



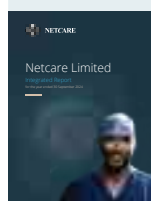
NETCARE

Netcare Limited

Integrated Report

for the year ended 30 September 2024





THIS REPORT

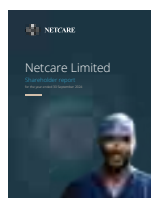
Integrated report

Our primary report to stakeholders, which provides material information on the Group's strategy to create a sustainable competitive advantage and deliberate social, economic and environmental value; in particular how Netcare creates and preserves enterprise value and mitigates its erosion over time, in relation to the six capitals. The integrated report contextualises and connects material information and data that is analysed in more detail in the supplementary reports.

Key regulatory and reporting frameworks applied:

- International <IR> Framework (January 2021).
- King Report on Corporate Governance for South Africa (2016)¹ (King IV)².
- Companies Act 71 of 2008, as amended (Companies Act).
- JSE Listings Requirements.
- International Financial Reporting Standards (IFRS)³.
- United Nations Sustainable Development Goals (UN SDGs).

Strategic pillars covered¹



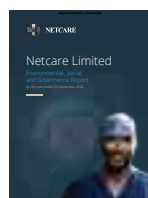
Shareholder report

Provides detailed disclosure on the Group's approach to corporate governance, its full remuneration policy and implementation report, and the summarised Group annual financial statements. The report is of particular interest to shareholders, investors, debt providers and regulators.

Key regulatory and reporting frameworks applied:

- King IV.
- Companies Act.
- JSE Listings Requirements.
- IFRS.

Strategic pillars covered



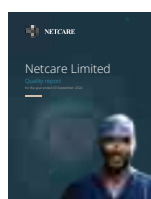
Environmental, social and governance report

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

Key regulatory and reporting frameworks applied:

- King IV.
- Global Reporting Initiative (GRI) Standards.
- Task Force on Climate-related Financial Disclosures (TCFD).
- UN SDGs.
- UN Global Compact.
- Climate and water CDP.
- dtic Codes³.

Strategic pillars covered



Quality report

Sets out the Group's consistency of care strategy and includes clinical outcomes data and measurement requirements. The report is of particular interest to patients, doctors, private medical funders and regulators.

Strategic pillars covered



Annual financial statements

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

Key regulatory and reporting frameworks applied:

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

Strategic pillars covered



Our reports can be accessed at www.netcare.co.za/Netcare-Investor-Relations or readers can use the links available on this page.

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

Additional information

- [GRI content index](#).
- [TCFD content index](#).
- [Notice of AGM and proxy form](#).
- [Hospital listing \(downloads tab\)](#).

1. Strategy icons are defined on page 2.
2. King IV copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.
3. dtic Codes: Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice.

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NAVIGATING THIS REPORT

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



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Hyperlinks are denoted by underlined text.

The following icons refer readers to additional information.



Information in this report.



Information online.

Click to download or update.

[Adobe Acrobat Reader](#)



Our value creation model

DRIVERS OF VALUE CREATION

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

Our purpose

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

Our values

Care | Dignity | Participation | Truth | Compassion

Our promise

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

Our strategy

Page: 16.

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



Consistency of care



Disruptive innovation



Transformation of our society



Organic growth



Integration



Investment



Environmental sustainability

Our strategic enablers

01

EMRs¹ across all divisions

02

Improved IT infrastructure and architecture

03

Integrated and centralised systems

04

CEM² platform

05

Person centred engagement channels

06

Modernised data infrastructure

07

Predictive analytics tools

08

Data Council

WHAT IMPACTS OUR VALUE CREATION

Our operating environment

- Economic environment.
- Medical aid membership.
- Healthcare affordability.
- Skills availability (specialists and nurses).
- Digitisation.
- Social context.
- Resource availability and cost.
- Climate change.

Page: 48.

Our stakeholders

- Our patients.
- Our people.
- Doctors and allied healthcare professionals.
- Private medical funders.
- Suppliers.
- Regulators and government.
- Investors.
- Society.

Our risks and opportunities

Our top business risks and opportunities impact Netcare's sustainability, the competence and commitment of our leaders and employees, the competitive strength of our brands, and the perceptions of our stakeholders, which collectively determine the health of our reputation.

Page: 54.

Availability of and our use of inputs

- SRC Social and relationship capital
- HC Human capital
- IC Intellectual capital
- MC Manufactured capital
- NC Natural capital
- FC Financial capital

Page: 14.

OUR MATERIAL MATTERS

These impacts determine our material matters

1. EMR: electronic medical records.
2. CEM: customer engagement model.



OUR MATERIAL MATTERS FOR FY 2024

Page: 4.



Outstanding
person centred
health and care



Recover and grow
market share and long-
term profitability



Attract, retain and
invest in our employees
and healthcare
practitioners



Accelerate
transformation and
access to quality health
and care in SA



Effective leadership and
responsible business
conduct

HOW WE CREATE VALUE

Our business activities

ACCESS TO CARE



Need for
primary,
acute,
mental
health or
emergency
care



Book an
appointment
or call an
ambulance



Choose
facility



Pre-
admission



Admission



Diagnosis



Treatment



Recovery



Discharge



Follow-ups



Ongoing
treatment

Our management systems

People management

Pages 100 and 123.

Consistency of care leadership

Pages 95, 103, 107 and 131.

Asset management

Page 145.

Environmental sustainability

Page 151.

Capital management

Pages 145 and 160.

Governance, risk management and compliance frameworks (*pages 39 and 54*), policies and controls, aligned to King IV, are well embedded across the Group, ensuring that we conduct our business ethically, responsibly and efficiently. Our remuneration policy (*page 83*) rewards executives for achieving stretching but motivational short-term targets that are linked to long-term value creation.

How we manage our material matters determines the shared value we are able to generate

SHARED VALUE CREATION

The Quadruple Aim

An international framework that aims to optimise the performance of healthcare systems through the integration of four critical objectives. This framework enables us to balance the value of our services with their cost to society, while recognising the value of our people and partnerships.



UN Sustainable Development Goals

We believe that the most meaningful impact Netcare has on the shared blueprint for peace and prosperity for people and the planet, now and into the future, is through the ten UN SDGs listed below.



Good health
and wellbeing



Quality education



Gender equality



Clean water
and sanitation



Affordable and
clean energy



Decent work
and economic growth



Industry, innovation
and infrastructure



Responsible consumption
and production



Climate action



Peace, justice and
strong institutions



— [Quality report](#) (for detailed disclosure).



— [ESG report](#) (for detailed disclosure).

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

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

— Materiality: page 8.

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

IR: Integrated report ESG: [ESG report](#) QR: [quality report](#) SH: [shareholder report](#) AFS: [annual financial statements](#)

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

Capitals impacted

SRC HC IC MC NC FC

01 Consistent and measurably better quality of care









- Patient safety and care, and consistently high overall patient satisfaction scores.
- Rigorous clinical governance supported by data and digitisation.
- AI, predictive analytics and machine learning to enhance clinical outcomes and cost efficiency.
- Highly skilled nursing and specialised staff.
- Securing the supply of water and electricity.

02 Digital engagement and digital health interventions

- Convenience, access and improved patient engagement.

IR	ESG	QR	SH	AFS
✓	✓	✓	✓	
✓		✓		
✓		✓	✓	
✓		✓		
✓	✓			
✓	✓			
✓		✓		
✓		✓		



Why this is material		Our strategic response
 Recover and grow market share and long-term profitability	<p>SA continues to experience constrained economic growth, high interest rates and inflation, adversely impacting consumer disposable income. In addition, high unemployment, inequality and high levels of corruption increase the risk of socioeconomic instability. Delivering measurable and sustainable financial results (revenue, EBITDA¹ and ROIC² growth), depends on our ability to maintain margins, operate an optimal capital structure, enhance our competitive differentiation, and drive operational efficiencies and tight cost control. This material matter has been elevated to second place (ranked fourth in FY 2023).</p>	      

Capitals impacted

SRC

IC

MC

NC







FC

01 A challenging socioeconomic context**02 Sufficient liquidity, access to funding and strong statement of financial position****03 Competitive differentiation to grow market share**

- A diversified and resilient business model.
- Product development to capture new market segments.
- Strong ESG performance and a progressive environmental sustainability strategy.
- Strategic expansion projects.
- Leveraging our growing data management maturity.

04 Demonstrate the financial, clinical and efficiency³ benefits of the digitisation and data strategy**05 Defend against market share erosion through strategic funder engagement**

IR	ESG	QR	SH	AFS
✓	✓			
✓			✓	✓
✓	✓			
✓				
✓	✓			
✓				
✓				
✓		✓	✓	✓
✓		✓		

Why this is material		Our strategic response
 Attract, retain and invest in our employees and healthcare practitioners	<p>The delivery of our strategy requires a skilled and empowered workforce, and strong partnerships with doctors who play a crucial role in attracting patients to our facilities and are therefore a key driver of revenue and organic growth. In an environment where there is fierce competition for skills, the Group strives to continually enhance the doctor and employee experience.</p>	    

Capitals impacted

SRC

HC

IC

MC

FC

01 Attract and retain independent doctors

- Strategic engagement, recruitment drives, beneficial digital and data initiatives, well-maintained facilities, the latest technology and medical equipment, and increased participation in hospital networks.

02 Recruit and retain highly skilled and specialised employees

- Employee engagement, wellbeing, recognition, development and career progression.
- A fair, ethical, inclusive, compassionate and safe working environment.






03 Effective employee relations processes and productive relationships with organised labour**04 Digitised, optimised and integrated key HR processes and initiatives**

IR	ESG	QR	SH	AFS
✓				
✓				
✓	✓	✓		
✓	✓	✓		
✓	✓	✓		
✓	✓			
✓	✓			

1. EBITDA: earnings before interest, tax, depreciation and amortisation.

2. ROIC: return on invested capital.

3. Both clinical cost and operational efficiency.

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

Capitals impacted

SRC HC FC

01 Factors impacting the healthcare sector in SA

- Critical nursing skills shortage.
- Collaboration with government and healthcare sector stakeholders.
- Regulatory change and uncertainty regarding the healthcare system.
- Financial health of medical schemes.
- Changing burden of disease.







02 Doctor and workforce transformation and diversity

03 Inclusive and diversified supply chains

04 Employment creation

05 Impactful socioeconomic development initiatives

IR	ESG	QR	SH	AFS
✓	✓	✓		
✓	✓			
✓	✓			
✓	✓			
✓		✓		
✓	✓			
✓	✓			
✓	✓			

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

Capitals impacted

SRC HC IC

01 Leadership capability

02 Effective ethics and governance processes and practices

- Governance of AI and the ethical use of AI.

03 Stakeholder engagement

IR	ESG	QR	SH	AFS
✓	✓			
✓	✓	✓	✓	
✓	✓			
✓	✓	✓	✓	

This integrated report demonstrates how our purpose and values drive Netcare's integrated thinking and planning. Creating deliberate socioeconomic and environmental value, and carefully managing the associated costs or capital depletion arising from our business activities, have been priorities for Netcare for many years and will continue to be.

The Netcare integrated report is addressed to all stakeholders with whom we partner and to whom we are accountable. It covers the Group's strategy and the progress made against our strategic priorities; the value outcomes we achieved for Netcare, our key stakeholders and society; and our expectations for the short and medium term in the context of the longer-term trends affecting our sector and SA.

The report covers the period 1 October 2023 to 30 September 2024 (FY 2024) and includes material information after this date and up to Board approval on 18 December 2024.

Integrated thinking and planning

Our integrated thinking and planning consider how the Group manages the effects that its activities and strategy execution have on the six capitals, and from this insight, intentionally driving positive outcomes for current and future stakeholders and minimising value erosion due to factors either within or outside our control. Specifically, our integrated decision-making aims to secure a sustainable competitive

advantage and enhance shareholder returns in the short to medium term, and over the longer term, to achieve our commercial objectives in tandem with deepening the value we create for stakeholders and society.

We are committed to balanced reporting, taking care to explain the material constraints and trade-offs related to our strategy.

Forward-looking statements

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

Our disclaimer on forward-looking statements can be found on page IBC.

Scope and boundary

The scope of this report covers Netcare's activities as well as financial and non-financial data that includes our operating subsidiaries, key associates and joint arrangements. Non-financial information excludes National Renal Care unless otherwise specified.

Our operating context

- Healthcare sector trends: [page 48](#).
- Top business risks and opportunities: [page 54](#).
- Our key stakeholder relationships: [page 94](#).

Our business model

(our impact on the six capitals and capital input constraints): [page 14](#).

Our material matters:

[page 4](#).

Our strategy to secure sustainable competitive advantage: [page 16](#).

The value outcomes achieved for stakeholders:

[from page 95 to 119](#).

Rewarding sustainable performance:

[page 83](#).

Our outlook and trade-offs:

[page 79](#).

Our strategy, annual budgets and business plans, and Group BSC¹ to determine executive remuneration, incorporate key environmental and social priorities. This information is included in this report, and detailed information on our environmental and social strategies is available in the ESG report. The Group's corporate and operational governance structures, processes and controls are also covered in this report, with detailed information that satisfies compliance reporting requirements available in the shareholder report.

1. BSC: balanced scorecard.

Materiality

Our material matters (reported on page 4) are the issues that could impact our ability to create and sustain value in the future. These matters inform the Netcare strategy over the short term (FY 2025), medium term (FY 2026 to FY 2027) and longer term (FY 2028 and beyond). The material matters, together with leadership insight, provide stakeholders with useful information to assess our impacts and ability to create sustainable value over time, and inform the decisions they make about Netcare.

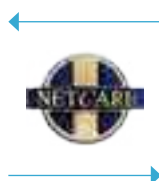
Following the review and feedback from key Executive Committee members, the Board debated the material matters and approved them on 19 November 2024.

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

We use a double materiality determination process

Financial materiality

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



Impact materiality

How Netcare impacts the economy, society and the environment.

Process to compile this report

The Board has delegated responsibility for the preparation and presentation of the integrated report to executive management, led by the CFO. A specially convened Review Panel of select Executive Committee members and the CFO review the report when it is near completion, followed by a final review by the CEO. The lead independent director and acting chair of the Board, and the chairs of the Audit Committee, Risk Committee, Social and Ethics Committee, Remuneration Committee and Consistency of Care Committee, are also involved in the review and approval of the report and/or relevant sections of the report.

Internal management, strategy and Board reports¹; interviews with the lead independent director, chair of the Social and Ethics Committee and the CEO; input from executive management and relationship owners on stakeholder expectations; and operating environment and sector trends research have been used to compile this report. We have also reviewed the forward-looking statements included in the FY 2023 report and, as far as possible, have provided progress updates.

Information excluded from this report is done only on the basis that it is deemed immaterial at this time, or is legally privileged or competitively sensitive.

Assurance

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

Last year, we expanded our combined assurance model beyond the Group's top and other key business risks to include the integrated report. The Combined Assurance Committee recommends the assurance providers and processes for Netcare's risks and various sections of the report.


This report has not been externally assured; however, the following limited assurance activities (beyond managerial level) were conducted by Internal Audit:

- Governance framework (King IV application).
- Remuneration (FY 2024 BSC).
- Certain non-financial information.
- Key operational performance metrics (eg activity metrics such as patient days etc).

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



Independent assurance provided includes:

- **The British Standards Institution:** ISO 9001:2015 certification.
- **Empowerdex (verification):** *B-BBEE scorecard and rating*.
- **Verify CO₂ (limited assurance):** energy, carbon footprint, waste generation and water usage.
- **The Green House (limited assurance):** Scope 3 emissions.
- **Talbot and Talbot (limited assurance):** Netcare's CDP disclosures.
- **Deloitte & Touche (unmodified assurance):** Group annual financial statements. The summarised annual financial statements on  page 173 are extracted from the audited Group consolidated annual financial statements.

The level of assurance provided for the KPIs used to measure our strategic progress is reported in the overview of our strategic progress on  page 67.

Approval

The chairs of the respective Board committees, the Review Panel and the CEO have recommended this report to the Board for approval.

The Board confirms that:

- The reported KPIs align to the KPIs used internally to measure our performance.
- This report provides an accurate, fair and balanced account of the Group's strategy, risks, performance and prospects.
- This report addresses all reasonably foreseeable material matters that impact or could impact the Group's capacity to create value in the short, medium and longer term.
- The report has been prepared in accordance with the International <IR> Framework (2021) in all material respects.

The Board approved the annual financial statements of the company and the Group for the year ended 30 September 2024 on 21 November 2024. The integrated report was approved on behalf of the Board by the lead independent non-executive director, the CEO and CFO on 18 December 2024.

Alex Maditse
Lead independent
non-executive director

Dr Richard Friedland
Chief Executive Officer

Keith Gibson
Chief Financial Officer

Bukelwa Bulu
Audit Committee Chair

Lezanne Human
Consistency of Care Committee
Chair

Ian Kirk
Risk Committee Chair

Dr Roze Phillips
Social and Ethics Committee
Chair

Louisa Stephens
Remuneration Committee
Chair

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



01

Our business

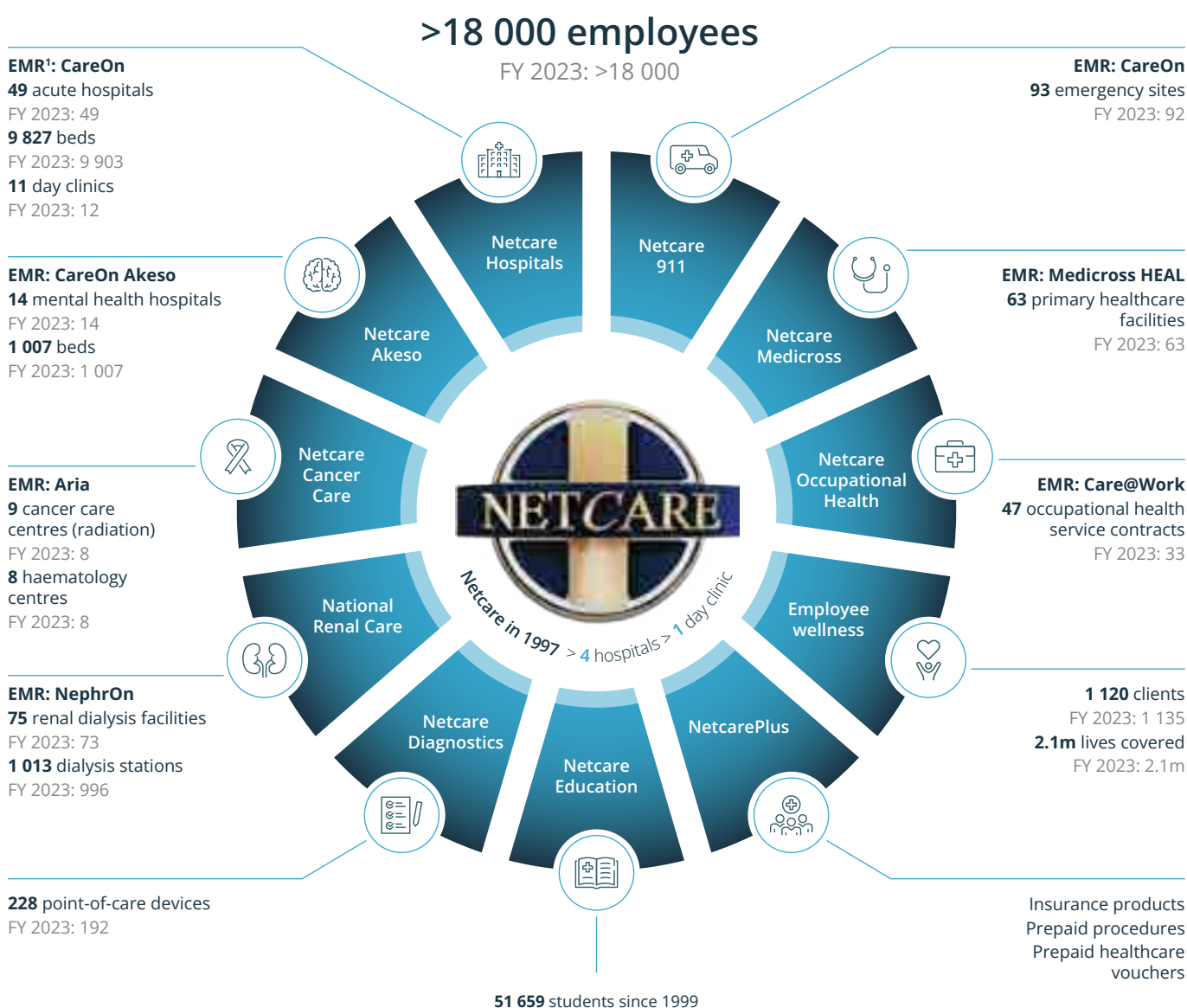
Combined assurance

	Board committees	Line management	Specialist functions	Internal Audit	External assurance
11 Who we are	✓	✓			
13 Where we are	✓	✓			
14 Our business model	✓	✓			
16 Our strategy	✓	✓			
22 What differentiates Netcare	✓	✓			
24 ESG ratings and accolades	✓	✓			

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

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

Our unique ecosystem of services



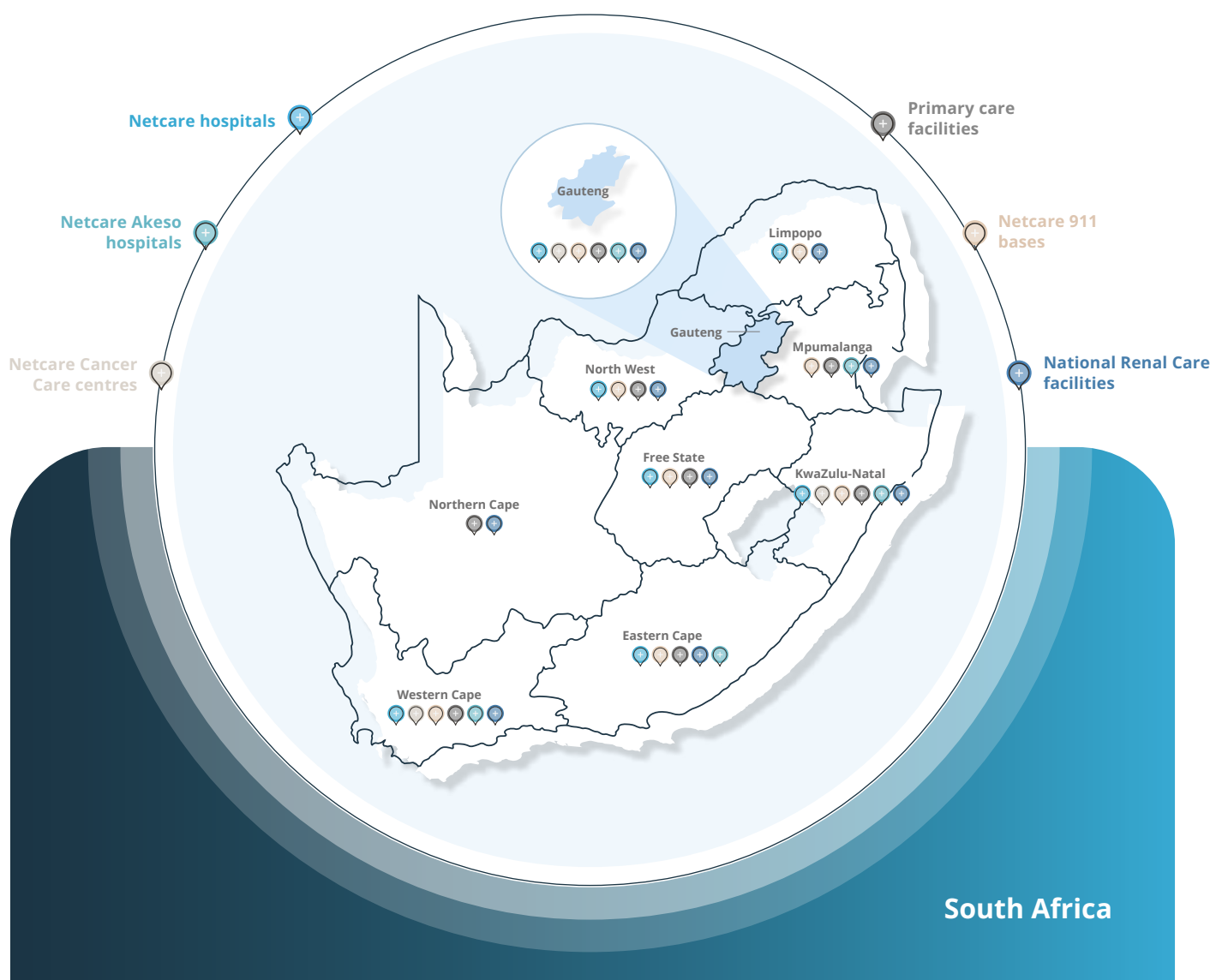
EMR: electronic medical record platforms implemented across the Netcare ecosystem – the Group's digital backbone.



Private hospitals	Emergency services	Primary care
Services	Services	Services
<ul style="list-style-type: none"> Multi-disciplinary acute medical institutions, including centres of excellence, cancer care, rehabilitation, day clinics for elective procedures and care, and emergency and trauma departments. Institutional pharmacies for direct supply, management and dispensing of medicine. An integrated multi-disciplinary mental health offering focusing on dialectical behavioural therapy. Netcare Akeso Crisis Line. A free telephonic appointment booking service to find doctors and specialists at Netcare hospitals and Netcare Akeso facilities. Nursing education and emergency and critical care colleges. 	<ul style="list-style-type: none"> Pre-hospital emergency services: <ul style="list-style-type: none"> Helicopter ambulances. ICU ambulance service, including patient transfer between medical facilities. An ICU-configured jet ambulance service (national and international patient transfer). National Emergency Operations Centre with geolocation capabilities. Contracted services to industrial clients and corporates for health, safety and risk management. Contracted to manage the emergency services of client medical schemes. 	<ul style="list-style-type: none"> Family medical and dental centres providing access to GPs, dentists, radiology, pathology, pharmacy and allied healthcare professionals. Occupational health, travel and wellness services to contracted employer groups. A free telephonic appointment booking service to find doctors and dentists at Netcare Medicross facilities.

