3.8%

Glossary

ACT	applied compassion training
App	application (mobile)
B-BBEE	broad-based black economic empowerment
BESS	battery energy storage solutions
Board	the Board of directors
CAPEX	capital expenditure
CDP	formerly the Carbon Disclosure Project
CEO	chief executive officer
CFO	chief financial officer
COVID-19	Coronavirus disease 2019
CPI	consumer price index
CPR	cardiopulmonary resuscitation
CSI	corporate social investment
CSIR	Council for Scientific and Industrial Research
dtic	Department of Trade, Industry and Competition
EAP	economically active population
EBITDA	earnings before interest, taxation, depreciation and amortisation
EME	exempted micro enterprise
EMR	electronic medical record
EOC	Emergency Operations Centre
ESD	enterprise and supplier development
ESG	environmental, social and governance
ESM	environmental sustainability manager
ESP	Enterprise Sustainability Platform
FATF	Financial Action Task Force
GDP	gross domestic product
GHG	greenhouse gas
GP	general practitioner
GRI	Global Reporting Initiative
GWh	gigawatt hours
HCRW	healthcare risk waste
HEPS	headline earnings per share
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
ICU	intensive care unit
IFRS	International Financial Reporting Standards
IRAS	Integrated Reporting and Assurance Services
ISO	International Organization for Standardization
IT	information technology
IWM	Integrated Waste Management

JSE	JSE Limited
King IV	King Report on Corporate Governance for South Africa
Kl	kilolitres
kg	kilograms
kWh	kilowatt hours
LPG	liquefied petroleum gas
MWh	megawatt hour
NDoH	National Department of Health
NHI	National Health Insurance (South Africa)
NPAT	net profit after tax
NPV	net present value
NQF	National Qualifications Framework
NRF	National Research Foundation
OHS	occupational health and safety
OPEX	operational expenditure
PCI	personalised clinical information
POPIA	Protection of Personal Information Act
PV	photovoltaic
PVC	polyvinyl chloride
QSE	qualifying small enterprise
ROIC	return on invested capital
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SANC	South African Nursing Council
SBTi	Science-based Target initiative
SDGs	Sustainable Development Goals
SDP	skills development period
SHEQ	safety, health, environmental sustainability and quality management
SMME	small, medium and micro enterprise
TCFD	Task Force on Climate-related Financial Disclosures
tCO$_2$e	tonnes of carbon dioxide equivalent
UN	United Nations
WHO	World Health Organization
YES	Youth Employment Service

Corporate information

Company registration number
(Registration number 1996/008242/06)

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customer.service@netcare.co.za

Fraud line
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fraud@netcare.co.za

JSE information
JSE share code: NTC (Ordinary shares)
ISIN code: ZAE000011953
JSE share code: NTCP (Preference shares)
ISIN code: ZAE000081121

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Deloitte and Touche

Principal bankers
RMB Private Bank
Nedbank Limited

Selected websites
www.netcare.co.za
www.netcare911.co.za
www.medicross.co.za
www.nrc.co.za
www.akeso.co.za

Disclaimer

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NETCARE