Renal care	NetcarePlus	Diagnostics	Employee wellness
Services	Products	Services	Services
<ul style="list-style-type: none"> Dialysis services to patients with compromised kidney function. 	<ul style="list-style-type: none"> Integrates funding solutions with the provision of care: <ul style="list-style-type: none"> Prepaid vouchers for GPs, optometrists and dentists. Prepaid all-inclusive in-hospital procedures. Accident and trauma cover and gap cover. Primary care insurance. Baby care. 	<ul style="list-style-type: none"> Supports Dr Esihle Nomlomo Inc. – a pathology practice that offers a broad range of digitised and integrated point-of-care testing, including routine diagnostic profiles in the form of general biochemistry, endocrinology, immunology, serology, haematology and coagulation. 	<ul style="list-style-type: none"> A holistic offering of people-focused solutions, preventative care and counselling services that mitigate risks and put business and employee wellbeing first. <p><i>Note: Lyra Southern Africa, previously Independent Counselling and Advisory Services (ICAS) Southern Africa.</i></p>

Where we are



Our business

Eastern Cape		Free State		Gauteng		KwaZulu-Natal		Limpopo	
	2 hospitals (489 beds)		4 hospitals (408 beds)		26 hospitals (5 585 beds)		10 hospitals (2 003 beds)		1 hospital (200 beds)
	3 911 bases		5 911 bases		25 911 bases		9 911 bases		12 911 bases
	1 mental health hospital (72 beds)				4 mental health hospitals (415 beds)		3 mental health hospitals (176 beds)		
					8 cancer care centres		3 cancer care centres		
	5 primary care facilities		1 primary care facility		20 primary care facilities		15 primary care facilities		
	10 renal care facilities		4 renal care facilities		28 renal care facilities		14 renal care facilities		3 renal care facilities
Mpumalanga		North West		Northern Cape		Western Cape			
			1 hospital (211 beds)				5 hospitals (931 beds)		
	26 911 bases		7 911 bases				6 911 bases		
	1 mental health hospital (75 beds)						5 mental health hospitals (269 beds)		
							3 cancer care centres		
	2 primary care facilities		2 primary care facilities		2 primary care facilities		16 primary care facilities		
	1 renal care facility		2 renal care facilities		1 renal care facility		12 renal care facilities		

Our business model



Our inputs

Capitals	Resources and relationships	Constraints to securing inputs	Risks
SRC Social and relationship capital	<ul style="list-style-type: none"> Enhanced and more personalised engagement with patients through digital solutions. Longstanding and mutually beneficial relationships with our key stakeholder groups that support our ability to live our purpose, deliver our strategy, maintain our regulatory and social licences to operate, and create shared value. Sharing our expertise with business associations, government and regulators on universal healthcare in SA. 	<ul style="list-style-type: none"> Balancing differing stakeholder interests. Uncertainty in the healthcare system due to the introduction of NHI¹. Medical schemes under financial pressure. Limited local manufacture of medical supplies. <p> — Stakeholder engagement: page 94.</p>	BR1 BR2 BR4 BR5 BR6 BR8 BR10
HC Human capital	<ul style="list-style-type: none"> An experienced leadership team. A diverse workforce of >18 000 employees. Salaries paid: R9 286 million. Training and development spend: R69 million. A values-driven and ethical culture that promotes meaningful work, connectedness, belonging and compassion. 	<ul style="list-style-type: none"> Diverse talent in a competitive market. Emigration among skilled professionals and international work opportunities. Increasing levels of mental health and financial challenges among employees. Regulated limits on nurse training numbers. <p> — Human capital: page 123.</p>	BR2 BR6 BR8 BR11
IC Intellectual capital	<ul style="list-style-type: none"> Innovation capability and institutional knowledge. Consistency of care, digital and data, cybersecurity and new business innovation strategies. Strength of the Netcare brand and reputation. Management systems. Governance and control frameworks. 	<ul style="list-style-type: none"> Achieving consistent quality of care across the Netcare ecosystem. Specialised and scarce skill sets (nursing, emergency care, digital and data analytics). User acceptance of digital offerings. Increasing healthcare-related cyberattacks. Regulatory challenges associated with new business development. <p> — Intellectual capital: page 131.</p>	BR2 BR4 BR5 BR6 BR9
MC Manufactured capital	<ul style="list-style-type: none"> R14.4 billion in property, plant and equipment: <ul style="list-style-type: none"> Facilities within our ecosystem including training facilities. Vehicle fleet. IT architecture. 74 solar PV systems, 36 boreholes with seven filtration plants, indirect feed reverse osmosis plants, and a desalination plant. National infrastructure on which we depend (power, water, roads and waste). 	<ul style="list-style-type: none"> Balancing asset heavy and asset light service provision. Poor state of SA's national infrastructure. <p> — Where we are: page 13. Manufactured capital: page 145.</p>	BR3 BR6 BR7 BR10
NC Natural capital	<ul style="list-style-type: none"> 1 730 megalitres of water, including borehole water and desalination of seawater. 208 725 MWh of energy; 15 084 MWh being from renewable sources. 2030 environmental sustainability strategy: capex of R87 million and operational costs of R13 million. 	<ul style="list-style-type: none"> Availability of financial capital to transition to cleaner technologies. Gaining municipal approval to implement wastewater treatment facilities. Cost and availability of electricity and water. <p> — Natural capital: page 151.</p>	BR3 BR6 BR7
FC Financial capital	<ul style="list-style-type: none"> Equity capital from shareholders: R10 972 million. Financial resources available: <ul style="list-style-type: none"> Net cash: R1.8 billion. Unutilised debt facilities: R3.7 billion. 	<ul style="list-style-type: none"> Balancing profitability against the financial capital needed to achieve strategic objectives in a tough economic environment. Financially constrained consumers. Rising operational costs (due to inflation, employee retention strategies and exchange rate) relative to tariffs. <p> — Chief financial officer's review: page 160.</p>	BR1 BR4 BR6 BR8 BR10 BR11

1. NHI: National Health Insurance.

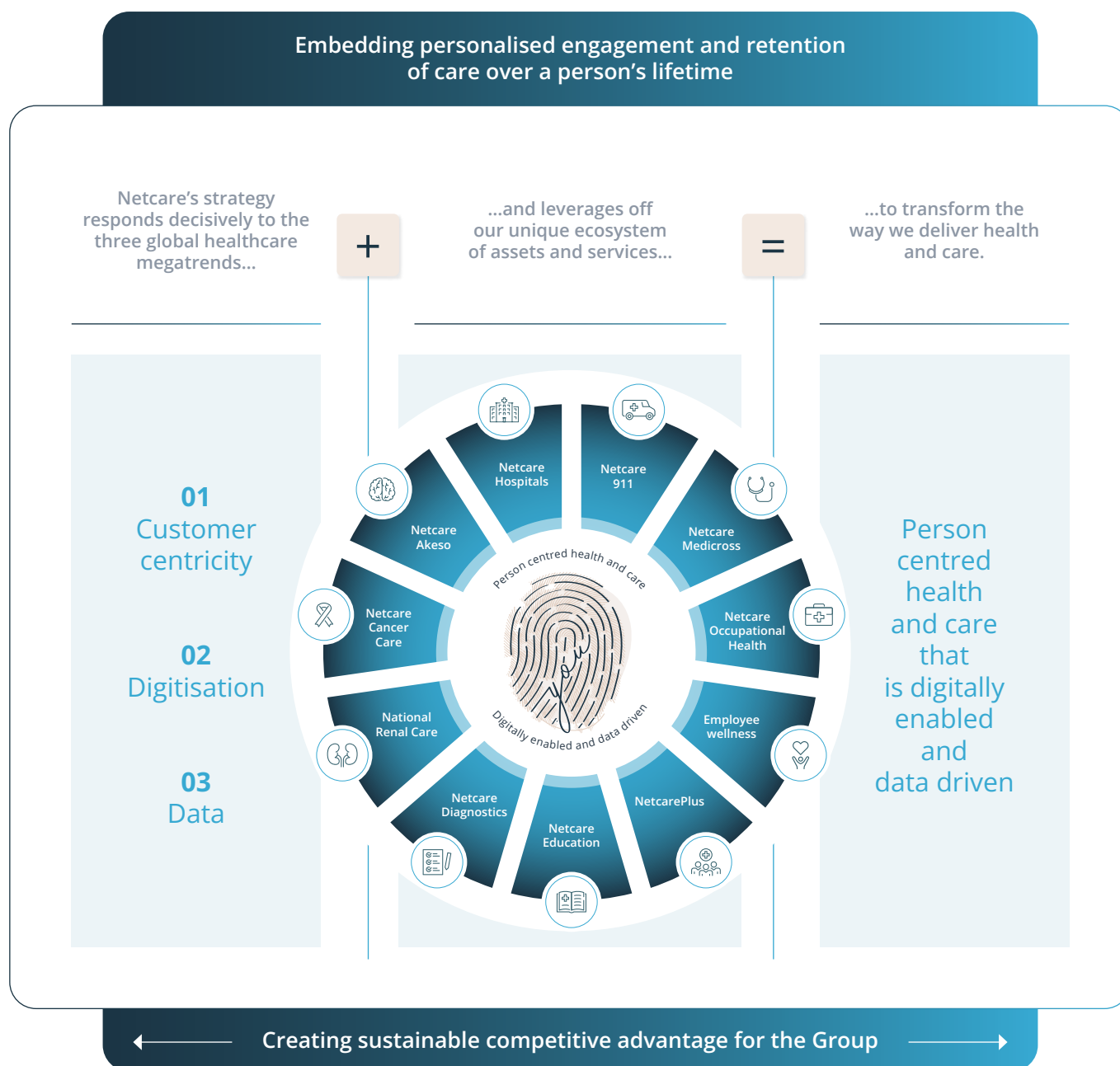


Our outputs and outcomes

	Value enhancers	Value outcomes
<div> <h3>Our business activities</h3> <p>↓</p> <h4>Access to care</h4> <div> <p>Need for primary, acute, mental health or emergency care</p> <p>Book an appointment or call an ambulance</p> </div> <div> <p>Choose facility</p> <p>Pre-admission</p> <p>Admission</p> </div> <h4>Consistency of care</h4> <div> <p>Diagnosis</p> <p>Treatment</p> <p>Recovery</p> </div> <h4>Guided care</h4> <div> <p>Discharge</p> <p>Follow-ups</p> <p>Ongoing treatment</p> </div> </div> <div> <h3>Our outputs</h3> <p>↓</p> <p>Quality private healthcare.</p> <p>Emissions totalled 766 612 tCO₂e¹.</p> <p>HCRW² to landfill of 4 606 tonnes.</p> <p>General waste to landfill of 1 555 tonnes.</p> </div> <div> <p>1. tCO₂e: tonnes of carbon dioxide equivalent.</p> <p>2. HCRW: healthcare risk waste.</p> </div> <div> <p>Overview of strategic progress: page 67.</p> <p>How we performed: starting on page 93.</p> </div>	<div> <h3>SRC</h3> <ul style="list-style-type: none"> Effective and transparent stakeholder engagement and reporting to maintain trust. Ethical and compliant business conduct. Processes to manage stakeholder concerns, complaints and grievances. Digital engagement that is easy and convenient. Inclusive relationships and collaboration to address inequality and socioeconomic challenges in SA. </div> <div> </div>	<ul style="list-style-type: none"> ✓ Strong stakeholder relationships and patient experiences that deliver a competitive advantage and support business growth. ✓ Partnerships with highly skilled healthcare practitioners that support patient volumes. ✓ Inclusion in restricted provider networks. ✓ A secure supply of clinically appropriate consumables and pharmaceuticals. ✓ Programmes that provide medical procedures to indigent patients. ✓ A better healthcare system in SA.
	<div> <h3>HC</h3> <ul style="list-style-type: none"> Driving diversity, equity and inclusion. Fair and equitable remuneration and reward. Employee wellness programmes. Establishing good relationships with employee representatives. </div> <div> </div>	<ul style="list-style-type: none"> ✓ A skilled, engaged and motivated workforce that lives the behaviours of the Netcare Way. ✓ A robust succession pipeline. ✗ Voluntary employee turnover: 12.9%. ✓ Employee engagement score: 7.9 out of ten. ✗ Three roles became redundant.
	<div> <h3>IC</h3> <ul style="list-style-type: none"> Managing data, systems, processes and procedures to develop, monitor and deliver quality clinical outcomes and continuous clinical improvement. Investing in data analytics. </div> <div> </div>	<ul style="list-style-type: none"> ✓ Nurse compassion score: 8.26. ✓ Best and safest person centred health and care that is participatory and aligned to international standards. ✓ Inclusion in restricted provider networks. ✓ World class healthcare at an affordable price, enhancing our brand, reputation and competitive advantage.
	<div> <h3>MC</h3> <p>Investing in:</p> <ul style="list-style-type: none"> Specialised healthcare facilities and expansionary projects. Advanced medical equipment, facility upgrades and asset maintenance. </div> <div> </div>	<ul style="list-style-type: none"> ✓ Well maintained equipment and facilities. ✓ Latest medical equipment and technologies. ✓ A secure supply of electricity and water and a contribution to environmental improvement. ✓ Enhanced national healthcare infrastructure.
	<div> <h3>NC</h3> <p>Investing in:</p> <ul style="list-style-type: none"> Projects that support the efficient use of natural resources. Waste recycling initiatives. </div> <div> </div>	<ul style="list-style-type: none"> ✓ A defined pathway to becoming carbon neutral. ✓ Safeguards against health risks arising from toxic waste. ✓ Access to sustainability-linked financing. ✓ Cost savings from efficient use of natural resources.
	<div> <h3>FC</h3> <ul style="list-style-type: none"> A strong statement of financial position with sufficient inflow of capital to support the Group's operations and strategy. A disciplined capital allocation framework. Continuous focus on operational efficiencies. </div> <div> </div>	<ul style="list-style-type: none"> ✓ Capital to expand into higher-demand disciplines. ✓ Steady financial performance. ✓ ROIC up 90 basis points. ✓ Adjusted HEPS up by 7.6%. ✓ Shareholder returns: R1.6 billion.

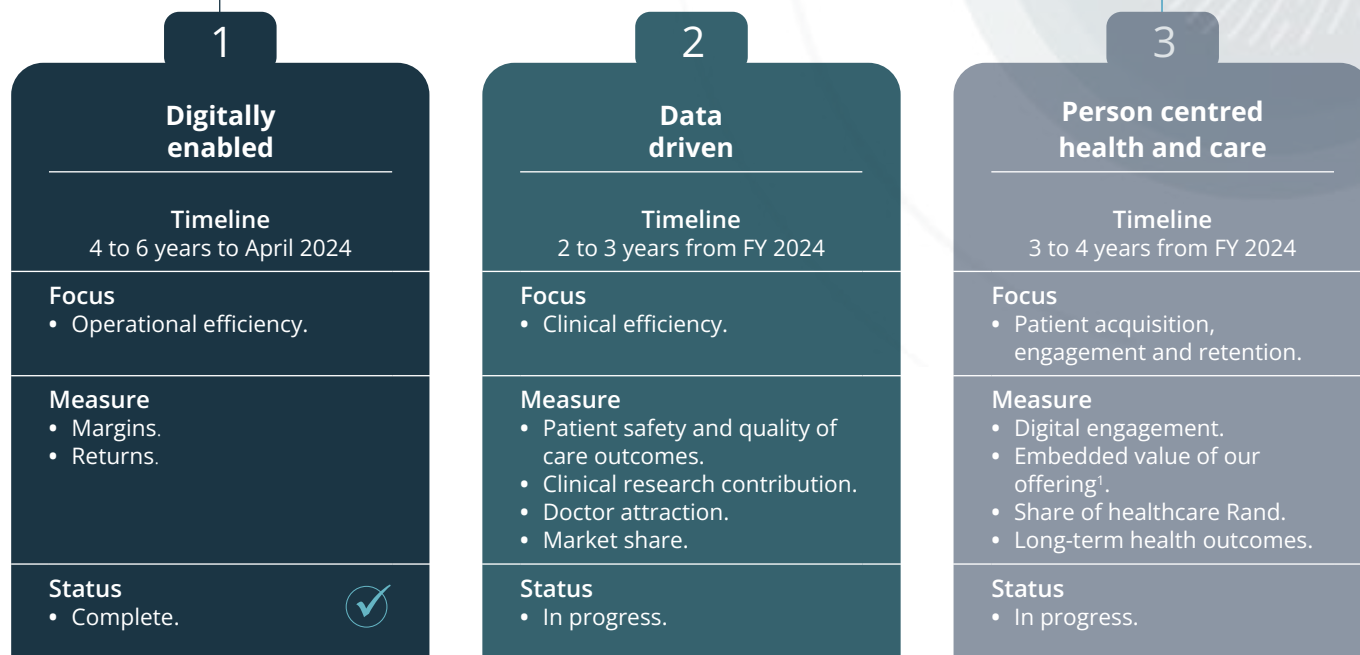
In 2018, Netcare embarked on a groundbreaking ten-year strategy to fundamentally transform the way we deliver health and care – termed ‘person centred health and care, that is digitally enabled and data driven’. We are confident that our strategy will differentiate the patient and doctor experience,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

The Netcare strategy





Phases of the Netcare strategy



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

Phase 1 – Digitally enabled



Phase 1 of our strategy was an ambitious project to implement EMRs¹ across seven clinical delivery platforms (our entire ecosystem). This phase was completed in April 2024, marking a significant turning point for the Group, and making Netcare the first healthcare group in Africa to have a fully integrated EMR system. This phase has enabled the next two phases of our strategy to transform the way we deliver health and care.

Our global partners



Electronic medical records



IOS mobile operating platform



Digital integration of all medical equipment and devices



Drug interaction, dosage and safety information



Finance, administration, billing, procurement and materials management

Change management and adoption

Central to the first phase was the implementation of CareOn, the Hospital Division's EMR platform. CareOn is the highest risk project ever undertaken at Netcare. It required the full integration of all our equipment into the EMR as well as the linking of all radiology and pathology requests and reports, with more than 13 000 iPads in circulation. The most significant risks were doctor and nurse adoption of this new way of working. We ran comprehensive change management programmes to support nurses, many of whom had limited or no prior experience with computers and digital devices, and included doctors in the design process to ensure our systems met their expectations. EMRs are now widely embraced, and we track adoption to ensure that any problems that arise are quickly dealt with.



Digital backbone

CareOn
Netcare Hospitals

Aria
Netcare Cancer Care

NephroOn
National Renal Care

Medicross HEAL
Netcare Medicross

CareOn Akeso
Netcare Akeso

Care@Work
Netcare Occupational Health

CareOn
Netcare 911

Benefits to patient safety, improved quality of care outcomes and patient engagement are rapidly emerging.



Digital transformation and data: [page 138](#)

1. EMR: electronic medical records.



Phase 2 – Data driven

We made good progress in FY 2024 on initiating Phase 2 of Netcare's strategy – data driven clinical efficiency. Leveraging the clinical data generated, Phase 2 will focus on developing the tools to analyse this wealth of data to enhance patient safety and the appropriateness of treatments to deliver improved quality of care outcomes and care at the most appropriate cost. More broadly, this phase will allow the doctors at Netcare and our clinical teams to contribute to clinical research and the maintenance of the highest standards of medicine and surgery in SA.

How are we going to achieve this?

A world class Big Data analytics platform

Benefits for doctors practising at Netcare:

- Access to anonymised data on clinical outcomes, practices and pathways.
- Access to analytical tools to fully understand and interrogate data.
- Ability to easily publish their clinical studies on a large scale through the use of generative AI and natural language processing.

Benefits for Netcare's clinical and operational teams and funders:

- Centrally coordinated clinical efficiency with individualised programmes at hospital level to ensure the most efficient cost per event.
- Introduction of an electronic funder portal for seamless case management through access to:
 - All relevant clinical information and authorisations in near real-time 24/7.
 - An electronic copy of Summary of Care reports.



— Digital transformation and data: [page 138](#).

Phase 3 – Person centred health and care

Phase 3 of the Netcare strategy is to provide our patients with their personal health records; to meaningfully engage with them to understand what matters to them during their acute care and to promote their wellness thereafter. Phases 2 and 3 will roll out together.

NETCARE APP



Phase 1: FY 2023 and FY 2024

Improve digital access to our facilities.

Phase 2: FY 2025

Improve in-hospital ease of use.

Phase 3: FY 2025 to FY 2027

Provide clinical information to patients.

What does person centred health and care mean to Netcare?

Person centred			Health and care	
Putting patients first and at the centre of everything we do.	Recognising patients as individuals, and that every patient's journey is unique.	Encouraging people to actively participate in managing their own health and care needs.	Committed to providing high quality and compassionate care within our facilities...	...but also ensuring ongoing care during periods of wellness.

What's the matter with **YOU?**



becomes








What matters to **YOU?**



— Our patients: [page 95](#).



Our strategic pillars

	SHORT TERM Group BSC FY 2025	Our intended medium- to longer-term outcomes
 Consistency of care Delivering consistently excellent clinical services and experiences, ensuring the best and safest person centred care.	<ul style="list-style-type: none"> • A positive impact on overall patient satisfaction measured through a composite set of scores. • Increase in digital booking of theatre cases, resulting in more comprehensive clinical information included in the Summary of Care reports 	MEDIUM TERM Grow market share <ul style="list-style-type: none"> ✓ Annual patient day growth to exceed the market. ✓ Excel in our traditional business. ✓ Develop new products and services.
 Disruptive innovation Implementing medical technologies, digitisation and data solutions for the benefit of our patients and business.	<ul style="list-style-type: none"> • Doctor adoption of clinical orders on CareOn. • Implementation of clinical prediction models. • New data domains to facilitate clinical efficiency. • Onboard business units to the Big Data analytics platform. 	Differentiate the patient experience <ul style="list-style-type: none"> ✓ Superior quality outcomes. ✓ Enhanced patient safety. ✓ Improved patient experience and engagement.
 Transformation of our society Continuing to invest in and develop our workforce and communities.	<ul style="list-style-type: none"> • Successors ready to transition into roles within 12 to 24 months. • Improve employee turnover. • Increase inclusion of black managers at senior management level. 	Retain patients <ul style="list-style-type: none"> ✓ Integrated healthcare platform. ✓ Personalised experiences. ✓ Retain patients within our ecosystem over their lifetimes.
 Organic growth Driving strategic engagements with doctors and funders, investing to maintain the quality of our facilities and developing new products and services to promote sustainability, inclusivity and access.		Grow margins and improve returns Meet our internal targets for: <ul style="list-style-type: none"> ✓ Occupancy. ✓ EBITDA margin. ✓ ROIC. ✓ Net debt/EBITDA. ✓ EBITDA/net interest.
 Integration Creating strategic and synergistic partnerships between all divisions and functions.	<ul style="list-style-type: none"> • EBITDA margin (growth on FY 2024). • Adjusted HEPS (growth on FY 2024). • ROIC. • 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.	<ul style="list-style-type: none"> • Additional year-on-year tCO₂e avoidance from a) energy efficiency and b) renewable energy generation projects. • Increase water recycled. • Reduce general waste and HCRW to landfill (Hospital Division). 	MEDIUM TO LONG TERM Maintain our social licence to operate <ul style="list-style-type: none"> ✓ Be a leader in delivering person centred health and care. ✓ Contribute meaningfully to the national healthcare system. ✓ Maintain our B-BBEE rating. ✓ Deliver the 2030 environmental sustainability strategy. ✓ Maintain a high level of stakeholder engagement and communication.

— Overview of strategic progress: [page 67](#).



What differentiates Netcare



Leader in trauma care in SA

38 emergency departments – **31 with Trauma Society of South Africa¹ accreditation (Levels I, II and III).**

FY 2023: 29 accredited

Only hospital group in SA with four Level 1² accredited trauma centres – Netcare Alberton, Netcare Christiaan Barnard Memorial, Netcare Milpark and Netcare St Anne's hospitals.

Only dedicated private burns unit in SA

At **Netcare Milpark Hospital** with international accreditation.

Strong position in mental healthcare

With **~260 beds to be added** to the Netcare Akeso portfolio in FY 2026/27.

The only healthcare group in SA with Group-wide ISO 9001:2015 certification . . .

. . . from the **British Standards Institution** (our competitors have ISO certification in select divisions only).

We attract higher acuity hospital admissions due to our specialised centres of excellence, many accredited by various standard setters.

Four transplant centres

19 hearts, 18 lungs, 3 livers and 127 kidneys transplanted.

FY 2023: 21 hearts, 13 lungs, four livers and 119 kidneys

Only pediatric heart transplant centre in SA at Netcare Christiaan Barnard Memorial Hospital.

Largest private provider of primary care

Netcare Medicross has an unrivalled national footprint.

1.6 million primary care patient visits.

FY 2023: 1.6 million

Leading provider of emergency medical services

>412 000 calls managed by the EOC³.

FY 2023: >410 000

240 ambulances and emergency response vehicles.

FY 2023: 225

4 helicopter ambulances.

FY 2023: 8

5 fixed wing aircraft.

FY 2023: 4

1 074 critical missions flown (rotary and fixed-wing aircraft).

FY 2023: 1 271

1 666 virtual telemedicine consultations provided to patients – 831 were critical interventions through the EOC.

FY 2023: 290 critical consults

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

At the 2024 EMS Angels Awards, Netcare 911 received the highest number of awards for optimal stroke management.

The growth opportunity that NetcarePlus provides

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

The Group benefits from both the sale of the NetcarePlus products and the increased use of the Netcare ecosystem.

NetcarePlus is supported by a network of ~1 300 trusted healthcare practitioners across SA.



1. Aligned to the American Trauma Society accreditation principles.

2. Capable of providing leadership and total care for every aspect of injury, from prevention through to rehabilitation, and have 24-hour availability of all major specialties with a trauma surgeon as director.

3. EOC: Emergency Operations Centre.



Excellence in cancer care

Breast Cancer Centre of Excellence at Netcare Milpark Hospital, accredited by the American College of Surgeons.

The only Gamma Knife in Africa at Netcare Milpark Hospital.

The largest dedicated private haematology and bone marrow transplant facility at Netcare Pretoria East Hospital, which is also the only internationally accredited unit in SA.

Specialised care

Largest extracorporeal membrane oxygenation centre in SA at Netcare Milpark Hospital.

Specialised pediatric critical care and head injury/drowning services at Netcare Garden City, Netcare Alberton and Netcare Waterfall City hospitals.

The only intraoperative CT and MRI spinal and neuro surgery units at Netcare N1 City and Netcare Milpark hospitals.

Dedicated **cerebral palsy clinic** at the Netcare Waterfall City Hospital.

Robotic-assisted laparoscopic surgery units across multiple hospitals.

A leading provider of private healthcare education and training

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

Our nursing qualifications are accredited by SANC¹ and aligned to the National Qualifications Framework. The Faculty of Emergency and Critical Care is accredited through the University of Johannesburg and is accredited to present American Heart Association courses by the Resuscitation Council of South Africa.

National Renal Care² has **four training academies**, 19 facilities accredited to train clinical technology students and 18 accredited to train nephrology nursing students.

A digital strategy that will deliver competitive advantage

The digital transformation of Netcare is based on world class technology solutions, and is starting to be recognised as a competitive advantage.

EMRs are available across seven Netcare divisions, with all acute hospitals and mental healthcare facilities now digitised.

Won the prestigious Digital Innovation Award at the 2024 International Quality Awards in London (87 entries across 25 sectors from 19 countries). The award recognises our use of cutting-edge digital solutions to enhance processes and deliver superior quality outcomes.



Africa's largest healthcare environmental sustainability programme

Exceeded the ten-year targets of our **2023 environmental sustainability strategy** started in FY 2013 – reducing **energy intensity per bed by 39%**, achieving cumulative operational savings and cost avoidance benefits of over **R1.5 billion** and yielding an **IRR³ of 40%**.

Netcare Christiaan Barnard Memorial holds a five-star water rating from the City of Cape Town.



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

Best reporting practice

The 2023 Integrated Report ranked **sixth** in the EY Excellence in Integrated Reporting Awards.

A well-known and respected South African brand with a strong statement of financial position and strong cash generation.

Returned R1.6 billion to shareholders in dividends and share buybacks.

1. SANC: South African Nursing Council.

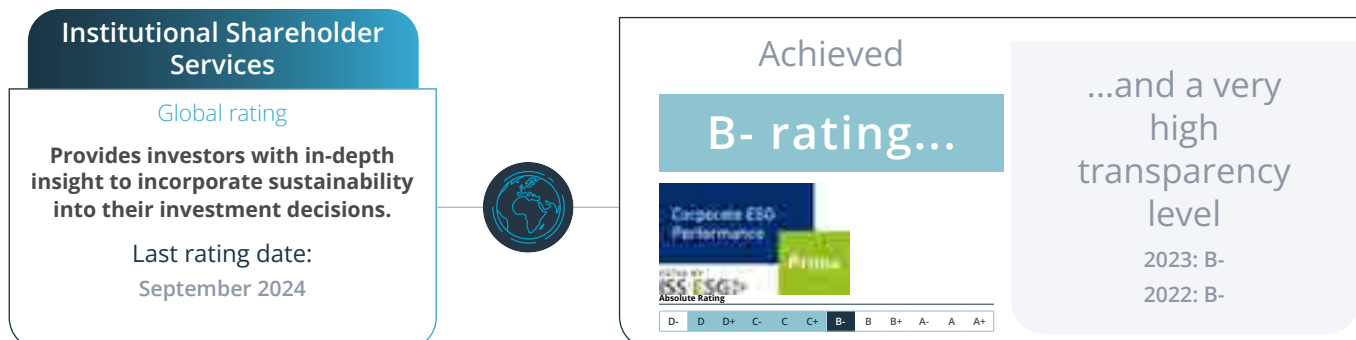
2. The nephrology nursing course has been on hold since 2019 while SANC updates the curriculum.

3. IRR: internal rate of return.

ESG ratings and accolades



Note: Netcare's market capitalisation as a small-cap means that we are no longer rated by the FTSE4Good Index Series.



1. The S&P Global Corporate Sustainability Assessment for 2022 covered both 2021 and 2022.



Recognition for environmental performance

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

Health Care Without Harm

Recognised as the Health Care Climate Champion in Africa for the second consecutive year in the 2024 Health Care Climate Challenge¹.

Netcare achieved Gold in all three categories: climate mitigation, climate resilience and climate leadership.

Netcare was recognised as one of only seven awardees worldwide.



Association of Energy Engineers

Won the Corporate Energy Management Award in the 2024 AEE Regional Awards (sub-Saharan Africa).

Runner-up in the AEE International Corporate Energy Management category.

These awards celebrate organisations for their outstanding contributions in the field of energy.



Recognition for social performance

Students' Choice Awards

Recognised as the 2024 Students' Choice for the healthcare sector.

Voted by tertiary students as the place they want to work for. This year the awards recorded almost 6 000 submissions from students across SA.

My Walk Made with Soul

Won the Beyond Sustainability Project Award in the 2024 South African Breweries Beyond Awards.

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

Won the 2024 Enviropaedia Eco-Logic Award for Environmental Sustainability, Circular Economy and Innovation.



Scan to donate

People with disabilities

For the third consecutive year, IRAS², in partnership with the National Coalition for and of Persons with Disabilities, recognised Netcare for having the highest disabled persons rate in the health and social work sector, and one of the top five disabled persons rates of all JSE-listed companies.



1. Awards are presented to members of Global Green and Healthy Hospitals, an international network that promotes healthcare without harm. The network comprises over 2 000 members in 86 countries and more than 70 000 hospitals and health centres.
2. Integrated Reporting and Assurance Services.



02

Our leadership

Combined assurance

	Board committees	Line management	Specialist functions	Internal Audit	External assurance
27 Lead independent director's review	✓	✓			
30 Board of directors	✓	✓			
32 Chief executive officer's review	✓	✓			
36 Executive Committee	✓	✓			



Alex Maditse

This is both a challenging and rewarding time for Netcare and the Board. Netcare has made steady progress since we embarked on our strategy in 2018. Despite exceptionally tough conditions, we have now reached a watershed moment in our strategic journey.

Netcare's watershed moment coincides with a course correction in the socio-political life of our country. Since the general election, SA's political landscape has shifted from majority rule to power sharing. This is being characterised by much-needed structural reforms and collaborative approaches to lift the country's inclusive economic growth trajectory, to decisively address unemployment, inequality and poverty. While domestic challenges and global uncertainties remain, Netcare's outlook is optimistic.

In the coming years, we expect the value derived from Netcare's strategic investments to increase, with continued benefits for our various stakeholders, including patients and partners in the healthcare value chain. We expect to deepen the Group's competitive advantage, and enhance returns for our shareholders.

As we set new standards for operational and clinical efficiency, drive innovation and widen access to our services, we also expect to expand Netcare's contribution to the sustainability and advancement of SA's healthcare system. Netcare's commitment to being a powerful force for social good will continue to manifest in comprehensive programmes that support SA's broader socioeconomic and environmental wellbeing. Netcare's social and environmental programmes consistently earn international and local awards. Such recognition is a source of pride for the Board and an external acknowledgement of our commitment to sustainability leadership.



— For a detailed assessment of the Group's operating environment, and our outlook for the coming years, see [pages 48 and 79](#), respectively.

Careful management of leadership succession

As a core responsibility, the Board focuses on succession planning, ensuring business continuity through smooth transitions of leadership that minimise disruptions, identifying and investing in future leaders, boosting employee engagement and retention by providing clear career paths, and demonstrating proactive leadership development to our investors. Consistent succession planning has enabled the Board to manage a confluence of leadership changes at this

time, such that they do not hinder our strategic momentum, destabilise our Group or negatively impact market share. Additionally, that they do not affect our participation in multi-lateral efforts related to healthcare reform and specifically the introduction of NHI¹.

The changes in executive leadership, all of which were internal promotions, were as follows:

- Dr Erich Bock was appointed as managing director of the Hospital Division, effective 1 October 2024, following the resignation of Mr Jacques du Plessis, effective 30 June 2024.
- Ms Mary Ann Nabbie was promoted to Group director of nursing, effective 1 September 2024, assuming the role from Dr Shannon Nell, who will retire in early 2025.
- Ms Sara Nayager will assume the role of managing director of the Primary Care Division, effective 1 January 2025, following the retirement of Dr Billy van der Merwe in December 2024.
- Ms Vuyokazi Maleki has been appointed deputy managing director of Netcare Akeso, effective 1 November 2024, succeeding Ms Melanie Da Costa as managing director. This appointment will allow Ms Da Costa to focus entirely on her portfolio of Group strategy and health policy and funder relations. This is imperative as healthcare reform in SA demands full engagement from Netcare.

In respect of CEO succession, the Board has selected a preferred external candidate for the role and further communication in this regard will follow in due course. Given the changes to the Netcare Board, coupled with these transitions in executive leadership, as well as the launch of the final two phases of the Group's strategy and the evolving NHI deliberations, the Board requested that Dr Friedland extend his tenure as CEO to allow for a smooth transition and handover within the respective divisions.

The Board is committed to the careful management of these executive changes and to ensuring continued momentum on our critical strategic initiatives, while maintaining continuity during this pivotal period for the Group. Following our meeting for this purpose in the first quarter of calendar year 2025, the Board will be in a position to confirm details around the succession process for the chair of the Board.

1. NHI: National Health Insurance.



Irrespective of leadership transition, the Board will ensure that focus and momentum on Netcare's strategy and purpose, to provide the best and safest care, remains on track.

Responding to a pivotal moment for South African healthcare

Netcare's strategy aligns with three global megatrends in healthcare: customer centricity, digitisation and data. In his report (from [page 32](#)), our CEO describes our approach in detail, and how it sets Netcare apart as an innovation leader in African healthcare. Our strategy also contemplates the reality of two separate and unequal healthcare systems operating in parallel in SA.

While Netcare's strategy ostensibly seeks to distinguish us from our competitors in the private sector, it also aims to enrich the national healthcare ecosystem to the benefit of all who live in SA. In particular, we are committed to contributing to the progressive realisation of health rights for all the people of SA.

Alongside many other stakeholders from diverse sectors of society, Netcare has consistently expressed concerns regarding the constitutionality, feasibility and affordability of the NHI Act, in a country with a narrow tax base and no room to raise taxes. However, we will not waiver in our support of universal health coverage, and are conscious that we have a duty to enrich the national discussion with credible alternative solutions to progressively achieving it. To this end, we endorse the HASA¹ proposal as a robust and achievable alternative to the NHI as it currently stands, as outlined in our CEO's review.

We support Dr Friedland's leadership in advocating for the HASA proposal at the highest levels of government. We applaud the government's openness to constructive engagement with the private sector regarding the NHI, and welcome the President's invitation to BUSA² to present specific alternatives that address concerns and offer solutions. We expect these activities will pave the way for more meaningful dialogue. We believe an evidence-led public private partnership is an optimal avenue for developing sustainable, affordable, and quality healthcare solutions for all South Africans.

Netcare is actively involved in ongoing engagements and initiatives with all relevant stakeholders to accelerate nursing student intake numbers, while fostering greater collaboration between the public and private sectors. Relatedly, we entreat the government to accelerate its collaboration with the private sector in tackling the critical and growing shortage of skilled nurses. Nurses are essential to the foundation of the healthcare system. Among other challenges, nursing shortages negatively impact patient outcomes, that is higher mortality and morbidity rates, and lower patient satisfaction; contribute to nurse burnout due to sub-optimal staffing ratios, potentially resulting in low quality care; as well as leading to longer wait times. Removing the regulatory and administrative bottlenecks to nursing education and training in the private sector would result in significant strides being made to address the nursing skills crisis.

The NHI process will take considerable time. In the interim, the Board is committed to Netcare's efforts to expand access to our services for those who would otherwise rely on public care. Our NetcarePlus offering serves both patients who choose this affordable funding solution, and also alleviates pressure on public sector resources. We will continue to develop resourceful services and seek partnerships with government on solutions that widen access to care, including through targeted CSI. Netcare's commitment to being a powerful force for social good is reflected in carefully selected and managed investment programmes to ensure that our committed resources achieve maximum sustainable and systemic impact. Our CSI activities focus on improving access to quality medical care, supporting the health of newborns, and developing doctors who serve the broader population.

The Board understands that our credibility in partnering with others to transform South African healthcare is connected to transformation within our organisation. We take seriously our responsibility to build a more inclusive and equal nation. In FY 2024, Netcare maintained its Level 3 B-BBEE rating for the third consecutive year. Notable improvements occurred in management control, skills development, and preferential procurement.

We continue to focus on deepening diversity at leadership levels, through clear development trajectories and succession planning, with the recent management appointments demonstrating the Board's focus in this regard. In the coming year, we will seek to expand our procurement of services from EMEs³ and QSEs⁴, and further improve our ESD⁵ performance. These objectives recognise the criticality of SMME development and nurturing a culture of entrepreneurship in SA, to job creation and higher economic growth.



— Comprehensive detail on Netcare's significant contribution to SA's socioeconomic wellbeing, including our transformation commitments and social investments can be found in the social and relationship chapter, starting on [page 94](#).

Looking ahead, we are cautiously optimistic about the potential for macroeconomic relief, particularly with easing inflation and interest rates. We anticipate that economic improvement is likely to be incremental. In the current tight conditions for healthcare consumers and with rising healthcare costs, we are seeing a strong preference for more affordable restricted network plans. Our broad geographic presence, and NetcarePlus GapCare products, position us to retain a stable share of patients within these networks. As we move into the next phases of implementing our strategy, we will achieve further operational and clinical efficiencies, which will assist with managing the pressure on profitability from lower tariffs associated with these contracts.

While growth in medical scheme membership may be stagnant, the resilience of the covered lives pool clearly demonstrates robust demand for quality private healthcare. Due to an escalating disease burden and the aging insured population, demand will intensify, underscoring the long-term vitality of our sector.

1. HASA: Hospital Association of South Africa.

2. BUSA: Business Unity South Africa.

3. EMEs: exempted micro enterprises.

4. QSEs: qualifying small enterprises.

5. ESD: enterprise and supplier development.



Appreciation

Mr Mark Bower retired as Netcare's chair at the end of September 2024. Mr Bower joined the Netcare Board as an independent non-executive director in November 2015, and was appointed chair in January 2023. The Board extends our gratitude for his service and leadership. Thanks to my fellow Board members for their support, and to the executive management team for their stewardship. The Board is especially grateful to Dr Friedland for his commitment to Netcare.

Despite challenging operating conditions, including the immense contribution made by Netcare during the COVID-19 pandemic, Netcare's Board and management teams have stayed true to our strategic direction. We owe a deep debt of gratitude to the people of Netcare who have persevered through one of the most difficult challenges South African healthcare has faced, to bring Netcare to this watershed moment in our strategic journey.

I am inspired by the commitments and efforts of the Board at this pivotal time of change and challenges in the healthcare system. Additionally, I am honoured by the faith the Netcare Board has placed in me as lead independent director and acting chair. The potential for positive change is truly exciting, and we look forward to guiding Netcare to make an even greater contribution to the sustainability and advancement of our sector and our country.

Alex Maditse

Lead Independent Director and Acting Chair

The Board sets the tone at the top for fulfilling Netcare's purpose – to deliver the best and safest care. At the highest level of governance, the Board upholds and expects ethical leadership; good corporate citizenship; financial, social and environmental sustainability; and the highest professional and operational standards.

Non-executive directors

■ Audit Committee
■ Nomination Committee

■ Risk Committee
■ Remuneration Committee

■ Social and Ethics Committee
■ Consistency of Care Committee

AGM
7 February 2025



**A (Alex)
Maditse | 62**

Lead independent non-executive director

BProc, LLB, HDip Company Law, LLM Company and Labour Law (Pennsylvania, USA), LLM International Commercial Law (Harvard, USA)

Nationality: South African

Appointed: 7 June 2023

Board attendance: 4/4

Chairs: Board (until new chairman is appointed) and Nomination Committee.

Appointed as lead independent director effective 29 July 2024.



**B (Bukelwa)
Bulu | 47**

Independent non-executive director

BBusSci Hons, PGDA, CA(SA)

Nationality: South African

Appointed: 23 November 2015

Board attendance: 4/4

Chairs: Risk Committee (up to 1 January 2024) and Audit Committee.

Retiring by rotation at the next AGM and is available for re-election to serve until 30 September 2025.



**L (Lezanne)
Human | 55**

Independent non-executive director

BSc Hons Operations Research (Cum Laude), MSc Applied Mathematics (Cum Laude), MBA (Cum Laude)

Nationality: South African

Appointed: 13 May 2019

Board attendance: 4/4

Chairs: Consistency of Care Committee.

Retiring by rotation at the next AGM and is available for re-election.



**I (Ian)
Kirk | 66**

Independent non-executive director

CA(SA)

Nationality: South African

Appointed: 1 January 2023

Board attendance: 4/4

Chairs: Risk Committee.

Retiring by rotation at the next AGM and is available for re-election.



**Dr R (Roze)
Phillips | 54**

Independent non-executive director

MBChB, MBA, Dip Future Studies (USB)

Nationality: South African

Appointed: 1 January 2022

Board attendance: 4/4

Chairs: Social and Ethics Committee.



**L (Louisa)
Stephens | 48**

Independent non-executive director

CA(SA) and chartered director

Nationality: South African

Appointed: 1 January 2023

Board attendance: 4/4

Chairs: Remuneration Committee.

Note: M (Mark) Bower retired as independent Board chair and from all committees on 30 September 2024.



Executive directors



Dr R (Richard)
Friedland | 62

Chief executive officer

BvSc, MBBCh (Cum Laude), Dip Fin Man, MBA

Nationality: South African

Appointed: 15 May 1997

Board attendance: 4/4



K (Keith)
Gibson | 54

Chief financial officer

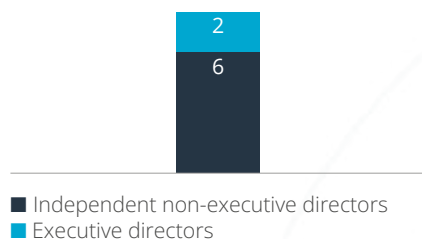
BAcc, CA(SA)

Nationality: South African

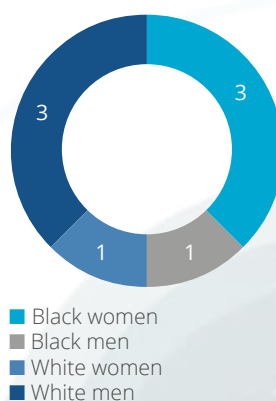
Appointed: 10 November 2011

Board attendance: 4/4

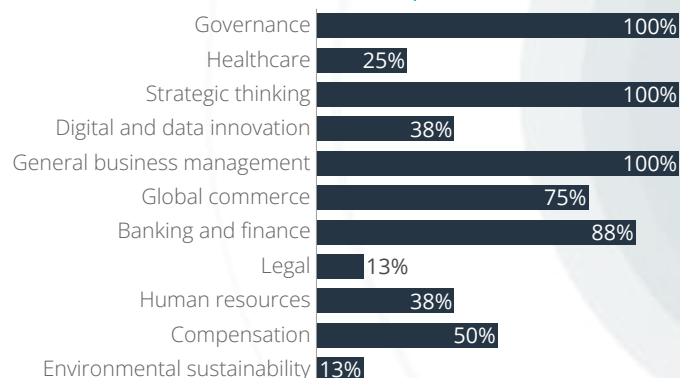
Independence (number)



Diversity (number)



Skill (% of directors with specified skill)



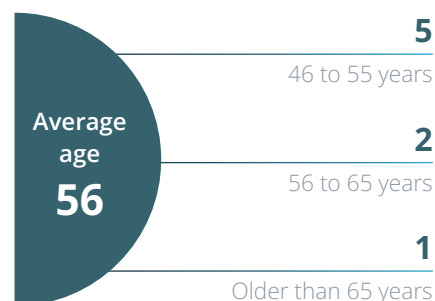
Tenure of non-executive directors (number)



Board composition

At date of publication

Age (number)



Diversity

Black South African directors

50%

FY 2023: 44% FY 2022: 55%

FY 2024 target: 44%

Women directors

50%

FY 2023: 44% FY 2022: 55%

FY 2024 target: 44%

Black women directors

38%

FY 2023: 33% FY 2022: 45%

FY 2024 target: 33%



— Shareholder report: full governance report.



Dr Richard Friedland

The completion of our foundational programme to digitally enable Netcare's unique ecosystem of services, brings us to an inflection point in our ten-year strategic journey to transform the way we deliver health and care, and thus to redefine our contribution to South African healthcare.

Netcare's strategy to deliver person centred health and care, that is digitally enabled and data driven, aims to establish Netcare as an uncontested leader at the frontier of healthcare innovation. In FY 2024, the benefits of our strategic investments began to outweigh their expenses and surpass our initial projections. As we build on our world class digital foundation in the coming years, the benefits to our patients, people and partners in the healthcare value chain will expand exponentially. We will harness the power of our data assets to drive higher clinical efficiency and better healthcare outcomes, and to transform how we engage and empower our patients in managing their health and care over their lifetimes.

However, healthcare innovation is inherently capital intensive, and our constrained operating environment means we must do more with less as we reach for our strategic goals. To this end, we assess our strategic investments according to the Netcare 'litmus test', which requires that they deliver one or more of the following criteria – to achieve growth that outpaces the market, enhance our margins and returns, substantially distinguish our services from those of our competitors, and amplify the embedded value of our services by keeping patients within our ecosystem from cradle to grave. The Board continues to ensure that the Group BSC¹ aligns tightly to these overarching strategic objectives, to incentivise focused and consistent progress toward their achievement.

Despite the challenging macroeconomic and inflationary environment, Netcare combined significant progress on our strategic initiatives with a solid financial performance in FY 2024. Group revenue grew by 6.3% and an ongoing focus on operational efficiencies, aided by digitisation benefits and lower strategic costs, resulted in excellent operating leverage reflected in the 12.6% growth in normalised operating profit. In line with our capital allocation strategy to return excess cash to shareholders, the Group acquired 60.4 million shares at a total cost of R722 million in our share buyback programme, which started in September 2023. Since then, Netcare has acquired 84.8 million shares (5.9% of total ordinary shares in issue at 30 September 2023) at an average price of 1 227 cents per share. In addition, the Group declared dividends of 70 cents per share in FY 2024, representing 61.6% of adjusted HEPS² and a

7.7% increase compared to the dividends of FY 2023. Pleasingly, the Group's ROIC³ improved to 11.7% (FY 2023: 10.8%) and the statement of financial position remains solid, with a net debt to EBITDA ratio of 1.2 times (FY 2023: 1.2 times). Strong cash generation resulted in a cash conversion ratio of 96.5%. Our CFO covers our financial and operational performance in detail in his report from [page 160](#).

Staying the course to deliver our strategy

We began implementing our transformative strategy in 2018. Testament to the dedication and resilience of our people is that we have made such steady strategic progress in the face of significant challenges in our operating environment. These have included persistently harsh socioeconomic conditions and the far-reaching implications of COVID-19, which saw unprecedented disruption of our operations and strain on our people.

In this pressured environment, we have maintained a close focus on keeping our people well, especially those on the frontline of delivering care. We continue to invest significantly in comprehensive programmes to build our people's resilience and enhance their overall wellbeing, including their financial health. At the heart of our efforts is our understanding that compassionate care for our people is the basis for differentiating our patients' experience of compassionate care at Netcare. As such, the statistically significant increase in nurse compassion scores achieved over the last three years is noteworthy, especially in view of the Group's commitment to support healing and restoration following the severe impact of the pandemic.

In the last year, the formation of the GNU⁴ followed a peaceful and legitimate national election that reconfigured our body politic. Together with gathering momentum in structural reforms to address the country's socioeconomic vulnerabilities, this development has lifted sentiment around SA's economic growth prospects.

However, although lower inflation and interest rates have improved the outlook for consumers, meaningful uplift in household income and growth in medically insured lives will take time, subject to continued momentum in structural reforms.

1. BSC: balanced scorecard for executive remuneration.

2. HEPS: headline earnings per share.

3. ROIC: return on invested capital.

4. GNU: Government of National Unity.



Moreover, real economic growth at a significantly higher level than forecast will be required to create jobs and make a dent in the country's unacceptably high unemployment rate.

Although our operating environment remains challenging and medical scheme membership growth is stagnant, the pool of insured lives remains resilient, reflecting sustained demand for quality private healthcare. Notwithstanding the pressure on our operations to contain escalating input costs and protect margins, our adoption and application of emerging technologies is enabling Netcare to reach greater heights in both healthcare innovation and operational efficiency. It is of course essential that we remain competitive, to secure our inclusion in funder designated provider networks and efficiency options, albeit without undue sacrifice of margin for volume. To this end, our strategy is enabling us to leverage the operational efficiency that digitisation makes possible and reduce the cost of care through data driven processes, while at the same time advancing clinical excellence and innovation in an African setting.

In April 2024, we successfully implemented EMRs¹ throughout the Netcare ecosystem, becoming the first healthcare provider in Africa to achieve this feat. We have over 30 000 active users of the system, including nurses, doctors, allied health professionals, pharmacists and administrative personnel. The benefits to patient safety, improved clinical outcomes and patient engagement are rapidly emerging. To cite just one example of the profound benefit to patient safety, all drug dosages, interactions, duplications and allergies are now electronically checked, eliminating as much as 60% of potential medication errors across more than 1.8 million scripts issued per year in Netcare hospitals.

Another indicator worth mentioning is the adoption rates and positive feedback we are getting from doctors who appreciate the mobile benefits of the Group's EMR system. In FY 2024, an additional 164 doctors were granted admission rights to our acute and mental health facilities, with 66% of the physicians onboarded for the Hospital Division being surgical specialists. Also noteworthy is that alongside the far-reaching benefits to our stakeholders of this transformative project, it has achieved an IRR² of above 23%, generating substantial cash savings and cost avoidance.

Moreover, the groundbreaking nature of our EMR initiative has been recognised internationally, earning the prestigious Digital Innovation Award at the CQI³ International Quality Awards. Chosen from 87 submissions representing 19 nations, this accolade underscores our implementation of advanced digital solutions to improve processes and achieve exceptional quality, solidifying our status as a leader in healthcare innovation.

The successful completion of this first phase of our strategic journey establishes a strong digital foundation for the next two stages of implementation. Focused on data driven clinical efficiency, the second phase of our strategy will unfold over the next two to three years, employing cutting-edge data

analytics to benefit the clinical data that our integrated digital monitoring systems now provide. Our state of the art clinical data analytics programme will give our doctors access to anonymised data on outcomes, treatment pathways and clinical practices, with analytical tools to fully understand the data and inform better treatment interventions and outcomes. For instance, we are piloting innovative machine learning and predictive analytics to identify life-threatening events, such as sepsis, early enough to ensure timely intervention.

Further, providing our doctors with access to these data on quality of care outcomes, together with analytical tools for its interrogation, will support large scale clinical research. Applying generative AI and natural language processing capabilities, we aim to streamline the publication of clinical studies. This will empower our doctors to uphold and advance the highest standards of medicine and surgery, enhancing Netcare's contribution to the global body of scientific knowledge as an innovation leader in African healthcare. Demonstrating again the critical balance between innovation and efficiency, we will also leverage data analytics in a centrally coordinated clinical efficiency project. This project will feature individualised programmes at hospital level ensuring the most efficient cost per acute care event.

Concomitantly, we will advance the third phase of our strategy over the next three to four years, with the focus on realising clear differentiation and patient retention in our delivery of truly individualised, person centred health and care. Central to this objective is the phased development of the Netcare App to provide a platform for digital engagement that delivers in- and out-of-hospital ease of use and seamless access to our services, which research shows are powerful drivers of patient satisfaction and loyalty. Having completed the roll out of our Summary of Care reports – the most transformative aspect of this phase – we are now able to provide our patients with a full summary of the care received from Netcare, alongside personalised insights and priorities for their recovery and wellness. The next step is to apply generative AI to 'de-jargonise' complex medical terminology and focus on what matters most to each individual patient.

What matters to modern consumers of healthcare services is no longer just increased lifespan. Rather, that the longer lifespan that modern medicine is giving us, is matched to better 'healthspan'. Whereas estimates say we are living at least a decade longer, healthcare systems underperform in addressing non-communicable diseases, diseases of lifestyle and chronic illnesses. This means that while people are living longer, their health tends to deteriorate from midlife, with poor quality of health defining the last half of life. Dr Peter Attia, a physician renowned for his expertise in longevity and life optimisation, and author of the bestselling *Outlive: The Science & Art of Longevity*, explains it thus: "...healthspan is a measure of how well, not necessarily long, you live... one without the other – long lifespan with poor healthspan or short lifespan with rich healthspan – isn't what most people want."⁴

1. EMR: electronic medical records.

2. IRR: internal rate of return.

3. CQI: Chartered Quality Institute.

4. Source: <https://peterattiamd.com/move-defines-live/>.



The new gold standard in healthcare is therefore participatory care, which means we need to encourage and empower people to become co-responsible for achieving better health over their lifetimes. Providing them with their personalised digital health records in an easily understandable manner, along with individualised health and care information, is a foundational step in Netcare's journey to partnering with our patients in achieving longer and healthier lives.

As we advance these two phases, the know-how we will gain in delivering data driven clinical excellence and innovation, and effective personalised patient engagement, will be far more difficult to replicate than the benefits of digitisation alone. Given where we are in our strategic journey, we are confident that Netcare has sufficient runway to secure the sustainable competitive advantage our strategy seeks to deliver. By leveraging our digital backbone and data management competencies, we will profoundly enhance the patient experience and improve clinical efficiencies and outcomes, while contributing to healthcare innovation in SA. The powerful combination of innovation and efficiency will also allow for greater affordability and wider access to our services. Ultimately, we believe that the highly differentiated benefits our strategy will offer to our patients, people and partners in the healthcare value chain, will add up to unassailable competitiveness and better returns for our shareholders.

Expanding access to affordable quality care

With our emphasis on building a digitally enabled and data driven Netcare, our strategy reflects a deliberate choice to adopt a capex-light approach to the Group's development. However, with demand for mental healthcare continuing to surge in SA, we are responding to the significant unmet need in this critical discipline by investing in new capacity. Construction of our Netcare Akeso Polokwane facility will add 87 beds to our network, scheduled for March 2026; we expect to open the new Netcare Akeso Montana facility, with 88 beds, in June 2026; and the Netcare Akeso Alberlito facility, with 80 beds, in March 2027.

Netcare is dedicated to fostering a comprehensive national health system that safeguards the constitutionally granted health rights of all South Africans. While we actively support the pursuit of universal health coverage, realistically it will take decades to fully achieve. This makes it essential to pursue near-term opportunities to expand access to the quality care that the private sector can provide. To this end, NetcarePlus provides a range of innovative healthcare products and funding solutions designed to promote affordable, high-quality healthcare for more of SA's population, widening access to private healthcare for individuals not covered by medical aid. We are encouraged by the growth in sales of NetcarePlus products across both retail and corporate sectors, and continue to introduce new product offerings.

Netcare Diagnostics represents our commitment to driving transformation within our company, our sector and our country. Netcare Diagnostics supports the black woman-owned pathology service provider, Dr Esihle Nomlomo Inc., which continues to see growth in pathology tests conducted. To date, we have commissioned 125 blood gas analysers in Netcare's ICU and high care units and 103 point-of-care devices across 15 emergency departments. Additionally, the service has been implemented at 25 Netcare Medicross facilities and will be expanded to four more emergency departments in FY 2025.

Beyond Netcare's direct contribution, our commitment in respect of the NHI has been to engage government and all relevant stakeholders in a sensible, constructive and evidence-led way, to identify a solution that presents a credible, viable alternative to the NHI as it currently stands. The HASA¹ proposal, which Netcare has been instrumental in conceiving and advocating, exemplifies a credible alternative approach that is well-tested and proven in other parts of the world, and based on over two decades of sound research by South African health policy experts. Importantly, HASA's plan considers the country's macroeconomic profile and can be phased in and started almost immediately. The proposal makes a strong case for mandatory medical coverage for formally employed individuals, and public-private collaboration to strengthen the healthcare system and free up public health funds to serve the informally employed, unemployed and most vulnerable in our society.

The private healthcare sector will continue to engage with government on the NHI Act through BUSA², of which HASA is a member. In the interim, we continue to focus on immediate opportunities for private sector collaboration with the government to help address critical healthcare gaps and improve access to quality care for all South Africans. It is worth noting that the early successes of the GNU have demonstrated that collaboration between public and private sectors, even across ideological divides, is not only possible but the only way to improve SA's socioeconomic destiny, which must be founded on a sustainable healthcare sector.

At the frontier of environmental sustainability

Our game-changing environmental sustainability strategy, initiated in 2013, demonstrates the long-term, integrated thinking and planning that characterises Netcare's approach to sustainability leadership. While our strategy was driven largely by the need to secure the resources to provide the best and safest care to our patients, efficiently and without interruption, it has become foundational to our climate change response and long-term target of net zero emissions by 2050. Pleasingly, the work done this year to fully understand the extent of our Scope 3 emissions, enabled our submission of targets to the SBTi³, which have been accepted.

1. HASA: Hospital Association of South Africa.

2. Business Unity South Africa (BUSA).

3. SBTi: Science-based Targets initiative.



In the first decade of implementation (the 2023 environmental sustainability strategy), our initiatives cut energy intensity per bed by an impressive 39%. This translated into significant operational savings and cost avoidance of over R1.5 billion, with benefits having escalated with every increase in the cost of energy. This phase of our environmental sustainability strategy generated an IRR of 40%, while also garnering international recognition through numerous awards for leadership in healthcare sustainability.

The next phase of this strategy, with a 2030 horizon, reaches further to fortify this leadership position and drive substantial financial savings through relatively modest capital investments. The Group's updated environmental sustainability goals centre on a bold commitment to a comprehensive reduction of 84% in our combined Scope 1 and Scope 2 emissions, and to eliminate Scope 2 emissions entirely by 2030, ensuring that 100% of our energy needs are met through renewable sources. To this end, we reached a significant milestone in December 2024 when the renewable energy wheeling agreement with NOA Group Trading, signed in November 2023, attained unconditional status for all six sites involved in the first phase of this initiative. These sites will be powered by up to 100% wind energy by September 2026.

Another feature of our strategy is water stewardship. As one of the most water stressed countries in the world, and with climate change impacts increasing water scarcity, we face a water crisis exacerbated by failure to maintain and expand our water reticulation systems. Netcare has made steady progress in our water stewardship programme, based on best practice in water management and conservation awareness, and reducing and recycling the water we use. From a baseline of 500 litres per bed per day, we have reduced water intensity over the last four years by 16.8%, with a 2% reduction in FY 2024. Total municipal water consumed decreased by 3% for the year. Our 2030 strategy targets a further 5% reduction in water consumption per bed per day.

Netcare is also dedicated to achieving an ambitious goal of zero waste to landfill. Over the course of the year, we achieved a 23% decrease in total waste to landfill and a 49% decrease in general waste sent to landfill, a marked improvement on the prior year's performance. This is welcome evidence that our improved segregation at source and diversion strategies are having the desired effects.

I urge you to read our comprehensive [*ESG report*](#), which describes our environmental strategy and performance in detail, as it does Netcare's people management strategy and social investment contributions.

Appreciation

FY 2024 was a watershed year for Netcare. We reached critical strategic milestones and confirmed their commercial viability with robust results. Most importantly, we showcased the invaluable contribution Netcare stands ready to make as a centre of clinical excellence in SA's health ecosystem. The subsequent phases of our care and environmental strategies will expand that contribution immeasurably.

My thanks and appreciation go to my colleagues and fellow healthcare workers across Netcare, and to my fellow Executive Committee members and senior managers with whom I have the privilege of working, for their extraordinary commitment and contribution. My sincere thanks to our acting chair, Alex Maditse, and our Board members for their close guidance and sage counsel.

Our successes to date, and our bold commitments for the future, would have been impossible without our people's dedication, hard work, embrace of change and commitment both to continual improvement and revolutionary innovation. From the boardroom to our wards and facilities, the Netcare family has pulled together to deliver on our daily commitments, while working towards a better future for our Group and all the people we serve.

Dr Richard Friedland
Chief Executive Officer

Executive Committee



The Board delegates to the Executive Committee and senior management the detailed formulation and implementation of Netcare's strategy as well as the day-to-day management of Netcare. Discussions between the Board and the executive team on governance, risk and operations are appropriately and constructively challenging, and hold executive management to account for the interests and expectations of all Netcare's stakeholders.



Dr Richard Friedland | 62

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



Keith Gibson | 54

Chief financial officer
BAcc, CA(SA)
Joined Netcare in 2006.
Chairs: Finance and
Investment, Working Capital
and Procurement Committees.



Teshlin Akaloo | 41

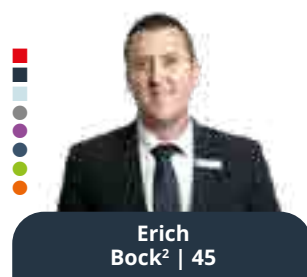
Managing director – NetcarePlus
BSc Financial and Actuarial
Mathematics, Fellow of
the Institute of Actuaries
Joined Netcare in 2020.

Board committees¹

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

Operating committees

- Finance and Investment Committee
- Combined Assurance Committee
- Working Capital Committee
- Operational Transformation Committee
- Sustainability Committee
- IT Management Committee
- Tariff Committee
- Procurement Committee



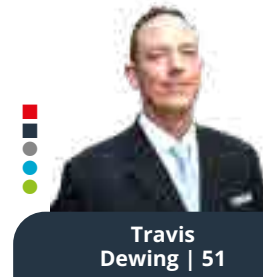
Erich Bock² | 45

Managing director – Hospital Division
PhD Business Administration,
MBA, BA Honours in Psychology,
Post Graduate Teaching Certificate,
BA Human Movement Science
Joined Netcare in 2013.



Melanie Da Costa³ | 52

Director of strategy and health policy, and managing director – Netcare Akeso
MCom, CFA
Joined Netcare in 2006.
Chairs: Tariff Committee.



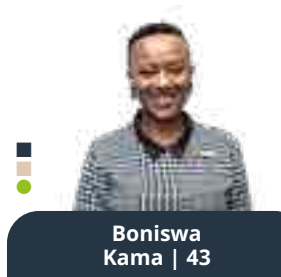
Travis Dewing | 51

Chief information officer
NDip IT
Joined Netcare in 1997.
Chairs: IT Management Committee.



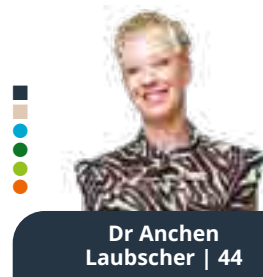
Craig Grindell | 53

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



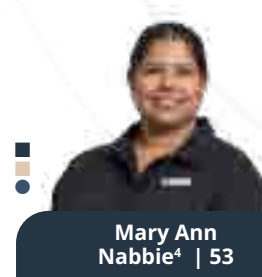
Boniswa Kama | 43

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



Dr Anchen Laubscher | 44

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



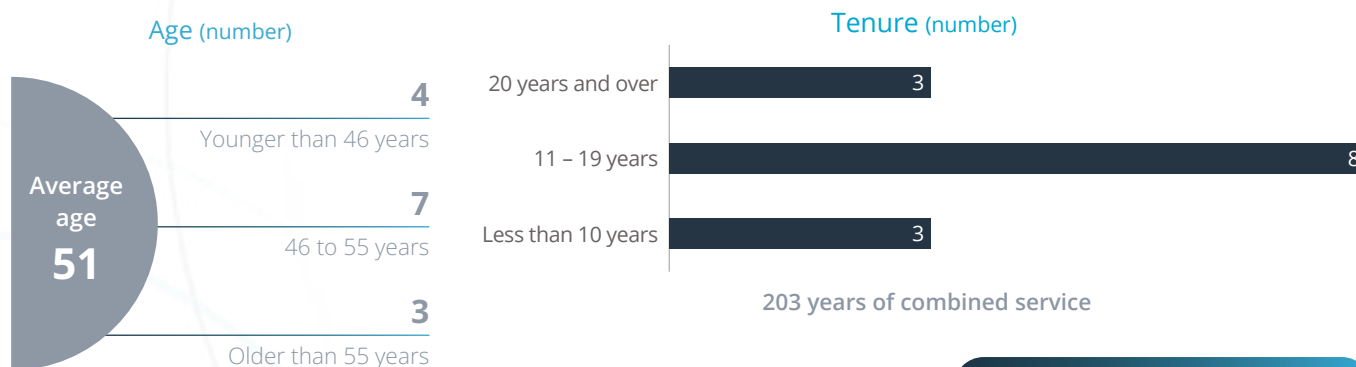
Mary Ann Nabbie⁴ | 53

Group director of nursing and nursing education
Nursing (General,
Psychology and
Community), Midwifery,
Nursing Critical Care
Joined Netcare in 2022.

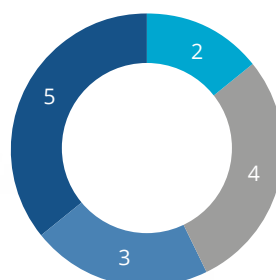
1. Executive Committee member attends the Board committee as either a member or invitee.
2. E Bock: appointed managing director of the Hospital Division effective 1 October 2024.
3. V Maleki: appointed deputy managing director of Netcare Akeso effective 1 November 2024.
4. MA Nabbie: appointment is from 1 September 2024.



Executive Committee composition



Diversity (number)



■ Black women
■ Black men
■ White women
■ White men

Black South African

43%

FY 2023: 38%

Women

36%

FY 2023: 31%

Black women

14%

FY 2023: 8%



Dr Nceba Ndzwayiba | 46

Director of human resources and transformation

PhD, M Phil HRD, BEd BTD Hons (Cum Laude), B Technology, NDip ODETD
Joined Netcare in 2008.

Chairs: Operational Transformation Committee.



Dr Shannon Nell¹ | 64

Group director of nursing and nursing education

PhD, MBA, B(Cur) Ed and CNS, Dipls. Midw., Paeds, critical care, fANSA

Joined Netcare in 1999.



Dr Billy van der Merwe² | 63

Managing director – Primary Care Division

MBChB, MBA

Joined Netcare in 2011.



Charles Vikisi | 49

General counsel and Group secretary

BA, BA (Hons) (Clinical Psychology), LLB, BTh (Hons), PDip Compliance Management

Joined Netcare in 2020.

1. S Nell: retiring 28 February 2025.

2. B van der Merwe: retiring 31 December 2024. S Nayager: appointed as managing director of the Primary Care Division effective 1 January 2025.



03

Our value story

Combined assurance

	Board committees	Line management	Specialist functions	Internal Audit	External assurance
39 Governance overview	✓	✓			
48 Our operating environment	✓	✓			
54 Our risks and opportunities	✓	✓	✓		
67 Overview of strategic progress	✓	✓	✓		
79 Outlook and key strategic trade-offs	✓	✓			
83 Remuneration overview ¹	✓	✓		✓	✓

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

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

The Board subscribes to the principles and recommended practices of King IV as it considers the framework's intended governance outcomes to be pivotal to achieving Netcare's purpose, the international sector-specific objectives of the **Quadruple Aim** (see page 3) and our intention to be a powerful force for social good and environmental improvement.

The Board plays a key role in our ability to create, protect and share value. It approves the Netcare strategy and applies its guidance and oversight to how we execute the strategy and manage the trade-offs when making strategic decisions – ensuring that we mitigate against negative impacts and increase our positive impacts. It also ensures that we operate a sustainable business model by assessing our operating environment, key risks and opportunities, and the availability of capital resources. The Board sets policy, ensures capital prudence and oversees our governance frameworks and control environment, and keeps abreast of stakeholder concerns, needs and expectations, balancing these with the Group's interests.

The Board met four times during FY 2024 with additional ad-hoc meetings held to support and provide counsel to the executive team.



— **Shareholder report:** full governance report.

Key Board focus areas for FY 2024

Strategy

During the year, the Board deliberated and provided input on the Group's strategic direction, priorities and projects. Progress against the Group's BSC¹ (see page 86) was reviewed monthly by the Executive Committee and quarterly by the Board, and the Netcare strategy was reviewed in September 2024 in tandem with the budget approval process. The Board approved the development of Netcare's Big Data analytics platform, the enhancements to the Netcare App, and the associated marketing strategy, as key underpins of Phase 2 and Phase 3 of the Netcare strategy.

The Board focused on the Group's key risks and opportunities and their potential impact on strategy execution, ensuring that the actions taken to achieve strategic objectives fall within our risk appetite and tolerance levels, and that appropriate

mitigating measures are in place to manage risks. Where necessary, strategic priorities were revised in line with opportunities, attendant risks and uncertainties arising out of cyclical and structural trends in the healthcare, digital and financial services sectors.

Particular attention was paid to ensuring effective and efficient IT processes and resources, the cost effectiveness of managing the integrity, continuity, confidentiality and availability of information, enforcing best practice cybersecurity and data privacy frameworks, and ensuring that the Group has the capability to appropriately respond to and recover from cyber-related incidents and prevent or minimise data loss.

Growing market share

The Board monitored the Group's initiatives to grow market share, including the doctor recruitment strategy and a review of the NetcarePlus strategy and product sales, and it approved a new facility (Netcare Akeso Montana) to expand our mental health offering in line with market demand. The Board also considered the results of the Netcare Medicross consumer research survey, which provided good insight on where changes are needed to meet evolving patient, GP and dentist expectations. The Board requested management reports on how Netcare is perceived by the market, the level of doctor engagement and the feedback received, and the clinical efficiency discussions held with private medical funders during tariff negotiations. It also reviewed initiatives to enhance our data analytics capabilities and how these can be used to improve clinical efficiencies and address potential risks in future hospital network contracting.

Other focus areas

Other issues that were deliberated and discussed included the Group's investments in facilities to improve patient experience (including the approval of a major refurbishment of Netcare The Bay Hospital), health policy, the signing of the NHI² Act into law and the impacts for Netcare, the continuation of the buying down trend to cheaper medical scheme options with less comprehensive benefits, and the migration of healthcare services to less costly means of healthcare provision.



— **Lead independent director's review:** page 27.

1. BSC: balanced scorecard.
2. NHI: National Health Insurance.



Strategy and risk management



The Board is satisfied that:

- Netcare's strategy is building a competitive moat to ensure its relevance into the future.
- It gives the appropriate level of attention to the delivery of the Netcare strategy and that it has a good understanding of the current operating context and long-term trends facing healthcare.
- The Group's risk management framework is sound and supports the Group's business model and strategy.
- Information and technology are appropriately governed and managed in line with business needs and strategy, and that the disaster recovery programme will support the continuity of critical business processes.
- There were no key governance or control failures in FY 2024.
- Stakeholder engagement is appropriate and effective, and supports Netcare's strategy and ESG imperatives.
- The integrated reporting suite for FY 2024 provides a fair and balanced account of the Group's strategy, risks, material matters, performance, prospects and financial matters.

In FY 2025, key focus areas for the Board will include:

- Keeping abreast of developments relating to NHI and UHC¹.
- Implementing a governance framework for the use of AI.
- Overseeing the operation of Netcare's Big Data analytics platform and associated projects.


Board and executive succession

The Board continuity programme addresses succession planning, ensuring that the Board functions effectively over time and that skill sets are retained when Board members retire. The programme covers director selection and appointment, director induction and training, and the evaluation of director performance. Our diversity targets for race and gender are considered during Board succession planning and when appointing new members.

Board member changes

Mark Bower retired as Board chair, effective 30 September 2024, and Alex Maditse was appointed as lead independent director, effective 29 July 2024, and leads the Board in the interim period until a new Board chair is appointed.

Executive succession

Changes to the executive team and appointment of a new CEO for the Group are discussed in the lead independent director's review on  page 27.

Credentials evaluation

Following the questions that have been raised publicly about former Netcare Board member Ms Thabi Leoka's PhD qualification, and the failure of the external verification process to bring any irregularities around this qualification to Netcare's attention, the Board decided to conduct full background checks for all Board members, including the verification of their qualifications. The outcome of this exercise confirmed the authenticity or validity of the qualifications for all current Board members, with no key risks identified. The verification confirmed Mr. M Bower's (former Board chair) B Com (Cum Laude) and BCompt (Hons) degrees, and CA(SA); however, the verification of his BCompt degree was inconclusive at the time of his retirement. Mr M Bower is able to produce the academic transcript that gives evidence to his completion of certain modules, as a prerequisite for enrolment to the BCompt (Hons) at the University of South Africa, which he was awarded in 1978.

Netcare has engaged with the JSE Limited and has addressed the matter in the manner recommended.

Performance evaluation

The Board's performance and effectiveness as well as that of its committees and individual directors is self-assessed annually. Independent external evaluation is performed every second year. This evaluation was scheduled for FY 2024; however, given the number of changes to the membership of the Board's committees, the Board has decided to defer this evaluation to FY 2025.

Board training and development

Where gaps in knowledge or skills are identified, directors are provided with development training and/or new appointments are made. The Board has access to subject matter experts for matters requiring specialised guidance.

1. UHC: universal health coverage.

Board and Executive Committee



The Board is satisfied that:

- Collectively, it has the appropriate professional expertise and experience as well as governance, finance, digital and legal skills to support the nature, complexity and strategic demands of the Group.
- There is a good balance between institutional knowledge and new perspectives, as well as diversity of perspectives.
- Netcare's leadership team has the experience, knowledge and capability to deliver the Netcare strategy.
- Adequate succession plans are in place for the Executive Committee and senior management.
- The Group's leadership development programmes are creating a leadership pool for future succession.

In FY 2025, key focus areas for the Board will include:

- Appointing a new Board chair.
- Improving the diversity of the Board.
- Conducting an external performance evaluation of the Board and its governance committees.
- Finalising the appointment of the new CEO for the Group.
- Overseeing succession plans for strategic leadership roles.





Governance committees¹

Audit Committee

- Assists the Board to ensure the integrity of the Group's annual financial statements, accounting policies and integrated reporting process.
- Provides the Board with independent and objective assurance on the effectiveness of the Group's internal controls, and governance and risk management systems.
- Oversees internal auditing, financial risk management, conflicts of interest, scope of combined assurance, and the governance, compliance and IT control environments.

3 scheduled meetings

100% independent non-executive directors

Members: B Bulo (chair), I Kirk, L Stephens

Involved in the governance of:

Ethics, values and culture / strategy and performance / reporting and assurance / risk and opportunity management / digitisation and data / compliance.

Capitals



Nomination Committee

- Sets the primary roles and responsibilities of the Board, and oversees the evaluation of the Board, governance committees and individual director performance.
- Determines and monitors the composition of the Board, director independence, director rotation and appointment, and Board succession planning.
- Oversees Executive Committee succession planning and reviews the competence and skills of the Executive Committee and senior management.

2 scheduled meetings

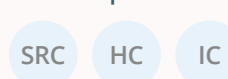
100% independent non-executive directors

Members: A Maditse (chair), L Human, R Phillips

Involved in the governance of:

Board and executive composition / risk and opportunity management.

Capitals



Risk Committee

- Assists the Board in discharging its risk management responsibilities, sets the Group's risk management strategy, policy and plan, and ensures that the Group's risk management framework supports the Group's strategy and business model.
- Ensures there are adequate processes and systems to identify, manage, mitigate and report the Group's top business risks.
- Recommends to the Board where action or improvement is required to mitigate risk.
- Oversees the Group's ethics management, and compliance and IT control environments.

2 scheduled meetings

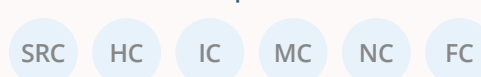
67% independent non-executive directors

Members: I Kirk (chair), B Bulo, L Human, A Maditse, R Friedland, K Gibson

Involved in the governance of:

Ethics, values and culture / strategy and performance / risk and opportunity management / digitisation and data / compliance / stakeholder inclusion.

Capitals



¹ Committee membership is at 1 October 2024.



Remuneration Committee

- Oversees the development and implementation of the Group's remuneration policy, ensuring that our remuneration practices are responsible, fair and equitable, and externally competitive.
- Sets the financial and non-financial strategic targets of the Group's BSC.
- Determines the remuneration of NEDs¹ and executive directors, prescribed officers and senior management as well as the average increases for the workforce.
- Recommends for the Board's approval, any material changes to employee remuneration and benefits.

2 scheduled meetings

100% independent non-executive directors

Members: L Stephens (chair), L Human, I Kirk

Involved in the governance of:

Ethics, values and culture / strategy and performance / reporting and assurance / talent management and retention / risk and opportunity management / remuneration / stakeholder inclusion.

Capitals

SRC

HC

IC

NC

FC

Social and Ethics Committee

- Oversees and monitors the Group's initiatives to embed an ethical culture, including fair labour practices and human rights.
- Oversees and monitors legislative compliance, including initiatives to manage regulatory change.
- Oversees and monitors initiatives that support good and responsible corporate citizenship (health and safety, social and economic development, learning and development, DEI² etc) and environmental sustainability.
- Reviews the governance of NPOs with whom Netcare has a partnership, including the Netcare Foundation.
- Oversees the integrity of the ESG report.

3 scheduled meetings

67% independent non-executive directors

Members: R Phillips (chair), A Maditse, R Friedland

Involved in the governance of:

Ethics, values and culture / corporate citizenship / strategy and performance / reporting and assurance / talent management and retention / risk and opportunity management / compliance / stakeholder inclusion.

Capitals

SRC

HC

IC

MC

NC

Consistency of Care Committee

- Oversees the implementation of the consistency of care strategy, including our quality management systems, clinical governance and initiatives that support safe, high-quality, person centred health and care.
- Monitors clinical risks that could impact our quality and safety outcomes.
- Monitors clinical outcomes, patient experience and patient-reported outcomes.
- Oversees certain strategic employee wellbeing and waste management projects.
- Oversees the integrity of clinical outcomes reported in the Group's quality report.

2 scheduled meetings

67% independent non-executive directors

Members: L Human (chair), B Bulu, A Maditse, R Phillips, R Friedland, A Laubscher

Involved in the governance of:

Ethics, values and culture / corporate citizenship / strategy and performance / reporting and assurance / risk and opportunity management / digitisation and data / compliance / stakeholder inclusion.

Capitals

SRC

HC

IC

MC

NC

FC

1. NED: non-executive director.

2. DEI: diversity, equity and inclusion.

Key activities of the Board

Beyond routine matters, below are some of the key activities of the Board and its committees during FY 2024.



Material matter 1

Deliver outstanding person centred health and care

Ethics, values and culture

- Reviewed incidents of alleged unethical medical practice.

Strategy and performance

- Monitored the delivery of the consistency of care and 2030 environmental sustainability strategies.

Reporting and assurance

- Reviewed the quality of care outcomes for public reporting.

Risk and opportunity management

- Reviewed the Group's initiatives to mitigate risks relating to the availability of energy and water.
- Oversaw and approved the progress of the renewable energy wheeling agreement to reach unconditional status for six Netcare sites.

Digitisation and data

- Approved an AI governance policy and the establishment of an AI Governance Committee.

Stakeholder inclusion

- Monitored the roll out of Summary of Care reports and CareNotes™.
- Reviewed the Group's initiatives to improve patient experience and drive person centred health and care.
- Reviewed the results of the data modelling on the Hospital Division patient feedback survey.
- Reviewed the enhancements made to the doctor credentialing process and monitored the process.



Material matter 2

Recover and grow market share and long-term profitability

Strategy and performance

- Kept abreast of operational and capital expenditure, and cash flow management, and approved management's working capital forecast for FY 2025.
- Approved dividend payouts and share buyback transactions, ensuring that the criteria for solvency and liquidity were met.

Reporting and assurance

- Having confirmed their independence, approved the appointment of the external auditor, and their audit and non-audit fees.
- Approved the use of the going concern basis of accounting for FY 2024.
- Reviewed the quality of earnings and recoverability of deferred taxation assets.

Risk and opportunity management

- Reviewed the results of financial, risk and governance control assessments, and the associated action plans.
- Reviewed the Group's initiatives to mitigate risks relating to funders, sector regulations and fraud.
- Reviewed the Group's top business risks against the Group's five levels of assurance.

Digitisation and data

- Monitored digitisation projects to ensure that cost and schedule overruns were avoided.
- Monitored the use of AI in the security operations centre and other interventions to enhance cybersecurity and data protection.
- Assessed the results of the cybersecurity self-assessment and the internal and external verification of our cybersecurity controls.

Compliance

- Kept abreast of regulatory developments that may create risk exposure for the Group.

Stakeholder inclusion

- Kept abreast of engagement with private medical funders on our clinical efficiency initiatives.
- Reviewed engagements with various ESG rating agencies.



Material matter 3

Attract, retain and invest in our employees and healthcare practitioners

Corporate citizenship

- Monitored initiatives to address employee concerns raised in the FY 2022 employee engagement survey.
- Monitored the continued roll out of Care4YOU across the Group to embed a culture of compassion.
- Monitored the Group's employee wellness initiatives.

Talent attraction and retention

- Reviewed the Group's investment in learning and development to ensure it addresses the Group's skills need and the creation of a diverse talent pipeline.
- Monitored the doctor recruitment strategy.

Risk and opportunity management

- Reviewed the Group's initiatives to mitigate risks relating to the availability and quality of skills.

Remuneration

- Awarded higher salary increases for employees in non-managerial roles compared to the increases for executives and senior managers. Nurses also received higher salary adjustments.
- Approved the payment of annual professional registration fees for certain categories of employees.
- Approved the outcome of wage negotiations for FY 2024/25.

Stakeholder inclusion

- Reviewed the results of the employee engagement dipstick survey to understand the impact of the Group's employee initiatives.

Our value story



Material matter 4

Accelerate transformation and access to quality health and care in SA

Corporate citizenship

- Monitored the Group's B-BBEE¹ initiatives, workplace DEI plans, and programmes to embed DEI and belonging.
- Reviewed the Group's B-BBEE competitiveness.
- Approved a new youth development programme to replace the YES4Youth programme.
- Reviewed the Group's community upliftment initiatives, including ESD² opportunities, disbursements to communities, clinical scholarships and the employment of persons with disabilities.
- Reviewed the Social and Ethics Committee Trends Survey Report 2023.

Compliance

- Reviewed the Health Policy Report and discussed the key procedural and constitutional issues relating to the NHI Act.
- Noted the new amendments³ to the Companies Act, relating to transparency on the earnings gap.

Remuneration

- Evaluated the results of a vertical income analysis of the Group's top 5% earners against the bottom 5% earners and the gender income disparity analysis.

Stakeholder inclusion

- Monitored engagement with sector and business associations on issues such as the nursing shortage, the NHI Act and UHC.

1. B-BBEE: broad-based black economic empowerment.

2. ESD: enterprise and supplier development.

3. Companies Amendment Bill and Companies Second Amendment Bill.



Material matter 5

Effective leadership and responsible business conduct

Ethics, values and culture

- Reviewed incidents of alleged fraud and the measures taken to address valid incidents and recover financial losses incurred.
- Monitored employee training on business ethics, conflicts of interest and competition law.

Reporting and assurance

- Reviewed and approved the Group's material matters.
- Reviewed and approved the 2024 integrated and ESG reports, the Group's annual financial statements, and the King IV-aligned remuneration report.
- Reviewed the integrated reporting process and considered the factors that may impact the integrity of the report.

Board and executive composition

- Assessed the academic credentials and performed thorough background checks of the Executive Committee.
- Assessed the performance and independence of NEDs who are standing for re-election.
- Reviewed the composition of the Board committees, including the diversity of members, and updated membership where required.
- Approved Executive Committee changes in line with the Group's executive succession and diversity plans.

Compliance

- Approved the FY 2024/25 privacy strategy and monitored the Group's initiatives to embed data privacy in the way employees work.
- Reviewed incidents of privacy breaches.
- Assessed the results from the third-party data privacy risk survey.

Remuneration

- Awarded annual salary increase criteria and incentive payments in line with the rules of the SIP¹ and based on target achievement and individual performance.
- Approved the BSC for FY 2025.
- Considered the proposed adjustments to NED remuneration for FY 2025.

Stakeholder inclusion

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

Ethics management

The Board assumes ultimate responsibility for the Group's ethical performance, and the Group's leaders are responsible for modelling ethical behaviour and embedding the Code of Conduct in daily operations. When conducting Netcare's business, all employees are expected to fulfil our commitment to high moral, ethical and legal standards in line with our values, policies and Code of Conduct. They are also expected to adhere to the code, principles and values of the HPCSA².

Training interventions, fraud awareness campaigns and an annual employee compliance and ethics survey entrench the Netcare Code of Conduct's principles. The ethics survey assesses familiarity with ethics policies and structures, and elicits employees' views of the Netcare culture and how our core values are lived in management's daily decision-making. The FY 2024 survey highlighted the need to update our policies and procedures, and deliver awareness training to improve compliance, particularly in relation to HR, IT and ethics.

Our zero-tolerance approach covers theft, fraud and corruption, bullying, discrimination and racism. Netcare employees and the public are able to report irregularities and unethical behaviour, including unethical medical behaviour, through a number of mechanisms, including the Fraud and Ethics Hotline that protects anonymity. The anonymous toll-free SHOUT line allows employees to report alleged or perceived incidents of racism, sexism, bullying, discrimination, harassment, or any human rights violation. All incidents reported through any of these mechanisms are investigated, and all confirmed cases are reported to the South African Police Services and, where appropriate, to the applicable registered body such as the HPCSA.

1. SIP: Single Incentive Plan.

2. HPCSA: Health Professions Council of South Africa.



Reported incidents of misconduct

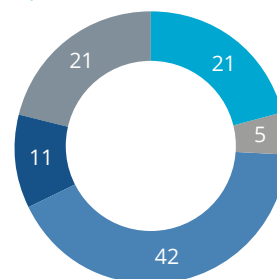
- 26** Fraud and Ethics Hotline
- 64** Fraud email reporting service
- 132** Direct communication with Forensic Services
- 54** Incident management system
- 21** Other channels eg customer services
- 297** Total reports for FY 2024

Of the above 297 reports, one was an alleged unethical medical behaviour. At year-end, 286 incidents had been investigated and closed, with the remainder still under investigation.

FY 2023: 206; 3 medical related

FY 2022: 113; 0 medical related

Nature of the incidents (% of total financial losses)



- Theft of stock
- Fraudulent proof of payment
- Medical aid fraud
- Loss of consignment stock
- Other

FY 2023: theft of fuel (36%), fraudulent proof of payment (3%), medical aid fraud (40%), timecard fraud (7%) and other (14%).

Most of the incidents reported in FY 2024 related to theft and various types of fraud, including medical aid fraud and document forgery. The total financial loss incurred was 1% higher than that of FY 2023. Of the financial loss for FY 2024, 24% had been recovered by year end.

Training

- Ethics and anti-corruption and anti-bribery training delivered to 4 544 employees (FY 2023: 3 696).
- 4 872 hours spent training 4 569 employees on human rights (FY 2023: 7 330 hours; 5 095 employees).



Code of Conduct
Anti-corruption policy (including whistle blowing).

Responsible corporate citizenship

We consider the UN's Universal Declaration of Human Rights, the principles of the International Labour Organization, the UN SDGs, and other voluntary codes, including the principles of the UN Global Compact, in our commitment to good corporate citizenship. Frameworks are in place to govern the Group's impact on the economy, society and the environment, and support transparent and credible reporting on our ESG performance, risks and opportunities. Our ESG performance is independently assessed and benchmarked annually by various global sustainability institutions (see page 24).

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



ESG report (for detailed disclosure).

Ethics and corporate citizenship



The Board is satisfied that:

- The Group's leadership leads with integrity and honesty.
- The Group employs best practice risk mitigating approaches to ensure ethical business conduct.
- Environmental and social priorities are appropriately integrated in the Netcare strategy.
- It sufficiently adheres to the principles of King IV.
- There is no current or pending legal action that will materially affect the Group's operations.
- It complies with the South African Companies Act and is operating in conformity with Netcare's memorandum of incorporation.

In FY 2025, key focus areas for the Board will include:

- Enhancing Board and Executive Committee knowledge around competition law.
- Monitoring the Group's efforts to improve race diversity at senior management levels.
- Monitoring initiatives to retain and attract talent and scarce skills.



A weak macroeconomic environment, with a slightly more positive outlook for 2025 but continued challenges for the medically insured population

The IMF¹ forecasts global economic growth for 2024 and 2025 to remain stable, yet underwhelming, at 3.2%. Global growth and interest rate cuts are poised to continue; however, geopolitical risks will remain threats to global stability and growth. Global headline inflation is expected to fall from an annual average of 6.7% in 2023 to 5.8% in 2024 and 4.3% in 2025. The prices of goods have stabilised but services price inflation remains elevated in many regions.

Key takeaways

Growth outlook for SA

- The IMF's revised projections for SA's economic growth for 2024 and 2025, reflect the surge in business confidence attributed to a stabilising electricity supply, improved logistics services, the formation of the GNU² following the general elections, and the GNU's appetite for structural reforms and fiscal consolidation.
- Headline inflation eased to 2.8% in October 2024, its lowest in at least four years, and lower than the midpoint of the SARB's target range (4.5%). The SARB forecasts that temporary supply shocks are likely to keep inflation below 4.0% until mid-2025, reaching 4.6% from late 2025. The medium-term outlook is highly uncertain, with upside risks including higher prices for food, electricity and water, as well as insurance premiums and wage settlements. For 2026, average headline inflation is forecast at 4.6%³.
- Resolving SA's energy and logistical constraints, investment in infrastructure, eradicating corruption and accelerated structural reforms remain key to unlocking economic growth and job creation over the medium to long term.

Medical scheme membership

- Despite the above improvements, there has been no notable change in the healthcare landscape. Activity growth remains constrained across the private healthcare sector due to high inflation, high interest rates and constrained consumer disposable income. Affordability has slowed self-pay activity, stagnated medical scheme membership growth, and entrenched 'buying down' trends from comprehensive benefit options to more affordable networks or discounted plans⁴.
- Another trend to emerge is a greater shift to cheaper health insurance products, reducing funder income, which could lead to significant increases in medical scheme premiums to boost revenue.
- Without macroeconomic growth and sustainable expansion of formal employment, this scenario is likely to continue.

IMF GDP forecast for SA¹

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

SARB GDP forecast for SA

1.1% for 2024, increasing to 1.7% in 2025 (up from 1.6%) and 1.8% for 2026³. While positive, GDP growth remains below the average growth for emerging markets and developing economies of 4.0% to 5.0%.

Interest rate cuts

The SARB reduced the repurchase rate by 0.25 basis points in September 2024, the first decrease in over four years. A further 0.25 basis point cut brings the policy rate to 7.75%, effective 22 November 2024³. Further interest rate cuts are expected in 2025.

Network options

33.1% of our paid patient days were attributable to network schemes compared to 32.7% in FY 2023; in FY 2018 this ratio was around 19%.

Link to top business risks

- BR1** Funder regime.
- BR4** Economic environment and demand for private healthcare.
- Page 54.

Stakeholders impacted

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

Strategic pillars that respond to this context



Strategic pillars



Organic growth



Consistency of care



Integration



Disruptive innovation



Investment



Transformation of our society



Environmental sustainability

1. IMF's October 2024 World Economic Outlook.

2. GNU: Government of National Unity.

3. Statement of the Monetary Policy Committee November 2024.

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



The impact of increasing burdens of disease on healthcare affordability

SA's growing and aging population together with a high prevalence of both communicable and non-communicable diseases¹ fuels demand for healthcare. Greater demand arises from the private medical scheme market, where the average age and chronicity² is higher than that of the general population. Medical inflation is driven by factors such as the rise in lifestyle diseases, an increase in chronic conditions (including among younger people), advances in medical treatments and procedures, young people opting out of private cover or 'buying down' to partial cover, and an increased need for specialised care.

SA also faces a significant burden of mental health disorders, driven by high levels of poverty, unemployment and violence, financial hardship and stress. Despite the high demand, access to mental health services remains limited, particularly in rural areas.

Key takeaways

Societal impacts of a higher burden of disease

- An overburdened and under-resourced public healthcare system, providing healthcare to ~80% of the population³, and which struggles to meet demand, leading to resource shortages and reduced quality of care.
- The high cost to treat chronic diseases creates an economic burden. In addition, the co-existence of multiple chronic conditions, such as tuberculosis with diabetes, requires more comprehensive and resource-intensive healthcare strategies⁴.
- Reduced economic productivity, and the social consequences for families and communities of increased mortality and morbidity rates.
- Improved healthcare infrastructure, increased funding and effective public health policies are needed to address these challenges.

Deteriorating risk pools for medical schemes

- Funders face increased adverse risk from an increasing number of sicker and older medical scheme members who need acute care, while younger and healthier members 'buy down' to cheaper options with less comprehensive benefits. Over time, this leads to higher utilisation levels, requiring higher medical scheme premiums and impacting affordability.
- Globally, innovation and rising utilisation of less costly means of accessing or delivering healthcare continue and are expected to rise. These include outmigration (where certain procedures migrate from inpatient settings to day case and specialist in-room procedures), home care and nurse-led primary healthcare consultations – all of which are changing patient behaviour.

Aging population

Life expectancy has risen 14% since 2020, from 58.4 years of age to 66.3 years of age⁵.

The pensioner ratio in SA has increased from 8.7% in 2017 to 9.2% in 2022⁶. The average age of medical scheme members is 34 years⁷.

Mental health

The South African Stress and Health study found that about 30% of adults will experience a mental disorder in their lifetime⁸.

Medical aid benefits paid⁹

Total healthcare expenditure on benefits paid in 2023 increased to R239 billion, up by 9.4% compared to 2022⁹.

Link to top business risks

BR1 Funder regime.

BR11 Competitor activity.

Page 54.

Stakeholders impacted

- Our patients.
- Doctors and allied healthcare professionals.
- Private medical funders.
- Regulators and government.
- Society.

Strategic pillars that respond to this context



1. South Africa.pdf (World Health Organization).

2. Illness persisting for a long time or constantly recurring.

3. PWC: South African Healthcare Reimagined (July 2022).

4. Non-communicable diseases – a catastrophe for South Africa.

5. South Africa Demographics 2024 (Population, Age, Sex, Trends) – Worldometer.

6. https://www.statssa.gov.za/publications/improving_lives_through_data_ecosystems.

7. CMS Preliminary Industry Trends: Demographics and Benefits Paid.

8. Mental illness attitudes and knowledge in non-specialist medical doctors working in state and private sectors | Minty | South African Journal of Psychiatry.

9. Council for Medical Schemes Industry Report 2023.



Critical shortage of specialists and nursing skills

The WHO estimates a global nursing shortage of around 4.5 million by 2030¹ and according to PwC's South African Healthcare Reimagined report (July 2022), the world needs an additional nine million nurses and midwives to achieve the targets of UN SDG3 (healthy lives and wellbeing for all). The risk of not meeting this demand is high, particularly for lower-income countries. In SA, the nursing shortage poses a severe risk to access and the quality of healthcare across both the public and private healthcare sectors, and is exacerbated by emigration and international work opportunities.

Key takeaways

Doctor shortage

- SA's doctor to population ratio is significantly lower than developing economy averages at 8.1 for every 10 000 people (Brazil's ratio is at 21.4 and Chile's at 31.7)². Contributing factors include SA's limited capacity to train doctors (private medical schools are prohibited), an aging specialist population, the escalating cost of professional liability insurance for specialists, increasing rates of emigration, and uncertainty around the implementation of the NHI³.

Nurse shortage

- The legislated transition from legacy to new nursing qualifications means that the SANC⁴ regulates the number of approved student enrolments – the aim being to facilitate a smooth transition by increasing enrolments gradually over time. However, in the context of an existing nursing shortage, this has resulted in fewer enrolments at a time when more nurses are needed.
- Between 2013 and 2022, the number of SANC registered nurses and midwives grew by 4%, with 2% and 9% decreases in the number of enrolled and auxiliary nurses and midwives, respectively⁵.
- Constructive industry discussions continue with the NDoH⁶, SANC and other regulatory bodies to unlock the barriers to increased nurse training numbers.

Emigration

In FY 2024, around 18% of the 40 specialists who left our acute facilities had emigrated or relocated.

FY 2023: 15%

Nurse training and retirement⁷

Population growth in SA outpaces the rate of new nurses trained and a large proportion of nurses are approaching retirement age – 48% of nurses are due to retire in the next 15 years, the majority of them being in the public healthcare sector.

Link to top business risks

- BR2** Availability and quality of skills.
- BR6** Delivering consistently outstanding person centred health and care.
- BR11** Competitor activity.

Page 54.

Stakeholders impacted

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

Strategic pillars that respond to this context



1. <https://www.who.int/news-room/fact-sheets/detail/nursing-and-midwifery>.
 2. Doctors per Capita by Country 2024.
 3. NHI: National Health Insurance.
 4. SANC: South African Nursing Council.
 5. SANC time series statistics: Growth in registers and rolls, 2013 to 2023.
 6. NDoH: National Department of Health.
 7. <https://www.spotlightnsp.co.za/2024/09/26/nursing-in-sa-is-changing-but-is-it-enough-to-avert-an-anticipated-crisis/>.



Digitisation and data analytics and their impact on healthcare delivery

While the cost of healthcare is rapidly escalating, healthcare outcomes are not necessarily keeping pace. Digitisation and the ability to analyse big data are shifting healthcare delivery from a transactional encounter to a patient centric approach. Healthcare providers are able to better understand their patients' needs, build loyalty and trust through a better patient experience, and streamline their operations to gain efficiencies to carefully manage costs. In addition, AI will increasingly play a crucial role in improving outcomes by increasing patient safety, pre-empting clinical treatment, reducing human error and improving clinical research.

While connectivity and digital transformation provide numerous benefits, they also give rise to increased cyberthreats, with the theft or compromise of personal identifiable data on the rise. Closely linked to cybercrime and cybersecurity is the growth in data protection regulations globally, with organisations that process personal information required to continuously monitor and improve their data processing strategies.

Key takeaways

Patient centricity

- Demand for simpler, more convenient and personalised healthcare experiences is growing.
- Digital technology is reshaping how patients interact and share their medical data with their doctors and healthcare providers.
- The overall quality of care outcome is improved when patients are empowered to participate in their care, find it easy to navigate and interact across their healthcare journey, and are satisfied with the care they have received.

Data enablement

- AI is being used in healthcare to assist with diagnoses, transcribe medical documents, and accelerate drug development and administrative efficiency, among others.
- While the power of AI cannot be disputed, organisations must balance the competitive advantage of big data and AI with their ethical and moral responsibility to protect stakeholder data and privacy.

Cyber threats

- Globally, the healthcare sector is most at risk for data breaches, and is the most expensive sector for responding to and recovering from data breaches¹.
- In SA, data breaches reported to the Information Regulator have increased.
- 40% of breaches in SA stem from human errors and 70% of local companies have faced ransomware attacks in the past 12 months².
- AI-powered cyberattacks and sophisticated ransomware are major concerns.
- Ransomware with increasingly sophisticated malware and deployment mechanisms remains the highest risk globally and to the healthcare industry.

Improved patient experience³

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

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

Cost of a data breach¹

The healthcare sector reported the most expensive data breaches globally for the 14th consecutive year (at an average cost of USD10 million (R173 million)). Across industries, the global average cost of a data breach increased by 10% year on year in 2024, and is anticipated to continue growing over the next two years.

Link to top business risks

- BR2 Availability and quality of skills.
- BR5 Cybercrime and cybersecurity.
- BR6 Delivering consistently outstanding person centred health and care.
- BR9 Technologies and data imperatives.
- BR11 Competitor activity.

Page 54.

Stakeholders impacted

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

Strategic pillars that respond to this context



1. 2024 Cost of Data Breach Report: Research conducted by the Ponemon Institute and analysed by IBM Security.
2. Mimecast's 2024 "The State of Email and Collaboration Security" report.
3. McKinsey & Company (May 2022): 2021 McKinsey Provider Customer Experience Survey (n = 3 311).



A difficult social context plagued by unemployment, poverty and inequality

Mired in social and economic turmoil, SA struggles to calibrate its economy to meet the needs of its people. Reducing inequality and ensuring stronger, sustained and inclusive economic growth that supports decent work and job creation will be key challenges for the GNU over the medium term. SA's history, together with little improvement in high levels of unemployment, remain the key contributors to its position as the world's most unequal society. Society has grown frustrated with local municipal failures, endemic corruption, the poor state of key infrastructure essential to a functioning economy, and weak education and healthcare systems. Pleasingly, the tone and plans of action to address these challenges have turned more positive and gained momentum with the emergence of the GNU.

Key takeaways

Lack of economic growth

- Small businesses face administrative burdens that discourage them from expanding their operations thereby limiting growth in job creation.
- Corruption underlies multiple risks in SA, including economic collapse, crumbling infrastructure and poor service delivery. In the 2023 Corruption Perceptions Index (released January 2024), SA dropped to its lowest ranking since the index was created, scoring 41 out of 100, and placing it in the 'flawed democracy' grouping.
- The Public Procurement Act, signed into law in July 2024, introduces reforms aimed at rectifying the systemic issues that facilitated corruption and inefficiency in the public sector.
- Good progress has been made to address SA's greylisting by the FATF¹. In October 2024, the National Treasury announced that 16 of the 22 items on its action plan to prevent money laundering, terrorist financing and proliferation financing had been largely addressed, with six items to be addressed by February 2025².
- Deep financial distress could be a precursor to social tension and civil unrest.
- The strengthening of infrastructure investment, eradication of corruption and comprehensive economic reforms will improve business sentiment and SA's economic outlook, leading to increased investment, consumer spending and business expansion, and lowering unemployment.

Large disparities in accessibility and quality of care

- Socioeconomic inequality is echoed in healthcare with large disparities in accessibility and quality of care between the public and private sectors as well as urban and rural areas³.
- Regulatory reforms aim to redistribute healthcare resources more equitably across SA, although some of these reforms remain problematic. Until unemployment is adequately addressed, SA's ability to afford what is contemplated in the NHI Act (see pages 63 and 114) will remain largely unattainable.
- Making healthcare more accessible to all South Africans requires collaborative planning and resourcing, and constructive engagement between the public and private sectors.

Unemployment in the third quarter of 2024⁴

SA's official unemployment rate eased to 32.1% (quarter two: 33.5%). The number of employed people increased by 294 000 to 16.9 million, with 122 000 employment gains being in the formal sector. Those categorised as unemployed fell by 373 000.

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

Link to top business risks

BR8 Sector regulations.

BR10 Failing state and civil unrest.

Page 54.

Stakeholders impacted

- All stakeholders and society.

Strategic pillars that respond to this context



1. FATF: Financial Action Task Force.

2. National Treasury on FATF greylisting progress | South African Government | October 2024.

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

4. Statistics South Africa's Quarterly Labour Force Survey (third quarter of 2024).



Resource availability hampered by dysfunctional infrastructure and climate change

The global Climate Action Tracker¹ indicates that the world's current efforts are not sufficient to meet the 1.5°C target of the Paris Agreement. In fact, if current national plans for the Paris Agreement signatories are implemented, a 9% increase compared to the 2010 baseline is predicted².

SA has not been subject to load shedding since 26 March 2024 and the public utility (Eskom) has maintained an EAF³ above 60% for November 2024 (2023: 55%)⁴, indicating improved power plant performance. SA's complex water systems and infrastructure are aging and receive insufficient maintenance and investment, leading to frequent outages and deteriorating water quality. Currently, an estimated 98% of 115 wastewater treatment systems and around 47% of 958 water supply systems are in poor or critical condition, and approximately 35% of municipal water is lost to leakage⁵.

Key takeaways

Climate change

- SA, one of the driest countries in the world⁶, has an average annual rainfall just over half the world average⁷. Both the intensity and frequency of droughts are expected to increase.
- Water shortages heighten the risk of waterborne disease outbreaks and hotter and more frequent heatwaves increase the risk of deadly heat stress – both scenarios will lead to an increased need for healthcare.
- Without significant policy changes and investment, climate change will threaten health, job, food and water security, raise living costs, amplify natural disasters, and increase socioeconomic and health inequalities.

Deteriorating infrastructure

- In March 2024, 50% of Johannesburg's water supply was disrupted for 11 days.
- Eskom's poorly maintained and aging infrastructure results in power outages that can take hours to days to resolve.
- Numerous renewable energy projects are registered to supply the national grid; however, at least 14 000 kilometres of high-voltage power lines are needed by 2032 to connect and transmit the solar and wind energy generated to the grid, costing around R390 billion⁸.

Water usage⁷

SA currently uses 98.6% of the total water supply available nationally.

Climate change

The need for urgent action to address climate change is highlighted by the fact that 2023 was the hottest year on record by some margin⁹, and also marked a record year for the average amount of carbon dioxide present in the atmosphere¹⁰.

Healthcare sector¹¹

The healthcare sector is a major emitter of pollutants and contributes significantly to climate change, with around 5% of GHG emissions attributable to the sector.

Link to top business risks

- BR3** Water scarcity.
- BR6** Delivering consistently outstanding person centred health and care.
- BR7** Availability of electricity supply.

Page 54.

Stakeholders impacted

- All stakeholders and society.

Strategic pillars that respond to this context



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

2. <https://www.un.org/en/climatechange/net-zero-coalition>.

3. EAF: energy availability factor, which measures the performance of Eskom's power stations.

4. Monthly Eskom Generation capacity breakdown – Eskom Data Portal | Eskom (<https://www.eskom.co.za/dataportal/outage-performance/monthly-eskom-generation-capacity-breakdown/>).

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

6. <https://www.ipcc.ch/report/ar6/syr/>.

7. GreenCape 2023 Water Market Intelligence Report.

8. Plans to upgrade transmission lines in SA taking shape – ESI-Africa.com.

9. <https://wmo.int/publication-series/state-of-global-climate>.

10. <https://www.climate.gov/news-features/understanding-climate/climate-change-atmospheric-carbon-dioxide>.

11. [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)32290-X/abstract](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)32290-X/abstract).



Our embedded risk management framework ensures that the decisions we make to achieve the Netcare strategy fall within our risk appetite and tolerance levels, and at the same time support our commitment to deepen the socioeconomic and environmental value we create for stakeholders and society. The framework defines how we identify, understand and mitigate risks, and realise their related opportunities.

The Board approves the risk levels the Group can tolerate; risk tolerance varies for each top business risk. The Group has zero-tolerance for unethical behaviour, including fraud, corruption, bullying, discrimination and racism, and no appetite for legal and regulatory non-compliance. New growth and investment opportunities must align with the Netcare strategy and meet one or more of the Netcare litmus test criteria: market growth, improving our margins and returns, differentiating our service and quality of care outcomes, and increasing the embedded value of our offering.

Identifying our top business risks

Strategic risk assessments are conducted at least twice a year before Risk Committee meetings. Operational and executive teams across the Group identify key business and operational¹ risks, evaluating their impact, likelihood, and materiality, the Group's exposure, and the attention required from leadership to manage them. The Risk Management team, with leadership and the Risk and Audit Committees, identifies the top business risks affecting the Group's strategy, sustainability and intangible assets like leadership competence and commitment, brand strength and stakeholder perceptions.

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

Five levels of assurance

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

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

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



— **Shareholder report:** full governance report (for detailed disclosure).



Board opinion

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

The Board is confident that:

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

¹ An operational risk is a risk arising from the execution of our business functions, including loss due to inadequate or failed internal processes, people, and systems. Operational risks can be mitigated by management actions.

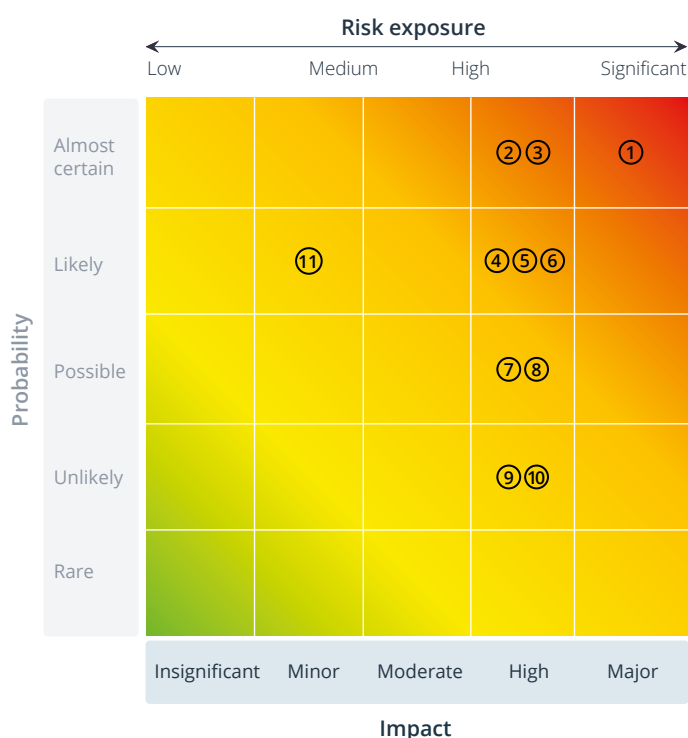


Overview of our top business risks

Our top business risks reflect the challenges and uncertainties that have the potential to adversely impact the successful delivery of the Netcare strategy and the Group's ability to create a sustainable competitive advantage.

Top business risks 2024			2023 rating	2022 rating	Level of control	PG
BR1	Funder regime	⬆️	2	2	Medium	56
BR2	Availability and quality of skills	➡️	4	4	Low	57
BR3	Water security	➡️	5	8	Medium	58
BR4	Economic environment and demand for private healthcare	⬇️	1	1	Low	59
BR5	Cybercrime and cybersecurity	➡️	7	3	Medium	60
BR6	Delivering consistently outstanding person centred health and care	➡️	8	6	Medium	61
BR7	Availability of electricity supply	⬇️	3	5	Medium	62
BR8	Sector regulations	⬆️	10	10	Medium	63
BR9	Technology and data imperatives	➡️	9	7	High	64
BR10	Failing state and civil unrest	⬇️	6	NEW	Low	65
BR11	Competitor activity	➡️	11	11	Medium	66

Risk exposure heat map



Risk exposure movement

- ➡️ Risk exposure remained constant.
- ⬆️ Risk exposure increased.
- ⬇️ Risk exposure decreased.

Level of control

Low: risk mitigation is not entirely within Netcare's control (external risk factors).

Medium: certain risk mitigation measures are within Netcare's control (external and internal risk factors).

High: risk mitigation is largely within Netcare's control (internal risk factors).

Outlook

Stable = low likelihood of a risk exposure change.

Negative = risk exposure is likely to increase.

Positive = risk exposure is likely to decrease.

Strategic pillars



Consistency of care



Disruptive innovation



Transformation of our society



Organic growth



Integration



Investment



Environmental sustainability

Material matters



Deliver outstanding person centred health and care



Recover and grow market share and long-term profitability



Attract, retain and invest in our employees and healthcare practitioners



Accelerate transformation and access to quality health and care in SA



Effective leadership and responsible business conduct

1

Funder regime

Funders are contending with the financial impact of a weak economy on their members (see BR4) as well as the ongoing rise in adverse risk in their medical scheme risk pools. This adverse risk puts pressure on funder solvency, forcing funders to implement high medical scheme premium increases, reduced benefits and increased co-payments to preserve scheme reserves and maintain financial stability.

To keep medical scheme membership at sustainable levels, funders drive lower-cost restricted provider networks¹ (where co-payments are required if a patient chooses a hospital outside of the network for non-emergency care), and leverage collective negotiations to drive lower tariff increases (including the ability of closed schemes to negotiate with an open scheme). Funders are also substituting time in hospitals with day surgery networks and in-room procedure incentives, and apply stringent hospital admission protocols, targeted interventions to manage utilisation, and value-based care contracting (payments for quality outcomes and patient experience).

In addition, our clinical cost efficiency is a primary factor for funders in tariff negotiations and network provider selection. Patient volumes and doctor retention are threatened should we have limited or no participation in restricted hospital networks; however, increasing our participation in discounted restricted network options may not always provide a commensurate volume uplift.

Most of the above funder interventions place increasing pressure on our patient volumes, EBITDA margins and market share, making this the top business risk for the Group.

Opportunities and mitigation

- Our funder strategy to improve our competitiveness in hospital networks:
 - Transparently engage with and report to funders on our clinical outcomes and cost efficiency initiatives.
 - The clinical efficiency improvement project (aided by our digital backbone) to benchmark our usage patterns, and identify efficiencies at system, hospital and doctor levels to carefully manage the cost of delivering high-quality care.
 - Digitisation, data analytics and best practice care interventions to improve patient safety, quality of care outcomes and patient experience.
- The PCI² tool to inform focused conversations with doctors on enhancing efficiencies through evidence-based decision-making.
- Grow in new markets (new products that improve healthcare access, attract new and retain existing patients, and an improved patient experience – see BR 11).
- Interventions to contain outmigration.

Related information

- Our patients: [page 95](#).
- Private medical funders: [page 107](#).
- Consistency of care: [page 131](#).
- Digital transformation and data: [page 138](#).
- New business development: [page 142](#).

Governance and assurance

Board oversight	Audit Committee, Risk Committee and Consistency of Care Committee.
Non-independent assurance	Executive Committee, Tariff Committee, Risk Management team, Funder Relations team, Consistency of Care team, Clinical Data Council and external consultants.
Independent assurance	Internal Audit team.

Outlook for the short to medium term

Negative

Capitals at risk

SRC FC

Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

A weak macroeconomic environment, with a slightly more positive outlook for 2025 but continued challenges for the medically insured population: [page 48](#).

The impact of increasing burdens of disease on healthcare affordability: [page 49](#).

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



2

Availability and quality of skills

Netcare relies on specialised healthcare skills to consistently provide optimal care (nurses) and drive revenue (doctors and specialists). A structural change in nursing has led to a decrease in the number of enrolled nurses at Netcare, and an increase in registered nurses¹ for FY 2024. This shift in nursing skills mix has increased registered nursing hours, which are more expensive.

Through engagement with key stakeholders and regulators, we have been able to increase the number of nursing students we can train from around 300 to 400, and we await approval for a further 191. This falls short of our initial request to train 1 300 nursing students and our capacity to train 3 500 students a year; however, it has increased our training capabilities by approximately 33%.

As we embark on the data driven phase of our strategy, our need for data analytics skills will intensify. We will need to compete for these skills across all industries, both locally and internationally, as some organisations shift to remote labour forces.

Competition for these scarce skills is likely to continue increasing, driving up salary demands and costs to retain talented individuals, and making it challenging to attract highly skilled professionals. In addition, the nurse training restrictions adversely impact our ability to invest in our people, limiting our overall B-BBEE skills development performance.

Opportunities and mitigation

- Attract and retain doctors by:
 - Providing them with quality nursing services and high-quality healthcare infrastructure.
 - Supporting new doctors to grow their practices.
 - Increasing our participation in hospital networks.
- Strategic doctor engagement driven by data-based evidence, information sharing and professional development.
- Modern, digital platforms that reduce medicolegal risk for specialists and the administrative burden for nurses, enabling more time to provide care. Doctor ability to treat patients remotely mitigates, to some extent, the shortage of doctors.
- A compelling employee value proposition, a caring, ethical and inclusive working environment that responds to employee feedback, and professional development opportunities that support career growth.
- Reward outstanding contributions to strategic, operating and financial performance.
- Our employee retention strategy for specialised, skilled and talented employees.
- Six-month in-service training to keep nursing skills current despite nurse training constraints.
- A five-year plan to increase the number of nurses we can train for Netcare.
- Accredited nursing agencies to fill vacancies for specialised registered nurses.
- Explore alternative staffing models to shift the skills mix (e.g. flexible staffing and healthcare attendants for non-clinical tasks).

Related information

- Remuneration overview: [page 83](#).
- Our people: [page 100](#).
- Doctors and allied healthcare professionals: [page 103](#).
- Our people value proposition: [page 123](#).
- Society: [page 119](#).
- Estate, medical equipment and digital assets: [page 145](#).



— ESG report (for detailed disclosure).

Governance and assurance

Board oversight	Risk Committee and Social and Ethics Committee.
Non-independent assurance	Executive Committee, Operational Transformation Committee, Clinical Practice Committee, Physician Advisory and Digital Advisory Boards, Risk Management team, Hospital Association of South Africa, Business Unity South Africa, Department of Higher Education and Training, universities, Health and Welfare Sector Education and Training Authority, Public Private Growth Initiative.
Independent assurance	South African Nursing Council.

Outlook for the short to medium term

Negative

Capitals at risk



Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

Critical shortage of specialists and nursing skills: [page 50](#).

Digitisation and data analytics and their impact on healthcare delivery: [page 51](#).

1. A registered nurse is a qualified medical professional who performs diverse clinical care duties.



3

Water security

This risk considers both the longer-term impacts of climate change and the design of SA's water system as well as the short-term impacts resulting from SA's aging and fragile municipal infrastructure. This risk exposure reflects the likelihood that water security will become an escalating risk for SA in the coming decade, and is largely outside of Netcare's control.

The water crisis is particularly pronounced in Gauteng, where most of our hospitals are located. Water outages (or low pressure) are becoming daily realities affecting households and businesses. Maintenance work currently underway on the Lesotho Highlands Water Project tunnel will place further strain on water supply in the greater Johannesburg area. The short-term impacts on our operations have been adequately mitigated.

The cost of water is likely to rise, particularly if we are forced to purchase water from more expensive non-municipal suppliers, adversely impacting margins.

Not only does a failing water system have serious implications for the economy and public health, but for hospitals, these water issues disrupt normal business operations, affecting surgeries and other medical procedures, and can result in sub-optimal quality patient care. Active intervention and monitoring of water supply and quality are already needed to ensure patient safety, increasing our operating costs. Water shortages, prolonged water cuts, and frequent decreases in water pressure also pose a risk to our fire safety measures.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy to significantly reduce our impact on freshwater sources.
- Our borehole and potable water risk-adjusted strategies.
- The majority of Netcare hospitals have at least 24 hours backup water supply (some have 48 hours). Our water conservation mode allows us to double the period of our backup water supply in the event of water supply disruptions.
- Various solutions to secure the supply of water, including a desalination plant in the Western Cape, two water reservoirs in Gauteng, and borehole and filtration facilities at certain hospitals.
- Our major incident response plan in the event of prolonged water supply disruption.
- Strong relationships with water suppliers for the supply of emergency water to hospitals.
- Agreements for private firefighting services.
- Fire water designs incorporated in new hospital builds and major expansions, and fire infrastructure upgrade projects based on relevant fire risk analyses for remaining hospitals in Gauteng.

Related information

- Alternative water sources: [page 149](#).
- Environmental sustainability: [page 151](#).



— [ESG report](#) (for detailed disclosure).

Governance and assurance

Board oversight	Risk Committee and Social and Ethics Committee.
Non-independent assurance	Executive Committee, Sustainability Committee and Risk Management team.
Independent assurance	Verify CO ₂ , The Green House, and Talbot and Talbot.

Outlook for the short to medium term

Negative

Capitals at risk

SRC

NC

FC

Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

Resource availability hampered by dysfunctional infrastructure and climate change: [page 53](#).



4

Economic environment and demand for private healthcare

Netcare is exposed to SA's macroeconomic realities and how they impact healthcare affordability. Despite more promising economic prospects for the medium term, with the promise of improved governance under the GNU¹, the weak macroeconomic environment endured in 2024. Heightened unemployment rates and pressure on household disposable income have led to growth in more affordable restricted provider network plans (lower benefits and higher out-of-pocket spend) and reduced employer appetite to procure a wider range of wellbeing services. Despite the recent interest rate relief, South Africans will continue to face financial pressure in the short term, which together with high medical scheme premiums is likely to intensify the 'buying down' trend (see BR1). Concerns have been raised about potentially declining medical scheme membership in 2024 and beyond, the high claims ratio of lower cost restricted provider network plans relative to premiums collected, and the lower medical scheme contributions of these plans but with similar medical expenses.

The 'buying down' trend and limited consumer funds for out-of-pocket expenses suppress private healthcare demand as patients delay treatment or opt for more conservative options. For Netcare, this means that we may retain the same number of patients and perform the same procedures but at lower remuneration rates than before. Combined with ongoing cost pressures, high inflation and interest rates, skills shortages, a weak Rand and a stagnant economy, this trend dilutes our EBITDA margins.

Opportunities and mitigation

- The Netcare strategy, regularly assessed for relevance and effectiveness, to create a sustainable competitive advantage.
- Increase the contribution of divisions to the Netcare ecosystem.
- Attract and retain doctors (quality nursing services, high-quality healthcare infrastructure, doctor support and participation in hospital networks – see BR2).
- Our funder strategy to improve our competitiveness in hospital networks (engagement, clinical efficiency improvements and best practice care – see BR1).
- Grow in new markets (new products that improve healthcare access, attract new and retain existing patients, and an improved patient experience – see BR 11).
- Expand our mental healthcare footprint.
- Drive operating efficiencies to mitigate the impact of lower tariffs (the material savings achieved in prior years does however mean that fewer large-scale opportunities are available going forward).
- Strict expense control.
- Optimise our capacity utilisation, including bed conversions from low demand to high demand disciplines.

Related information

- Our strategy: [page 16](#).
- Our patients: [page 95](#).
- Doctors and allied healthcare professionals: [page 103](#).
- Private medical funders: [page 107](#).
- Digital transformation and data: [page 138](#).
- New business development: [page 142](#).
- Estate, medical equipment and digital assets: [page 145](#).
- Chief financial officer's review: [page 160](#).

Governance and assurance

Board oversight	Audit Committee and Risk Committee.
Non-independent assurance	Executive Committee, Finance and Investment Committee, Working Capital Committee, Risk Management team, Treasury team, Compliance team and external consultants.
Independent assurance	Financial Sector Conduct Authority.

Outlook for the short to medium term

Positive

Capitals at risk

SRC FC

Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

A weak macroeconomic environment, with a slightly more positive outlook for 2025 but continued challenges for the medically insured population: [page 48](#).

1. GNU: Government of National Unity.



5

Cybercrime and cybersecurity

A breach of our information systems and/or loss of personal or corporate information could result in business disruption, litigation, penalties and fines for non-compliance as well as reputational damage and financial loss. More broadly, we have a duty to ensure that the third-party service providers we rely on to deliver our digital transformation and data enablement strategies, also have appropriate information and system security measures and that they use our information appropriately. As cybercrime and cybersecurity risks heighten and evolve, we are required to invest in newer and more sophisticated defence systems, increasing our cost of doing business.

Given the volume of personal data we process, we have legal and regulatory exposure to new privacy laws, where instances of negligence carry substantial penalties. South African businesses can expect intensified audits, investigations and potential penalties for non-compliance as the Information Regulator continues to increase its enforcement activities.

Mitigation

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

Related information

- Data management: [page 140](#).
- Cybersecurity: [page 141](#).

Governance and assurance

Board oversight	Audit Committee and Risk Committee.
Non-independent assurance	Executive Committee, IT Management Committee, Compliance Committee, Information Security Management Committee, POPIA Steering Committee, Risk Management team, IT Governance Risk and Compliance team, Outsourced Security Operations Centre and Security Information and Event Management, automated access management system, privileged account management system and external consultants.
Independent assurance	Internal Audit team and external auditors.

Outlook for the short to medium term

Negative

Capitals at risk

SRC IC FC

Risk to strategy



Link to material matters



Link to operating environment

Digitisation and data analytics and their impact on healthcare delivery: [page 51](#).



6

Delivering consistently outstanding person centred health and care

Delivering care that consistently achieves the best outcomes, and meets patients' expectations underpins our competitiveness in a fast-changing healthcare sector. Our reputation, employee morale and long-term sustainability will be adversely impacted if the care we provide is perceived negatively. Nurse training limitations place pressure on existing nurses, and the shortage of nurses (see BR2), together with an unstable supply of water (see BR3) and electricity (see BR7), pose risks to our ability to not only maintain, but also to improve, the quality of care we provide to our patients.

Outside of this risk, but closely linked to it, is the risk of pandemics or infection outbreaks. Such incidents would negatively impact clinical outcomes, result in higher morbidity and mortality rates in hospitals and communities, and cause economic disruption and lower productivity.

Opportunities and mitigation

- Our Group-wide consistency of care strategy that covers the perception and quality of care, operating efficiently, maintaining strong clinical governance and SHEQ¹ controls, and looking after our workforce.
- Patient feedback surveys that identify areas for improvement in the perception of care.
- The Care4YOU programme to embed a culture of empathy and compassion that is positively felt by our patients.
- Strategic doctor engagement driven by data-based evidence, information sharing and professional development.
- Leverage digitisation, data analytics and best practice care interventions to:
 - Improve patient safety, our quality of care outcomes and patient experience.
 - Identify efficiencies to carefully manage the cost of delivering care.
 - Strategically differentiate and optimise select clinical service lines.
- Virtual patient centred care delivery models that are easily accessible, convenient, streamlined and improve the patient experience.
- Publication of transparent and accurate quality of care outcomes.
- Maintain and invest in the quality of our facilities and medical equipment.
- Tested pandemic preparedness plan and clinical governance framework to ensure that operational and clinical risks are appropriately identified and managed.
- All risk mitigation measures for BR2, BR3 and BR7.

Related information

- Our patients: [page 95](#).
- Doctors and allied healthcare professionals: [page 103](#).
- Regulators and government: [page 113](#).
- Our people value proposition: [page 123](#).
- Estate, medical equipment and digital assets: [page 145](#).
- 'Green' infrastructure: [page 148](#).
- Environmental sustainability: [page 151](#).



— [Quality report](#) (for detailed disclosure).

Governance and assurance

Board oversight	Risk Committee and Consistency of Care Committee.
Non-independent assurance	Executive Committee, Clinical Practice Committee, Clinical Data Council, Risk Management team, and Internal Quality team and associated governance structures.
Independent assurance	Internal Audit team, British Standards Institution, Provincial Departments of Health, Office of Health Standards Compliance, Department of Employment and Labour, medical schemes and professional clinical associations.

Outlook for the short to medium term

Stable

Capitals at risk

SRC

IC

FC

Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

Critical shortage of specialists and nursing skills: [page 50](#).

Digitisation and data analytics and their impact on healthcare delivery: [page 51](#).

Resource availability hampered by dysfunctional infrastructure and climate change: [page 53](#).

1. SHEQ: safety, health, environment and quality.



7

Availability of electricity supply

An unreliable supply of electricity poses a risk to patient safety and business continuity, and can result in sub-optimal patient care. Although Eskom currently has sufficient capacity to meet demand, substations and transformers are coming under strain as electricity consumption surges and load reduction is implemented to prevent the strained equipment from damage. In August 2024, the Minister of Electricity and Energy reaffirmed that it would take about two to five years to fully resolve SA's energy shortage and warned that it is premature to assume that load shedding has ended¹. In addition, during the upcoming summer, planned maintenance is likely to result in a significant amount of capacity going offline.

Between 2007 to 2024, electricity tariffs have increased by 937%, significantly more than the 155% inflation growth over the same period². Over 2025, prices may escalate even further, with a proposed 36% increase for direct Eskom customers and a 44% increase in municipal tariffs³. Increasing electricity tariffs as well as the more expensive diesel generators needed during power outages to maintain high-quality care, increase our operating costs. In addition, diesel generators are detrimental to the environment and increase our Scope 1 emissions.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy to achieve 100% renewable energy and achieve zero Scope 2 emissions.
- A 20-year renewable energy supply arrangement to cover six Eskom-supplied sites (effective September 2026) and negotiations underway to expand this to municipal-supplied facilities.
- Emergency generation and backup capacity (uninterrupted power supplies and generators) to secure the supply of electricity for critical healthcare activities.
- Load capacity analysis to ensure generators can handle peak demand without compromising energy efficiency.
- Strong relationships with our preferred diesel suppliers to ensure availability of diesel.
- Extensive blackout planning and our major incident response plan in the event of prolonged electricity disruption and blackout.
- 27 hospitals that currently benefit from full or partial load shedding exemption.
- 74 solar PV systems installed.
- The Netcare Medicross battery energy storage solution project.

Related information

- Renewable energy: [page 148](#).
- Environmental sustainability: [page 151](#).



— **ESG report** (for detailed disclosure).

Governance and assurance

Board oversight	Risk Committee and Social and Ethics Committee.
Non-independent assurance	Executive Committee, Sustainability Committee, Risk Management team and external consultants (for electricity supply).
Independent assurance	Verify CO ₂ , The Green House, and Talbot and Talbot.

Outlook for the short to medium term

Stable

Capitals at risk

SRC

NC

FC

Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

Resource availability hampered by dysfunctional infrastructure and climate change: [page 53](#).

1. <https://www.sanews.gov.za/south-africa/eskom-delivering-exceptional-performance-minister-remains-cautious>.

2. 2024 update: Eskom tariff increases vs inflation since 1988 (with projections to 2026) – PowerOptimal – the Future of Energy.

3. <https://www.eskom.co.za/the-national-energy-regulator-of-south-africa-nersa-publishes-eskoms-revenue-application-for-the-next-three-financial-years-fy-2026-to-2028/>.



8

Sector regulations

The NHI Act, signed into law in May 2024¹, aims to create a single purchaser and payor of healthcare services covered by NHI benefits. Services accessed will be free at the point of care for registered users, thereby expanding universal access to health services for South African citizens. The public fund will purchase these healthcare services from accredited private and public healthcare providers, setting fees and prices that private doctors and healthcare suppliers may charge for NHI-funded benefits. The Act is explicit on contracting primary healthcare and emergency services from private and public healthcare providers, and hospital services from only public healthcare providers with an option to contract from other providers.

Over time, the NHI Act will limit private medical scheme cover for NHI-covered services, and once NHI is fully implemented, private medical schemes will only be able to offer complementary cover. The NDoH² has indicated that the initial focus will be on establishing the NHI Fund over three to five years and purchasing services for the most vulnerable citizens. While many countries are pursuing UHC³ through a variety of financing and delivery mechanisms, a systematic and comparative review of such programmes globally demonstrates that the policies of the NHI Act are virtually unprecedented. The BHF⁴, Solidarity and SAPPF⁵ have filed legal challenges in the High Court opposing the NHI Act.

The Competition Commission's Healthcare Market Inquiry recommended a coordinated approach to practitioner tariff determination until the NHI is implemented. This involves a multilateral negotiating forum overseen by the NDoH and the Council for Medical Schemes, with binding tariffs for prescribed minimum benefits, reference prices for other services, and bilateral negotiations for healthcare facility tariffs. The Competition Commission is hoping for NDoH feedback at the end of 2024. In addition, the BHF has applied for funder exemption to negotiate collectively. If successful, this will have longer-term repercussions in terms of funder buying power over healthcare providers.

Proposed Certificate of Need regulations associated with the NHI were ruled unconstitutional by the North Gauteng High Court in July 2024. The Constitutional Court has been approached for confirmation of the ruling. The regulations require licensing for establishing, constructing, modifying, acquiring, or increasing the number of beds in a healthcare facility. They also require licences for providing specific prescribed health services and limit where doctors and healthcare workers can practice.

The regulatory environment remains in flux and uncertain, affecting private healthcare providers, with potential impacts on business models, operations and processes, resulting in an increased risk exposure for the Group. Failure to comply could undermine our reputation, and result in penalties and fines or loss of operating licences. In addition, sector regulations and healthcare policy uncertainty limit the delivery of organisational growth.

Opportunities and mitigation

- Find ways to help alleviate public sector pressure and backlogs.
- Provide constructive input on health policy formulation and the realisation of sustainable UHC through our business forum and sector association memberships.
- Collaborate to find solutions to the structural challenges faced by SA's healthcare system.

Related information

- Regulators and government: [page 113](#).

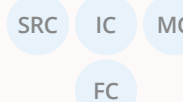
Governance and assurance

Board oversight	Risk Committee.
Non-independent assurance	Executive Committee, Compliance Committee, Risk Management team, external consultants and legal counsel, Hospital Association of South Africa, Business Unity South Africa, Public Private Growth Initiative and National Economic Development and Labour Council.
Independent assurance	No independent assurance required.

Outlook for the short to medium term

Negative

Capitals at risk



Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

A difficult social context plagued by unemployment, poverty and inequality: [page 52](#).

1. NHI: National Health Insurance. The Act's commencement dates and regulations are still to be gazetted.
 2. NDoH: National Department of Health.
 3. UHC: universal health coverage.
 4. BHF: Board of Healthcare Funders.
 5. SAPPF: South African Private Practitioners Forum.



9

Technology and data imperatives

CareOn is now considered part of normal business operations, and the conclusion of the platform's roll out has greatly reduced the risk associated with the implementation of our digitisation and data strategies. As we continue on the journey to fundamentally transform the way we deliver health and care, ongoing technology and data imperatives are needed to support and sustain the Netcare strategy. Rigorous control must also be maintained over the quality of data sourced from across the Netcare ecosystem. Enhancing and updating our digital platforms may present risk of disruption to stakeholders and our business operations.

The interconnectivity of the Netcare ecosystem and reliance on external third-party integrations have resulted in a complex cohesion of systems and data. While individual systems can be restored in the event of a disaster, the integration and interdependencies between systems may present additional challenges in the event that multiple critical business systems fail concurrently. Such an event would damage our reputation and result in financial loss.

Opportunities and mitigation

- Mature our digital transformation and data enablement strategies to increasingly support:
 - Accurate and relevant data and predictive analytic capability to enhance clinical outcomes and patient safety and facilitate proactive decision-making.
 - Virtual patient centred care delivery models that are easily accessible, convenient, streamlined and improve the patient experience.
 - Enhanced strategic engagement with doctors and funders.
 - The integration of Netcare's ecosystem.
 - Automated recordkeeping, removing repetitive and administration-heavy tasks for nurses.
 - Remote monitoring, adding convenience for doctors and easing their burden.
- Doctor engagement to gain their views on improvements to digital applications.
- Disciplined capital investment, robust governance practices and the upskilling of employees to ensure we derive optimal benefit from our digital and data implementations.
- Regionally based support personnel to ensure continued doctor adoption of CareOn, extending beyond electronic prescriptions and orders.
- Develop and test innovative proof of concepts to improve the patient experience, particularly solutions that make it easy for patients to understand the information they receive from Netcare.
- Evaluate and enhance our disaster recovery and business continuity requirements.

Related information

- Our patients: [page 95](#).
- Digital transformation and data: [page 138](#).

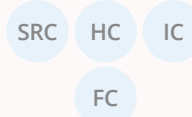
Governance and assurance

Board oversight	Audit Committee and Risk Committee.
Non-independent assurance	Executive Committee, Finance and Investment Committee, IT Management Committee, Data Council, Risk Management team and external consultants.
Independent assurance	Internal Audit team.

Outlook for the short to medium term

Stable

Capitals at risk



Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

Digitisation and data analytics and their impact on healthcare delivery: [page 51](#).



10

Failing state and civil unrest

The formation of the GNU to preside over SA is an unlikely collection of role players with diverse political cultures. For the GNU to be successful, the parties must nurture a sense of trust in each other's primary commitment to the country over the preservation of their respective political constituencies. Establishing and entrenching consultative processes in government will take time and effort. Failure in key areas could give rise to social unrest, impacting consumer and investor confidence and potentially delaying the implementation of necessary structural reforms. In its most severe forms, social unrest also has the potential to negatively impact workforce and patient safety, could disrupt business operations, and may result in physical damage to our property and assets. It also raises costs to protect people and infrastructure (physical security and insurance cover).

Opportunities and mitigation

- Our documented and tested major incident plan is based on global best practices in major incident medical management and disaster management. It covers the specific actions to be taken and procedures to be followed in response to a major incident, including civil unrest.
- Ensure our strategic suppliers (medication, security, cleaning, catering etc) have robust business continuity plans.
- Collaborate with public and private stakeholders to find solutions that address the systematic and structural inequalities in SA, including universal access to healthcare.
- Initiatives and development programmes to align our workforce with the national EAP¹ and cultivate a sense of belonging for all employees.
- Our transformation strategy to support inclusive societal, economic and labour markets.
- Our ESD² strategy to support the growth and sustainability of small businesses, with a clear focus on supporting black, young and women entrepreneurs.

Related information

- Suppliers: [page 110](#).
- Regulators and government: [page 113](#).
- Society: [page 119](#).
- Diversity, equity and inclusion: [page 126](#).
- Employee wellbeing, health and safety: [page 124](#).



— [ESG report](#) (for detailed disclosure).

Governance and assurance

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

Outlook for the short to medium term

Stable

Capitals at risk



Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

A difficult social context plagued by unemployment, poverty and inequality: [page 52](#).

1. EAP: economically active population.
2. ESD: enterprise and supplier development.



11

Competitor activity

Competition in the private healthcare sector remains rife across all areas of product development and service delivery, from hospital, cancer and mental health services to primary care, renal care and pre-hospital emergency services. New hospitals and mental health facilities continue to open; independent hospitals have added more than 3 000 new hospital beds since 2016, resulting in an oversupply of facilities and beds. Primary care is migrating to lower cost settings, meaning the Primary Care Division must contend with increased competition from nurse-led primary care services and large retail players (pharmacy groups) in the market. Increasing competition impacts our ability to attract and retain specialists and specialised nurses. If not managed and mitigated, this risk may result in decreased hospital occupancy and dilution of market share in a stagnant market.

Opportunities and mitigation

- The Netcare strategy, regularly assessed for relevance and effectiveness, to create a sustainable competitive advantage.
- Our Group-wide consistency of care strategy that covers the perception and quality of care, operating efficiently, maintaining strong clinical governance and SHEQ controls, and looking after our workforce.
- Attract and retain doctors (quality nursing services, high-quality healthcare infrastructure, doctor support and participation in hospital networks – see BR2).
- Our funder strategy to improve our competitiveness in hospital networks (engagement, clinical efficiency improvements and best practice care – see BR1).
- Grow in new markets by:
 - Providing products that improve access to Netcare for those who are not adequately covered by insurance or medical aid (including those on network options that require co-payments to be treated at Netcare).
 - Attracting new patients and retaining existing patients through improved patient experience (digital patient engagement and capitalising on our digital backbone).
- Leverage digitisation, data analytics and best practice care interventions to improve our quality outcomes and identify efficiencies (see BR6 and BR9).
- The Care4YOU programme to embed a culture of empathy and compassion that is positively felt by our patients.
- Maintain and invest in the quality of our facilities and medical equipment.
- Expand our mental healthcare offering.
- Optimise our capacity utilisation, including bed conversions from low demand to high demand disciplines.
- Increase the contribution of divisions to the Netcare ecosystem.

Related information

- Our strategy: [page 16](#).
- Our patients: [page 95](#).
- Doctors and allied healthcare professionals: [page 103](#).
- Private medical funders: [page 107](#).
- Our people value proposition: [page 123](#).
- Consistency of care: [page 131](#).
- Digital transformation and data: [page 138](#).
- New business development: [page 142](#).
- Estate, medical equipment and digital assets: [page 145](#).

Governance and assurance

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

Outlook for the short to medium term

Stable

Capitals at risk



Risk to strategy



Strategic pillars that mitigate this risk



Link to material matters



Link to operating environment

The impact of increasing burdens of disease on healthcare affordability: [page 49](#).

Critical shortage of specialists and nursing skills: [page 50](#).

Digitisation and data analytics and their impact on healthcare delivery: [page 51](#).

Over the past six years, 15 key projects have been developed and implemented to set the groundwork for person centred health and care that is digitally enabled and data driven. The completion of the CareOn project in April 2024, marks the end of the groundwork phase. All projects to date have been completed in line with their assigned budgets. We are now well placed to benefit from the rapidly changing dynamics driving healthcare demand as we enter the operational phase of our strategy.

— Our strategy: [page 16](#)

Principles of financial capital allocation

01	Investment strategy	<ul style="list-style-type: none">Identify opportunities linked to the Netcare strategy.All opportunities must meet one or more of the Netcare litmus test criteria:<table><tr><td>Grow above the market.</td><td>Differentiate our services, care and clinical outcomes.</td></tr><tr><td>Grow margins and improve returns.</td><td>Increase the embedded value¹ of our offering</td></tr></table>	Grow above the market.	Differentiate our services, care and clinical outcomes.	Grow margins and improve returns.	Increase the embedded value ¹ of our offering
Grow above the market.	Differentiate our services, care and clinical outcomes.					
Grow margins and improve returns.	Increase the embedded value ¹ of our offering					
02	Deployment of capital	<ul style="list-style-type: none">Return on capital must safely exceed the cost of capital.Invest in business enablers.Maintain and upgrade operations.<ul style="list-style-type: none">Maintenance capex of ~4.5% of revenue.				
03	Cash generation	<ul style="list-style-type: none">Target annual cash conversion ratio of between 90% and 100%.				
04	Capital distribution	<ul style="list-style-type: none">A dividend policy that aims to return 50% to 70% of adjusted headline earnings to shareholders.In the absence of investment opportunities, excess capital will be returned to shareholders through share buybacks or special dividends.				

Investment in key strategic projects

Declining FY 2024 expenditure as strategic projects move to completion.

		Capital expenditure (Rm)			Operational expenditure (Rm)		
		To 2023	2024	2025	To 2023	2024	2025
Digitisation	Digital platforms						
	– Hospital Division CareOn	281	39		291	59	
	– EMR ² in other divisions	38			9		
	– Wi-Fi infrastructure	78					
	Data analytics				175		
	Patient-facing engagement						
	– CEM ³ platform, website and apps	33			92		
New business	NetcarePlus	4		3	185	59	46
Environmental sustainability	Energy, waste and water (since 2013)	624	87	86	123	13	14
Total		1 058	126	89	875	131	60

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

2. EMR: electronic medical record.

3. CEM: customer engagement model.

Note: from FY 2025, digital strategic costs will no longer be reported given that these projects are now considered business as usual.



Consistency of care

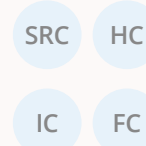
Strategic objectives

- 01 Improve patient satisfaction and perception of care delivered.
- 02 Demonstrate our ability to provide accurate, meaningful and quality outcomes.
- 03 Manage the cost of delivering care.
- 04 Improve and strengthen the regulatory framework governing clinical practice.
- 05 Look after the health and wellness of our workforce.

FY 2024 performance snapshot

- Deepened our understanding of patient feedback in the Hospital Division.
- Launched CareNotes™, informing patients how to ensure their ongoing wellbeing after treatment at Netcare.
- Developed an additional five risk-adjusted clinical and efficiency data models as well as a clinical efficiency programme for the Hospital Division.
- Since August 2022, the Netcare IMT¹ has performed >31 000 interventions and created >659 000 notifications.
- Successfully piloted an algorithm to detect sepsis for patients in ICU and high care.
- Established a dedicated digital clinical pharmacy to enhance medication safety.
- Developed three discipline-specific PCI² tools for informed discussions with doctors around clinical efficiency.
- Actively recruited new employees to fill vacancies in patient-facing roles.

Capitals impacted



Link to material matters



Progress against objectives reported in FY 2023

Improve the user-friendliness of the Hospital Division PFS ³ to enhance patient engagement.	Achieved
Launch a Hospital Division-aligned PFS for Netcare Akeso and Netcare Medicross in FY 2024.	Achieved
Complete the roll out of Summary of Care reports (patient discharge summaries) for all divisions.	Achieved
Extend the digital doctor credentialling process, active in five divisions, to Netcare 911.	Achieved
Develop a digital patient safety incident management platform that integrates with EMRs: a comprehensive patient safety framework developed.	In progress
Address doctor 'pain points' highlighted in the doctor engagement survey.	Ongoing
Update and improve the doctor portal.	In progress
Increase engagement with doctors: two new webinar platforms developed.	Achieved



Our patients: [page 95](#).
 Doctors and allied healthcare professionals: [page 103](#).
 Private medical funders: [page 107](#).
 Our people value proposition: [page 123](#).
 Consistency of care: [page 131](#).



[Quality report.](#)

Challenges faced in FY 2024

- Availability of medicines and medical devices due to global supply chain disruption and local factors such as disrupted port and rail services.

FY 2025 and beyond

- Meet our new FY 2025 evidence-based targets to drive improved overall patient satisfaction in the Hospital Division.
- Roll out the revised PFS for Netcare Medicross and set evidence-based targets.
- Improve the Summary of Care reports to make them more useful for doctors and patients.
- Promote Summary of Care reports to educate, engage with and empower our patients on the care they have received.
- Launch the Big Data analytics platform and create self-sustaining business units and doctor users.
- Drive online pre-admissions through the Netcare App as the preferred channel.

1. IMT: infection management tool.
 2. PCI: personalised clinical information.
 3. PFS: patient feedback survey.



Consistency of care continued

✓ Positive outcome ✓ Improved but below target ● Neutral outcome ✗ Negative outcome

IA: independently assured by Internal Audit.

BSC key performance indicators

**Consistency
of care
10%**

Measure	Weight	2024 target	Actual		
Patient experience: continued improvement in the nurse compassion score of the PFS for the Hospital Division	5.0%	8.25	8.26	✓	IA
Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	2.5%	102	152	✓	IA
Summary of Care reports: implementation across all applicable divisions	2.5%	Full roll out by end May 2024	Available on Netcare App end June 2024 for all divisions	✓	IA

Supporting metrics

	2024 target	2024	2023	2022	
Hospital Division patient reported experience measures (out of ten)¹					
Overall satisfaction with hospital stay		8.04	7.89 ²	7.85 ²	✓
Nurses' display of compassion when caring for patients	8.25	8.26	8.16 ²	8.10 ²	✓ IA
Nurses communicated in an understandable way when discussing aspects of a patient's care		8.10	7.98 ²	7.93 ²	✓
Overall satisfaction with nursing care received		8.17	8.04 ²	7.99 ²	✓
Netcare Akeso patient reported experience measures³					
Nurses always treat you with courtesy and respect (%)		87.9	86.7	83.8	✓
Nurses always listen carefully (%)		85.5	84.3	81.5	✓
Nurses always explain in a way you understand (%)		86.3	85.9	83.0	✓
Netcare Cancer Care patient reported experience measures (out of ten)⁴					
Radiation therapists display of kindness and compassion		9.85	9.87	–	✓
Radiation therapists communicated in an understandable way		9.88	9.83	–	✓
Radiation therapists greeted patients with courtesy and respect		9.87	9.89	–	✓
SACT ⁵ nurses display of kindness and compassion		9.68	9.72	–	✓
SACT nurses communicated in an understandable way		9.71	9.75	–	✓
SACT nurses greeted patients with courtesy and respect		9.71	9.76	–	✓
National Renal Care patient reported experience measures⁶					
Staff always show respect for what you had to say (%)		73.8	76.2 ⁷	72.5	✗
Staff always listen carefully (%)		69.0	72.7 ⁷	69.3	✗
Staff always explain in a way you can understand (%)		67.7	71.6 ⁷	68.9	✗
Staff always care about you as a person (%)		71.8	74.9 ⁷	67.3	✗

1. The roll out of the new PFS for the Hospital Division was completed by November 2021. Measures for FY 2022 therefore cover the period November 2021 to September 2022.

2. Results restated after refining the population to acute hospitals only.

3. Results reported up to the final month in which the previous version of the PFS was used (April 2024).

4. Netcare Cancer Care's PFS was rolled out in FY 2023 with metrics being from January to September 2023.

5. SACT: systemic anticancer therapy.

6. The decrease in National Renal Care's perception of care metrics is due a 70% increase in patients selecting the 'usually' option instead of 'always'. This will be a key focus for FY 2025, with compassion training to be delivered to dialysis unit employees.

7. Results updated due to more data becoming available after the end of the reporting period.



Disruptive innovation

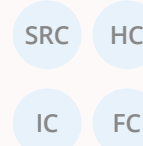
Strategic objectives

- 01 Use the digital platforms to drive synergies and integration between divisions.
- 02 Leverage big data and innovative analytics to monitor, deliver and improve overall clinical efficiency, clinical outcomes, patient safety and the quality of our care.

FY 2024 performance snapshot

- Developed two proofs of concept to test large language models.
- Completed phase one of a consent and communication project to acquire patient consent to receiving personalised information about their care.
- Started work to implement a governance framework for the Group's use of AI.
- Conducted a data privacy risk survey with over 3 000 suppliers.
- Initiated the removal of system access rights for employees who fail to complete their cybersecurity awareness training.

Capitals impacted



Link to material matters



Progress against objectives reported in FY 2023

Complete the roll out of the CareOn project in the Hospital Division and all remaining strategic projects that depend on it.	Achieved
Identify further opportunities to grow and develop CareOn to reap its full benefits.	Ongoing
Enhance Netcare Medicross HEAL to drive deeper adoption by healthcare practitioners.	Achieved
Complete phase three of Netcare Occupational Health's Care@Work platform, covering absenteeism, disability and incapacity management.	In progress
Roll out the sepsis (blood infection) prediction tool in FY 2024: pilot successfully completed .	In progress
Implement new digital platforms for procurement and legal contract management.	Achieved
Continue to develop our data management and analytics capabilities.	Ongoing
Review the Group's privacy strategy and privacy compliance framework.	Achieved



Our strategy: [page 16](#)
Our patients: [page 95](#)
Our people: [page 100](#)



Suppliers: [page 110](#)
Consistency of care: [page 131](#)
Digital transformation and data: [page 138](#)

Challenges faced in FY 2024

- A very small but persistent group of doctors who prefer a paper-based system to CareOn.
- A large demand for scarce data engineering and data science skills, locally and globally, driving up the cost-to-company for these skills.
- Privacy breaches were reported to the Information Regulator; none posed a material reputational threat.

FY 2025 and beyond

- Add six new data domains to the Big Data analytics platform in FY 2025 to support improvement and clinical efficiency projects.
- Deliver phase two of the Netcare App, which will enhance in-hospital experience and post-discharge care.
- Launch an online funder portal to support seamless case management and billing in FY 2025.
- Complete phase one of the HR digitisation project in FY 2025.
- Develop two prediction models in FY 2025 that support clinical decision-making.
- Onboard six business units to the Big Data analytics platform.



Disruptive innovation continued

✓ Positive outcome ✓ Improved but below target ● Neutral outcome ✗ Negative outcome

IA: independently assured by Internal Audit.

BSC key performance indicators

Digitisation

10%

Measure	Weight	2024 target	Actual		
CareOn EMRs: additional number of beds in the Hospital Division linked to CareOn by April 2024	2.5%	849	943	✓	IA
CareOn doctor adoption: e-scripts (%)	2.5%	82.5	85.6	✓	IA
CareOn doctor adoption: clinical orders (%)	5.0%	79.5	80.8	✓	IA

Supporting metrics

	2024 target	2024	2023	2022	
CareOn					
Number of hospitals with CareOn implemented (cumulative)	45	45	38	21	✓
e-scripts processed (million)		>7.6	>4.1	>1.1	✓ IA
Drug-to-drug alerts issued (million)		>2.9	>2.3	>0.9	✓
Pathology and radiology results received (million)		>11.1	>5.8	~1.0	✓
Data quality					
Combined data quality score across data domains (%)		87.8	82.0	81.3	✓



Transformation of our society

Strategic objectives

- 01 Continue enhancing our people value proposition and organisational culture.
- 02 Improve our employment diversity profile and drive skills development.
- 03 Diversify the supply chain and drive employment creation.
- 04 Partner with stakeholders to advance SA's healthcare system, both public and private.
- 05 Continue to position Netcare as a force for social good.

FY 2024 performance snapshot

- Extended the coverage of the medical surveillance programme to more patient-facing employees.
- Launched a dedicated wellbeing programme to help employees take better care of their physical health.
- Piloted an app that allows employees to access a portion of their already earned wages before pay day.
- 89% of recruitments and promotions went to black people, with 68% being black women.
- Implemented an employee performance management system.
- Netcare Education's KwaZulu-Natal campus received full accreditation from SANC¹ for two nursing programmes.
- A number of small businesses in the ESD² programme graduated into higher turnover categories.
- 5% of NPAT (R150 million) invested in our supplier development programme, exceeding the dtic³ target of 2%.
- Opened our first human milk bank in the public healthcare sector to feed premature and sick babies.

Capitals impacted



Link to material matters



Progress against objectives reported in FY 2023

Start the roll out of the Care4YOU programme for Netcare Medicross, Netcare Education, Head Office and senior leadership in FY 2024, and integrate Care4YOU into the business.	Achieved
Increase the representation of black people and black women at Board and Executive Committee levels, and within senior management.	Improved but more work to do
Conduct a dipstick employee engagement survey in FY 2024.	Achieved
Roll out the Lyra ⁴ Hub app to employees for easier access to our wellbeing programmes.	Achieved
Enhance our engagement with unions to co-create solutions for matters of mutual interest.	Achieved
Maintain and deepen our transformation performance across the B-BBEE ⁵ scorecard pillars.	Achieved
Review our ESD programme to create development opportunities for more suppliers: <i>no formal review conducted however we entered a new collaboration to identify small businesses for funding.</i>	Partially achieved
Launch the Netcare Nursing Scholarship through the Physician Partnership Trust.	Delayed
Pilot a universal newborn hearing screening programme in the public health sector.	Achieved
Engage with regulators and government through our sector and business forum memberships on solutions to achieve UHC ⁶ and address the nursing shortage.	Ongoing



Our people: [page 100](#)
Doctors and allied healthcare professionals: [page 103](#)

Suppliers: [page 110](#)
Regulators and government: [page 113](#)

Society: [page 119](#)
Our people value proposition: [page 123](#)



[ESG report](#) (for detailed disclosure).

Challenges faced in FY 2024

- A nursing vacancy rate of around 21.4% at September 2024 coupled with an increased nurse turnover of 16.8% due to changes in retirement fund regulations (see page 124).
- Improving black representation at management levels given the freeze on new hires to contain costs and the scarcity of diverse talent in the market.
- Shifting procurement spend to B-BBEE compliant suppliers without risking the quality of patient care and increased costs.
- Sustaining an impactful CSI programme in an increasingly challenging economic environment.

1. SANC: South African Nursing Council
2. ESD: enterprise and supplier development.
3. dtic: Department of Trade, Industry and Competition.
4. Lyra Southern Africa, previously Independent Counselling and Advisory Services (ICAS) Southern Africa.
5. B-BBEE: broad-based black economic empowerment.
6. UHC: universal health coverage.



Transformation of our society continued

FY 2025 and beyond

- Scale up key employee engagement interventions across the Group to curb the increasing employee turnover trend.
- Deliver online compassion training for leaders across the Group in FY 2025.
- Strengthen our pool of successors for key strategic leadership roles in FY 2025.
- Improve black representation at senior management level in FY 2025.
- Conduct an extensive review of the Care4YOU programme and its impact in FY 2025.
- Report accurate employee incident and lost time injury frequency rates for the first time in FY 2025.
- Actively source and vet replacement beneficiaries for the structured ESD programme.
- Continue to engage with regulators and government on UHC and the nursing shortage.
- Train 50 frontline workers on Basic Sign Language to improve our care for Deaf and hard-of-hearing patients.

☒ Positive outcome
 ☒ Improved but below target
 ☐ Neutral outcome
 ☒ Negative outcome

IA: independently assured by Internal Audit. EV: Empowerdex verification.

BSC key performance indicators

Human capital and transformation
10%

Measure	Weight	2024 target	Actual	
Preferential procurement: support small and medium enterprises through improved procurement spend on EMEs ¹ and QSEs ² with overall improvement on procurement rating as % of points available for procurement on B-BBEE scorecard (%)	2.5%	92.0	91.0	<input checked="" type="checkbox"/> EV
Employee wellbeing: % of employees accessing/participating in mental, physical, financial and emotional wellbeing programmes measured against the total workforce (%)	5.0%	70.0	80.0	<input checked="" type="checkbox"/> IA
DEI³ and belonging: increased inclusion of black managers at middle management as a % of all middle managers (%)	2.5%	59.5	59.6	<input checked="" type="checkbox"/> EV

Note: black covers African, Coloured and Indian employees.

1. EME: exempted micro enterprises.
 2. QSE: qualifying small enterprises.
 3. DEI: diversity, equity and inclusion.



Transformation of our society continued

Supporting metrics

	2024 target	2024	2023	2022	
Workforce					
Overall turnover (%)		16.0	14.5	17.2	⊗
Training spend ² (Rm)		69	65 ¹	59 ¹	✓
Number of employees who received training ²		16 554	18 565	15 968	⊗
Training spend directed to formal nurse training and pipeline development ² (%)		55	53	68	✓
Broad-based black economic empowerment					
B-BBEE rating		Level 3	Level 3	Level 3	✓ EV
Procurement spend with ≥51% black-owned suppliers ³ (%)	52	57	52	51	✓ EV
Procurement spend with ≥30% black women-owned suppliers ³ (%)	31	40	32	33	✓ EV
Procurement spend with QSEs ³ (%)	11	11	9	9	✓ EV
Procurement spend with EMEs ³ (%)	9	8	8	5	⊙ EV
Supplier development spend (% of NPAT)	2	5	2	2	✓ EV
Enterprise development spend (% of NPAT)	1	2	2	2	✓ EV

		2024 target	2024	2023	2022	
Workforce (%)	Black		83.7	82.7	80.9	✓ EV
	Women		79.8	80.6	81.0	⊗
Senior management (%)	Black	48.6	47.1	45.7	50.0	✓ EV
	Women	58.1	52.9	51.4	53.1	✓
Middle management (%)	Black	59.5	59.6	57.5	53.1	✓ EV
	Women	58.8	60.6	61.4	60.8	✓
Junior management and skilled workers (%)	Black	78.0	78.3	77.4	75.9	✓ EV
	Women	83.8	84.0	84.7	85.3	✓
Employees with disabilities (%)	Overall	4.8	4.5	4.6	4.4	⊙ EV
	Black	3.3	3.0	3.2	3.0	⊙ EV
	Women	3.1	3.3	3.4	3.1	⊙

Note: excludes National Renal Care.

1. Changed (not restated) to include additional training spend (doctor bursaries, nursing gratuities and student loans).
 2. Calculated for the skills period 1 April to 31 March as per the HWSETA measurement year.
 3. Calculated as a percentage of measurable procurement spend.



Environmental sustainability

Strategic objectives

- 01 Become global leaders in healthcare sustainability solutions.
- 02 Comply with 2030 global best practices.
- 03 Drive long-term security, operating efficiencies and cost savings through sustainable resource management.

FY 2024 performance snapshot

- Transitioned to the second phase of our environmental sustainability strategy.
- The environmental sustainability programme delivered operational savings of R26 million for the year.
- Higher ambient temperatures and increased use of purchased electricity adversely impacted the energy intensity ratio, resulting in a regression against the FY 2023 baseline.
- Significantly reduced the waste sent to landfill (better segregation at source and improved diversion strategies).
- Submitted our emissions reduction targets to the SBTi¹ for validation.
- 406 operational efficiency initiatives were implemented, including two additional solar PV systems and BESS² solutions for 20 Netcare Medicross facilities.

Progress against objectives reported in FY 2023

Explore viable renewable energy wheeling solutions for municipal-supplied facilities: negotiations started for 12 facilities.	In progress
Start phase two of our national energy efficient lighting programme: replacing previously installed efficient lighting with more efficient LED alternatives.	Started
Improve our Scope 3 reporting both internally and across the supply chain.	Achieved
Complete a water risk assessment to quantify water-related risks and opportunities.	Achieved
Continue to investigate the feasibility of wastewater treatment plants.	Achieved
Improve our CDP reporting to an A rating for both climate and water: Scope 3 emissions quantified.	In progress
Roll out the clinical glass recycling initiative to additional hospitals in KwaZulu-Natal and all hospitals in the Western Cape in FY 2024.	Achieved
Extend our PVC recycling initiative to our KwaZulu-Natal facilities in FY 2024.	In progress



Green' infrastructure: [page 148](#).
Environmental sustainability: [page 151](#).



[ESG report](#) (for detailed disclosure).

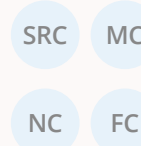
Challenges faced in FY 2024

- Our application to construct an onsite greywater treatment plant at Netcare Alberton Hospital was denied.

FY 2025 and beyond

- Roll out additional boreholes and filtration plants (short to medium term).
- Pilot a cooling tower monitoring initiative.
- Install two solar PV systems in FY 2025.
- Install two anaerobic digestion plants for the Hospital Division (FY 2025/26 and subject to approvals).
- Report on our biodiversity impact and plastics footprint (medium term).
- Work closely with our suppliers to influence and support their carbon reduction strategies.
- Explore further opportunities to convert HCRW³ into energy.

Capitals impacted



Link to material matters



1. SBTi: Science-based Targets initiative. Our submitted targets have been accepted.
2. BESS: battery energy storage system.
3. HCRW: healthcare risk waste.



Environmental sustainability continued

☒ Positive outcome
 ☒ Improved but below target
 ☐ Neutral outcome
 ☒ Negative outcome

IA: independently assured by Internal Audit. VE: Verify CO₂ limited assurance

BSC key performance indicators

Environmental sustainability

10%

Measure	Weight	2024 target	Actual		
Energy efficiency: additional year-on-year tCO ₂ e avoidance as a result of energy efficiency projects implemented	3.0%	2 000	2 300	<input checked="" type="checkbox"/>	IA
Renewable energy: additional year-on-year tCO ₂ e avoided as a result of renewable energy generation projects	3.0%	1 900	1 847	<input checked="" type="checkbox"/>	IA
Water savings: reduction in overall water consumption per bed in use in the Hospital Division (%)	2.0%	2.3	0.8 ▲	<input checked="" type="checkbox"/>	IA
General waste: reduction in waste to landfill as % of Hospital Division general waste	1.0%	68.5	66.5	<input checked="" type="checkbox"/>	IA
HCRW: reduction in HCRW to landfill as % of Hospital Division HCRW	1.0%	12.8	15.0	<input checked="" type="checkbox"/>	IA

Supporting metrics

	2030 target	2024	Variance	Baseline		
Environment						
Energy (kWh/bed in use/year)	1% ▼	18 679	8% ▲	17 325 (2023)	<input checked="" type="checkbox"/>	VE
Scope 1 and Scope 2 emissions (tCO ₂ e)	84% ▼	221 000	5% ▼	233 603 (2023)	<input checked="" type="checkbox"/>	VE
Scope 2 emissions (tCO ₂ e) ¹	Zero	180 280	4% ▼	188 129 (2023)	<input type="checkbox"/>	VE
Scope 3 emissions (tCO ₂ e)		545 612	5% ▲	519 107 (2023) ²	<input checked="" type="checkbox"/>	VE
Water (litres/bed/day)	5% ▼	416	2% ▼	426 (2023)	<input checked="" type="checkbox"/>	VE
Waste to landfill (tonnes)	Zero	6 161	23% ▼	7 989 (2023)	<input checked="" type="checkbox"/>	VE

1. The use of the more accurate Department of Forestry, Fisheries and the Environment emissions factor resulted in the reduction in Scope 2 emissions.

2. Restated from 108 118 tCO₂e due to the full quantification and verification of Scope 3 emissions.



Organic growth, integration and investment

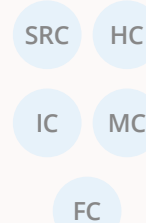
Strategic objectives

- 01 Retain existing market share with schemes.
- 02 Drive the recruitment of doctors to grow market share.
- 03 Increase ecosystem contribution (divisional revenue) to the Group.
- 04 Grow new market share by improving accessibility to Netcare.
- 05 Capitalise on the digital EMR backbone to attract new, and retain existing, patients.
- 06 Improve the overall patient experience with ongoing investment in facilities.

FY 2024 performance snapshot

- Completed Phase 1 of the Netcare strategy within our capex and operational cost budgets.
- Since FY 2022, CareOn has realised gross cumulative financial savings and benefits of R331 million, crossing the break-even mark and becoming value accretive in the second half of FY 2024.
- Remained well represented in network options.
- Optimised the utilisation of our estate, adding or converting 11 beds to higher demand disciplines.
- Implemented a strategy to permanently employ nurses at the correct skill level to avoid using agency personnel (often with a more expensive, higher skill level than required), resulting in our nursing efficiency targets being met.
- Conducted a Netcare Medicross consumer research survey covering patients, GPs and dentists.
- Conducted an in-depth review of Netcare Diagnostics, identifying where we can implement efficiencies.

Capitals impacted



Link to material matters



Progress against objectives reported in FY 2023

Continue to drive the doctor recruitment strategy for the Hospital Division.	Ongoing
Implement a doctor recruitment strategy for Netcare Medicross: <i>GPs and dentists surveyed to provide insight on what matters to them.</i>	In progress
Open Netcare Akeso Polokwane (rescheduled to FY 2026) and Netcare Akeso Alberlito (rescheduled to FY 2027): <i>approved construction of Netcare Akeso Montana.</i>	In progress
Convert more Netcare Medicross facilities to the new business model (referred to as MPower) that supports better financial performance: <i>57.4% of centres converted to date compared to 46.3% in FY 2023.</i>	Achieved
Drive the coordinated care model for Netcare Medicross: <i>four sites versus three sites in FY 2023.</i>	Achieved
Launch three additional NetcarePlus general surgery prepaid procedures.	Achieved
Expand Netcare Diagnostics to support doctors with more specialised testing and to cater for both inpatients and outpatients: <i>cancelled due to limited opportunity to derive benefit in current market conditions.</i>	Cancelled
Roll out Netcare Diagnostics pathology services and point-of-care testing to additional Netcare Medicross sites.	Achieved
Commission two additional regional laboratories for Netcare Diagnostics in FY 2024.	Achieved
Develop a new business model to secure our long-term position in oncology: <i>a new standardised and scalable platform approved for implementation.</i>	In progress



Doctors and allied healthcare professionals: [page 103](#).
Private medical funders: [page 107](#).

New business development: [page 142](#).
Estate, medical equipment and digital assets: [page 145](#).

Financial capital: [page 160](#).



Shareholder report (for summarised annual financial statements).
Full annual financial statements.

Challenges faced in FY 2024

- Stringent cost management required in a challenging macroeconomic and competitive environment.
- Higher salary increases for nurses (driven by nurse shortages and retention strategies) and utility cost increases continue to outpace inflation.



Organic growth, integration and investment continued

FY 2025 and beyond

- Maintain a strong statement of financial position and retain investment grade credit rating.
- Convert around 70 beds in the acute hospital network to higher demand disciplines.
- Add eight beds to the mental health hospital network, and open three Netcare Akeso facilities in FY 2026/27.
- Explore additional partnership opportunities and complimentary products for Netcare Occupational Health.
- Convert more Netcare Medicross facilities to the MPower model in FY 2025.

☒ Positive outcome
 ☒ Improved but below target
 ☐ Neutral outcome
 ☒ Negative outcome

IA: independently assured by Internal Audit.

BSC key performance indicators

Financial 60%	Measure	Weight	2024 target	Actual		
	EBITDA margin ¹ (%)	15.0%	18.4	18.0	<input checked="" type="checkbox"/>	IA
	Adjusted HEPS (cents)	15.0%	119.4	113.7	<input checked="" type="checkbox"/>	IA
	ROIC (%)	15.0%	12.8	11.7	<input checked="" type="checkbox"/>	IA
	Cash conversion (%)	15.0%	100.0	96.5	<input type="radio"/>	IA

Supporting metrics

	2024 target	2024	2023	2022		
Activity measures						
Total occupancy (%)		64.9	64.4	60.1	<input checked="" type="checkbox"/>	IA
Acute hospitals full week occupancy (%)		64.3	63.5	59.3	<input checked="" type="checkbox"/>	IA
Mental health hospitals full week occupancy (%)		70.3	72.7	68.1	<input checked="" type="checkbox"/>	IA
Total patient days		2 455 840	2 447 494	2 293 344	<input checked="" type="checkbox"/>	IA
Percentage movement (%)		0.3 ▲	6.7 ▲	5.4 ▲	<input checked="" type="checkbox"/>	IA
Acute hospitals patient days		2 198 673	2 193 598	2 068 040	<input checked="" type="checkbox"/>	IA
Percentage movement (%)		0.2 ▲	6.1 ▲	4.8 ▲	<input checked="" type="checkbox"/>	IA
Mental health hospitals patient days		257 167	253 896	225 304	<input checked="" type="checkbox"/>	IA
Percentage movement (%)		1.3 ▲	12.7 ▲	11.5 ▲	<input checked="" type="checkbox"/>	IA
Primary Care visits		1 564 046	1 614 167	1 665 060	<input checked="" type="checkbox"/>	IA
Percentage movement (%)		3.1 ▼ ²	3.1 ▼	4.3 ▲	<input checked="" type="checkbox"/>	IA
Financial measures						
Revenue (Rm)		25 202	23 699	21 636	<input checked="" type="checkbox"/>	
EBITDA ¹ (Rm)		4 530	4 115	3 496	<input checked="" type="checkbox"/>	IA
Net debt to EBITDA ¹ (times)		1.2	1.2	1.4	<input type="radio"/>	
EBITDA to net interest ¹ (times)		4.3	4.5	4.5	<input type="radio"/>	
Total dividends (cents)		70.0	65.0	50.0	<input checked="" type="checkbox"/>	

1. Normalised to exclude exceptional items comprising property impairments. Normalised information has been presented on a consistent basis with the normalised financial information published for FY 2023.

2. The constrained consumer environment has forced more patients to self-medicate before assessing the need to visit their GP.



We remain confident that our strategy of person centred health and care that is digitally enabled and data driven will drive a differentiated patient experience and allow the Group to capitalise on growth opportunities, and to benefit from the changing dynamics in the healthcare sector. This strengthening of our competitive advantage will ensure that Netcare continues to deliver sustainable earnings growth and favourable returns for shareholders, with benefits for all other stakeholders.

Outlook

Short to medium term

The pool of insured lives and the demand for quality private healthcare will remain resilient, driven by the growing disease burden and aging insured population. However, high unemployment and financially constrained consumers will continue to drive growth in affordable restricted network plans.

Long term

It will take time for the current positive sentiment in SA – driven by the formation of the GNU¹, increased investment and good progress on structural reforms such as the reduction in load shedding, declining inflation, and recent interest rate cuts – to translate into tangible economic outcomes and, in turn, substantial growth in medically insured lives.

Strategic trade-offs

There are many trade-offs we must make in the ordinary course of managing a comprehensive healthcare business. When making strategic decisions on securing capital resources and allocating them between immediate necessities and longer-term strategic priorities, we aim for balanced and defensible outcomes that deliver positive impacts for our stakeholders and current and future South Africans. The four key strategic trade-offs that competed for our attention and investment are outlined in this section.

Impact on capitals

- ▼ Negative impact
- ▲ Positive impact
- Capital preserved

Retaining talent and protecting our people

Our considerable investment in our people, both in terms of enhancing Netcare's employee value proposition and our competitive remuneration arrangements, are a significant feature of our cost base (▼ ^{FC}). These investments are critical in a highly competitive and shrinking market for scarce healthcare skills. Our people work in an emotionally demanding environment and one that is evolving digitally to meet the changing needs of patients and doctors. We therefore invest in the resilience and future relevance of our workforce, and in initiatives to minimise risks to their health and wellbeing (▼ ^{FC}, ▲ ^{IC} and ▲ ^{HC}). Motivated and engaged employees (▲ ^{SRC}) deliver on our strategic objectives, and provide high-quality compassionate care for our patients and professional support for the doctors practising at Netcare (▲ ^{SRC} and ▲ ^{FC}). The investment (▼ ^{FC}) we have made in our EMR² platforms, and are making in convenient digital patient engagement, are reducing the administrative burden for many employees, freeing up their time for more valuable and meaningful work (▲ ^{HC}).

Outlook

- Our digital implementations will, to an extent, shield the Group against staff constraints by improving the efficiency of available professionals.
- Our strategic choice to invest in the installed capacity of our existing acute facilities, rather than expand our bricks and mortar footprint, has proven prudent in the face of the current healthcare skills shortages.
- The shortage of enrolled nurses is expected to continue into the short to medium term, forcing a shift to more expensive registered nurses. This, together with our nurse retention strategy, will continue to increase payroll costs and place pressure on EBITDA margin.

1. GNU: Government of National Unity.
2. EMR: electronic medical record.




Redefining the delivery of healthcare

The Netcare strategy is designed to respond to global healthcare megatrends, which are driven by new technologies and evolving patient and doctor needs. The digital backbone (EMR platforms) that we have built was the most cost intensive aspect of the Netcare strategy (Phase 1), and is now complete (▼ FC). This, together with our investment in enhancing our data analytics competencies, will enhance patient safety and care (▲ SRC), support innovation (▲ IC), grow balanced value for stakeholders, particularly doctors, other healthcare practitioners and investors, and contribute to medicine and surgery in SA, over the short, medium and long term (▲ SRC and ▲ FC).

Our vast stores of patient data will allow us to personalise our engagement with our patients and better understand what is important to them (▲ SRC). The NephrOn App, which 94% of National Renal Care's patients have downloaded to access their treatment records, is a key example. Meaningful engagement will support patient retention within our ecosystem (▲ FC). However, protecting confidential patient data requires continuous investment in our cybersecurity controls and employee training and awareness (▼ FC and ▲ IC).

While strategically investing to realise the benefits that the digital backbone can deliver is critical, we must carefully balance this against the look and feel of our facilities, the acquisition of new medical technology and the maintenance of these assets (▲ MC and ▼ FC), which deliver value to patients, doctors and private medical funders (▲ SRC). Most medical equipment is manufactured overseas, exposing us to exchange rate volatility, and modern robotic surgeries are more expensive than traditional surgeries (▼ FC); however, cutting-edge medical technology is a key aspect of attracting and retaining doctors and delivers better clinical outcomes (▲ SRC).

Outlook

- Expenditure on strategic projects will decline further in FY 2025. Capex is forecast at R89 million and operational costs at R60 million.
- In line with our capex-light strategy, no new facilities will be opened in FY 2025 although a small number of new beds and bed conversions are planned.
- We will continue to adhere to our principles of financial capital allocation reported on  page 67.

FY 2025 guidance

**Between 5.0% and 6.0%
growth in revenue.**

**Between 0.8% and 1.3% growth
in total paid patient days.**

**Total capex of
R1.5 billion.**



Harnessing efficiencies

The data generated through our EMR platforms is already starting to provide deeper insight on usage patterns, and identify where we can improve quality of care outcomes and address the drivers of costs at system, hospital and doctor levels (▲ ^{IC}). Advancing our analytical capability, will enhance our ability to compete for inclusion in hospital networks, ultimately driving market share gains and profitability (▲ ^{FC}).

For most of FY 2024, we faced an operating environment of high inflation and interest rates as well as electricity and water tariffs far in excess of inflation (▼ ^{FC}). In this environment, stringent cost management was implemented across the Group. This, together with lower strategic and generator diesel costs as well as a headcount freeze for certain roles, enabled us to expand EBITDA margin and achieve solid operating leverage, benefitting investors and without adversely impacting the workforce (▲ ^{SRC} and ■ ^{HC}).

Both CareOn in the Hospital Division and the environmental sustainability programme, in which we have invested heavily in the past (▼ ^{FC}), have been instrumental in delivering operational efficiencies. Since FY 2022, CareOn has delivered gross savings and cost avoidance of R331 million, while delivering benefits for doctors and nurses in their everyday work (▲ ^{FC} and ▲ ^{SRC}). Through the environmental sustainability programme, we have reduced our impact on the environment, and gained cumulative operational savings and cost avoidance benefits of around R1.8 billion since FY 2013 (▲ ^{NC} and ▲ ^{FC}).

Outlook

- The implementation of the Big Data analytics platform in FY 2025 will become the enabler of further clinical efficiencies.
- Scarce digital skills are expensive and will increase payroll costs as our need for these skills grows to support strategic innovation into the medium term.
- Private medical funders will continue to face deteriorating risk pools into FY 2025, and we will likely once again experience an arbitrage between the annual escalation in tariffs versus operating expenses. We will therefore remain focused on enhancing operational efficiencies to offset the impact of lower tariffs.
- Our FY 2025 budget has required a balanced approach between a tight rein on the overall cost base and sufficient capital to allow strategic projects to proceed.
- The scale of operational savings opportunities will diminish over the long term as initiatives to drive significant operational efficiencies are delivered.

FY 2025 guidance

Normalised margin to benefit from operational efficiencies off the FY 2024 base of 18.0%.

Environmental sustainability programme: capex of R86 million and operational costs of R14 million.

Improved earnings and higher ROIC in FY 2025 and beyond.

Advancing our progress towards our 2030 environmental targets

Through the environmental sustainability programme we have invested in energy and water efficiency projects and renewable sources of energy, enhancing our facilities, reducing our environmental impact and contributing to a healthier planet for future generations (▲ MC, ▲ NC and ▲ SRC). These investments also ensure that patients continue to receive safe and effective medical care, and doctors are able to work free of disruptions in their treatment of patients during outages (▲ SRC).

Unfortunately, SA's aging infrastructure forces us to utilise alternative solutions to secure the supply of electricity and water for continuity of operations that do not align with our environmental goals. For example, the use of diesel generators during power outages, while lower this year due to less load shedding, negatively impacts our Scope 1 emissions (▼ NC). Similarly, to address increasing water issues, we are drilling boreholes to access groundwater, which is not a long-term solution for climate change or longer-term water supply challenges (▼ NC).

The Group will open three Netcare Akeso facilities in the medium term (▲ MC), to meet the demand for mental healthcare (▲ SRC). This will have a general negative impact on the environment (▼ NC), which our environmental sustainability programme will minimise by employing efficient natural resource use and curbing our waste to landfill (▼ FC).

Outlook

- The cost avoidance benefits of our environmental sustainability projects will continue to mitigate the significant escalation in utility costs.
- Further cost benefits and environmental improvement will be realised through our 20-year renewable energy supply arrangement with NOA Group Trading with negotiations underway to wheel renewable energy to 12 municipal-supplied facilities.



Netcare retains a strong link between pay and performance. We ensure that our remuneration arrangements for executives and senior managers align with the delivery of the Netcare strategy over the short, medium and long term, and produce value for our shareholders, patients, suppliers and society in a fair, balanced and sustainable manner. At the same time, we ensure that we offer competitive remuneration packages that attract, retain and motivate high-performing talented individuals.

Shareholder engagement

The Remuneration Committee chair and certain members of the Executive Committee met with shareholders in November 2023 and January 2024 to discuss Netcare's remuneration policy and report. Shareholder concerns and our responses can be found in the full remuneration report. 91.9% of shareholders voted in favour of our FY 2024 remuneration policy (FY 2023: 85.1%) and 91.8% in favour of our implementation report (FY 2023: 87.0%). The FY 2025 BSC considers the valuable shareholder feedback received.

Benchmarking

Our remuneration policy and practices, including structured packages, STIs¹, LTIs² and benefits, are periodically benchmarked against the broader market and sector. Benchmarking of executive director and NED³ fees occurs every two years. In FY 2024, Bowmans benchmarked NED fees and the CFO's remuneration. The last executive director benchmarking in FY 2023 showed that the CFO's total 'on-target' remuneration on a normalised basis (excluding catch-up awards) fell below the tolerance band, but aligned closer to the market median at 97% inclusive of catch-up awards. A higher salary adjustment for the CFO was therefore approved. This year's benchmark assessed the extent to which the gap has narrowed; the results showing that the CFO's remuneration is now well-aligned with the market.

Pay fairness

Netcare is committed to ensuring that our remuneration policy is fair, consistent and free of discrimination. We use a reputable job grading system to ensure equal pay for work of equal value. The annual income differential analysis confirmed no unfair pay differentials based on gender, race or other demographics. Where differentials exist, we investigate underlying reasons, which typically relate to education levels, work experience and length of service in the role.

In FY 2024, women comprised 80% of the workforce and their remuneration accounted for 78% of total payroll. Women earn between 5% and 25% more than men in roles at junior management level and below, with males earning between 7.5% and 11.7% higher than women at middle and senior management levels.

Measures taken during the year to analyse and narrow the income gap include:

- Approved higher than CPI salary increases for non-managerial employees, while executives and senior managers received lower salary increases (CPI-linked).
- Extended the same wage increments and terms agreed with all three recognised trade unions to non-bargaining unit employees.
- Conducted a vertical income analysis, revealing that the top 5% of the Group's earners earn 9.2 times more than the bottom 5%.
- Maintained a minimum wage that is almost double the legislated national minimum wage.



— **Shareholder report:** full remuneration report (for detailed disclosure).

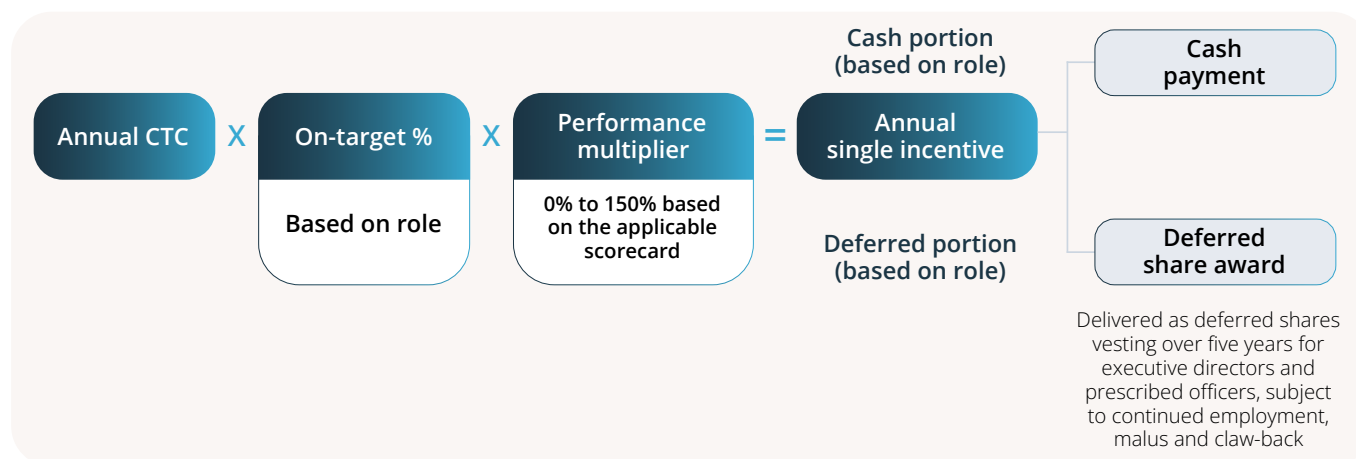
1. STI: short-term incentive.
2. LTI: long-term incentive.
3. NED: non-executive director.



Single Incentive Plan

Basis of determination

The SIP¹ is calculated by multiplying the individual's annual CTC² by an on-target percentage (this being the total incentive for which the individual qualifies when meeting objectives) and the performance multiplier based on BSC achievement for the measured period. This is illustrated below.



The on-target percentage for the catch-up period (FY 2022, FY 2023 and FY 2024) for eligible participants is illustrated in the table below.

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

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

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

Performance multiplier

- Below threshold: 0%
- Threshold: up to 50%
- On-target: up to 100%
- Outperform: up to 150%

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

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

CEO: Group BSC 100%

CFO: Group BSC 80% and divisional BSC 20%

Executives (F band³): Group BSC 60% and divisional BSC 40%

A score of 60% is required on the BSC at Group, divisional and/or personal and business unit levels to qualify for an incentive

1. SIP: Single Incentive Plan.

2. CTC: cost-to-company.

3. On the Patterson grading system.





Group BSC for FY 2024


Target range

Strategic pillar	Measure and weight		Threshold	On-target	Outperform	Actual	Score achieved
Financial results 60% 	EBITDA margin	15%	17.9%	18.4%	18.9%	18.0%	9.0%
	Adjusted HEPS	15%	117.3	119.4	121.6	113.7	0.0%
	ROIC	15%	12.3%	12.8%	13.8%	11.7%	0.0%
	Cash conversion	15%	90.0%	100.0%	110.0%	96.5%	12.5%
Consistency of care 10% 	Patient experience: continued improvement in the nurse compassion score of the PFS ¹ for the Hospital Division	5%	8.21	8.25	8.36	8.26	5.2%
	Summary of Care reports: implementation across all applicable divisions	2.5%	Pilot phase completed across all divisions by end April 2024	Full roll out across all divisions by end May 2024	Available on Netcare App by end June 2024 for all divisions	Out-perform	3.8%
	Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	2.5%	97	102	120	152	3.8%
Digitisation 10% 	CareOn EMRs: additional number of beds in the Hospital Division linked to CareOn by April 2024	2.5%	678	849	943	943	3.8%
	CareOn adoption by doctors: adoption of e-scripts	2.5%	80.0%	82.5%	84.0%	85.6%	3.8%
	CareOn adoption by doctors: adoption of clinical orders	5.0%	77.0%	79.5%	81.5%	80.8%	6.6%
Environmental sustainability 10% 	Energy efficiency: additional year-on-year tCO ₂ e avoidance as a result of energy efficiency projects implemented	3.0%	1 800	2 000	2 300	2 300	4.5%
	Renewable energy: additional year-on-year tCO ₂ e avoided as a result of renewable energy generation projects	3.0%	1 700	1 900	2 275	1 847	2.6%
	Water savings: reduction in overall water consumption per bed in use in the Hospital Division	2.0%	2.0%	2.3%	3.0%	0.0% ²	0.0%
	General waste: reduction in waste to landfill as % of Hospital Division general waste	1.0%	65.5%	68.5%	80.0%	66.5%	0.7%
	HCRW³: reduction in HCRW to landfill as % of Hospital Division HCRW	1.0%	12.1%	12.8%	13.6%	15.0%	1.5%
Human capital and transformation 10% 	Preferential procurement: support small and medium enterprises through improved procurement spend on EMEs ⁴ and QSEs ⁵ with overall improvement rating as a % of points available for procurement on B-BBEE scorecard	2.5%	91.0%	92.0%	93.0%	91.0%	1.3%
	Employee wellbeing: % of employees assessed and/or participating in mental, physical, financial and emotional wellbeing programmes measured against the total workforce	5.0%	60.0%	70.0%	80.0%	80.0%	7.5%
	DEI and belonging: increased inclusion of black managers at middle management as a % of all middle managers	2.5%	58.5%	59.5%	60.5%	59.6%	2.5%
		100.0%					69.1%

1. PFS: patient feedback survey.
 2. Water consumption increased for the year.
 3. HCRW: healthcare risk waste.
 4. EMEs: exempted micro enterprises.
 5. QSEs: qualifying small enterprises.



As disclosed throughout the integrated report, Netcare delivered a solid financial performance in FY 2024 and achieved most of the non-financial strategic goals across the consistency of care, digitisation, environmental sustainability, and people and transformation pillars – made possible by our resilient, compassionate and highly engaged people to whom we owe huge gratitude. These results were achieved despite a volatile and challenging macroeconomic environment characterised by geopolitical turbulence, prolonged inflationary pressures, slow economic growth and high unemployment as well as stagnant medical scheme membership and the continuing trend of the insured population opting for cheaper and less comprehensive options.

In light of this performance and as shown on  page 86, the Remuneration Committee determined that the overall performance score for FY 2024 BSC equated to 69.1% against the maximum of 150.0% for outperformance. This score qualified for payment of the SIP. There were no adjustments to the formulaic outcome, which was based on previously approved performance conditions.

The committee carefully considered the overall performance of the Group and each executive, and approved incentives based on the aggregated score prescribed in the SIP. The SIP requires each executive to achieve 60% on their divisional and/or individual BSC to qualify for an incentive.

The SIP rules prescribe that the incentive must not exceed 8% of EBIT, exclusive of catch-up awards. Catch-up awards were awarded to close the gap that arose due to the deferral and subsequent cancellation of Forfeitable Share Plan 4, caused by the emergence of COVID-19. FY 2024 is the last year of the catch-up awards.

SIP incentive for FY 2024

Excluding catch-up awards	4.2% of EBIT	Excluding catch-up awards and including the cost of the second and third year of deferred shares from FY 2022 and FY 2023 performance	5.7% of EBIT
Including catch-up awards	5.0% of EBIT	Including catch-up awards and the cost of the second and third year of deferred shares from FY 2022 and FY 2023 performance	7.4% of EBIT

The incentive will be settled in cash (20%) and deferred shares (80%) in line with the SIP. At 0.6%, the number of deferred shares awarded fell below the 1% annual award safeguard of total issued shares. The deferred shares will vest over a five-year period for executives, with MSRs¹ applicable. This ensures that executives are exposed to share price performance and shareholder objectives, while offering them a competitive value proposition.

Minimum shareholding requirements

Executive leadership	Minimum shareholding requirement
CEO	200% of CTC
CFO	150% of CTC
Other Executive Committee members	100% of CTC

¹ MSRs: minimum shareholding requirements. MSRs have been benchmarked against our peers. Executives must build up to the target MSR, following which a new measurement date is set on a rolling basis, against which the target MSR will be measured.

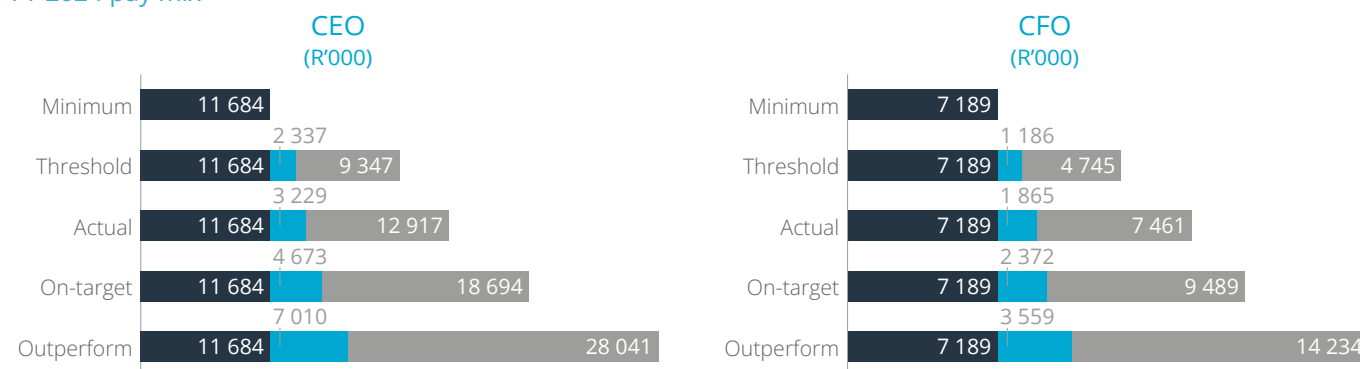


FY 2024 remuneration of executive directors and prescribed officers

Approved total SIP

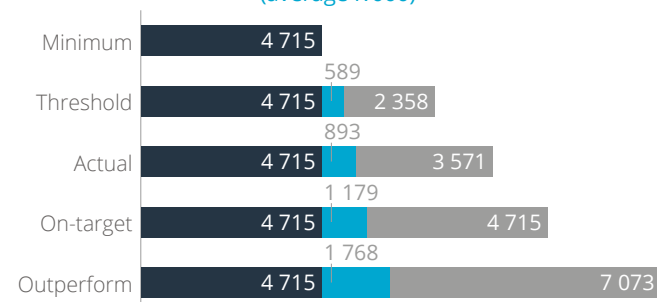
Name	Annual CTC (R)	On-target	Performance multiplier	Annual single incentive (R)	% cash	Cash (R)	% shares	Shares (R)	Vesting period
R Friedland	11 683 670	200%	69.1%	16 146 832	20.00%	3 229 366	80.00%	12 917 466	5 years
K Gibson	7 188 985	165%	78.6%	9 325 767	20.00%	1 865 153	80.00%	7 460 614	5 years
T Akaloo	4 247 887	125%	73.6%	3 906 994	20.00%	781 399	80.00%	3 125 595	5 years
M Da Costa	5 245 574	125%	88.2%	5 781 934	20.00%	1 156 387	80.00%	4 625 547	5 years
C Grindell	4 598 647	125%	74.5%	4 280 191	20.00%	856 038	80.00%	3 424 153	5 years
W van der Merwe	4 769 126	125%	65.5%	3 902 338	20.00%	780 468	80.00%	3 121 870	5 years

FY 2024 pay mix



Other members of the Executive Committee

(average R'000)



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



Total single figure remuneration FY 2024

Annual guaranteed package				Single incentive			Total	Incentive paid in 2024	
	Salary and benefits	Retirement fund savings and contributions	Guaranteed package	Cash portion	Deferred share portion	Total single incentive	Total single-figure remuneration	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
R Friedland	11 457 218	595 641	12 052 859	3 229 366	12 917 466	16 146 832	28 199 691	3 229 366	12 917 466
K Gibson	6 825 983	378 546	7 204 529	1 865 153	7 460 614	9 325 767	16 530 296	1 865 153	7 460 614
	18 283 201	974 187	19 257 388	5 094 519	20 378 080	25 472 599	44 729 987	5 094 519	20 378 080
Prescribed officers									
T Akaloo	4 021 263	235 811	4 257 074	781 399	3 125 595	3 906 994	8 164 068	781 399	3 125 595
M Da Costa	4 972 130	273 444	5 245 574	1 156 387	4 625 547	5 781 934	11 027 508	1 156 387	4 625 547
J Du Plessis	2 652 123	143 103	2 795 226	-	-	-	2 795 226	-	-
C Grindell	4 361 735	253 627	4 615 362	856 038	3 424 153	4 280 191	8 895 553	856 038	3 424 153
W van der Merwe	4 524 888	253 649	4 778 537	780 468	3 121 870	3 902 338	8 680 875	780 468	3 121 870
	20 532 139	1 159 634	21 691 773	3 574 292	14 297 165	17 871 457	39 563 230	3 574 292	14 297 165

FY 2023

Annual guaranteed package				Single incentive			Total	Incentive paid in 2023	
	Salary and benefits	Retirement fund savings and contributions	Guaranteed package	Cash portion	Deferred share portion	Total single incentive	Total single-figure remuneration	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
R Friedland	10 907 442	577 116	11 484 558	5 229 834	20 919 335	26 149 169	37 633 727	5 229 834	20 919 335
K Gibson	6 052 367	343 407	6 395 775	2 562 378	10 249 511	12 811 889	19 207 664	2 562 378	10 249 511
	16 959 810	920 523	17 880 333	7 792 212	31 168 846	38 961 058	56 841 391	7 792 212	31 168 846
Prescribed officers									
J Du Plessis	5 156 920	279 022	5 435 942	2 263 263	9 053 053	11 316 316	16 752 258	2 263 263	9 053 053
C Grindell	4 155 114	245 206	4 400 320	1 323 753	5 295 012	6 618 765	11 019 085	1 323 753	5 295 012
M Da Costa	4 735 686	260 097	4 995 783	1 467 511	5 870 045	7 337 557	12 333 340	1 467 511	5 870 045
T Akaloo	3 830 143	227 874	4 058 017	1 056 916	4 227 662	5 284 578	9 342 595	1 056 916	4 227 662
W van der Merwe	4 310 090	245 452	4 555 542	1 370 102	5 480 407	6 850 509	11 406 051	1 370 102	5 480 407
	22 187 953	1 257 651	23 445 604	7 481 545	29 926 179	37 407 724	60 853 328	7 481 545	29 926 179



Single Incentive Plan

(deferred shares held at 30 September 2024)

Number of deferred shares	1 October 2023	Granted	Shares forfeited during the year	Vested	30 September 2024
Executive directors					
R Friedland	1 584 514	1 566 991	–	(316 902)	2 834 603
K Gibson	686 889	767 754	–	(137 377)	1 317 266
Prescribed officers					
T Akaloo	308 424	316 679	–	(61 684)	563 419
J Du Plessis	607 448	678 131	(1 164 090)	(121 489)	–
C Grindell	341 529	396 630	–	(68 305)	669 854
M Da Costa	440 839	439 704	–	(88 167)	792 376
W van der Merwe	391 433	410 517	–	(78 286)	723 664
	4 361 076	4 576 406	(1 164 090)	(872 210)	6 901 182

Health Partners for Life

(share options held at 30 September 2024)

Number of options	Grant date	1 October 2023	Exercised	30 September 2024
Executive directors				
K Gibson	2 Oct 2006	1 041	–	1 041
Weighted average exercise price		12.34		12.34
Prescribed officers				
C Grindell	25 Oct 2005	1 200	–	1 200
Weighted average exercise price		6.42		6.42
		2 241	–	2 241

Note: no HPFL share options were granted in FY 2024 (FY 2023: nil) as this scheme has since been concluded. 2 241 Health Partners for Life share options had vested at 30 September 2024 (FY 2023: 2 241).

Non-executive director remuneration

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

Fees paid in FY 2024

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

R'000	Board	Audit	Risk	Nomination	Remuneration	Consistency of Care	Social and Ethics	Finance and Investment	2024 total	2023 total
M Bower	1 491	188	151	404	153		126	352	2 865	2 290
B Bulo	685	281	167			195		352	1 680	1 501
L Human	685		151	348	132	247			1 563	1 304
I Kirk	685		161		99				945	513
A Maditse	685			99		195	126		1 105	270
R Phillips	685			348		195	188		1 416	1 131
L Stephens	685	188			195				1 068	742
Total	5 601	657	630	1 199	579	832	440	704	10 642	9 857



Group BSC for FY 2025



Financial results

60%

	EBITDA margin: growth on FY 2024	Adjusted HEPS: growth on FY 2024	ROIC	Cash conversion
Weighting	15.0%	15.0%	15.0%	15.0%
Threshold	18.0%	113.7 cents + CPI + GDP + 0.5%	WACC	90.0%
On-target	18.0% + 0.2%	113.7 cents + CPI + GDP + 2.0%	WACC + 0.5%	97.5%
Outperform	18.0% + 0.5%	113.7 cents + CPI + GDP + 4.0%	WACC + 1.0%	107.5%



Consistency of care

10%

	Perception of care measured in 'overall satisfaction score – composite score': positively impact on overall satisfaction as measured through a composite set of scores	Doctor partnership: increase digital booking of theatre cases through our bespoke theatre resource planning tool, resulting in more comprehensive clinical information included in the Summary of Care reports
Weighting	5.0%	5.0%
Threshold	8.22	25% of all elective surgical cases booked digitally
On-target	8.27	50% of all elective surgical cases booked digitally
Outperform	8.42	80% of all elective surgical cases booked digitally



Digitisation and application of clinical data

10%

	CareOn: sustain and improve CareOn adoption among doctors by measuring the percentage of orders placed by doctors on CareOn	Digitally enabled clinical decision support: implement predictive AI algorithms that inform clinical decision-making at the bedside, resulting in improved quality, safety and efficiency of care	Data: enrich Netcare's Big Data analytics platform with new data domains to facilitate clinical efficiency	Data: establish self-sustaining satellite business units with direct access to Netcare's Big Data analytics platform to identify, plan and monitor data driven improvement opportunities and to support clinical research
Weighting	2.5%	2.5%	2.5%	2.5%
Threshold	80.0%	1 prediction model	4 new data domains added to existing 6 (10 in total)	4 new units
On-target	81.5%	2 prediction models	6 new data domains added to existing 6 (12 in total)	6 new units
Outperform	84.0%	3 prediction models	10 new data domains added to existing 6 (16 in total)	12 new units



Environmental sustainability

10%

	Energy efficiency: additional tCO ₂ e avoidance from new projects implemented	Renewable energy: additional tCO ₂ e avoidance from new projects implemented	Water savings: additional water recycled and reduced consumption	General waste: reduction in Hospital Division waste to landfill	HCRW: reduction in Hospital Division HCRW to landfill
Weighting	2.0%	2.0%	2.0%	2.0%	2.0%
Threshold	4 300	1 100	14 000 kl	67.5%	16.6%
On-target	4 700	1 300	17 000 kl	75.0%	20.0%
Outperform	5 100	1 500	19 000 kl	80.0%	25.0%



Human capital and transformation

10%

	Talent and succession: % of strategic management and leadership roles with identified talent ready to transition within a period of between 12 to 24 months	Labour turnover	Transformation: improve racial representation at senior management level
Weighting	5.0%	2.5%	2.5%
Threshold	50.0%	12.0%	48.0%
On-target	70.0%	11.8%	50.0%
Outperform	100.0%	11.0%	52.0%

Our targets are strategically set to contribute to the sustained enhancement of ROIC and other crucial financial metrics over time. Financial and non-financial targets are stretching but realistic.

The financial metrics for FY 2025 remain unchanged. The related targets reflect further improvement in operational performance against a background of cautious optimism for the recovery of SA's economy. While the business is expected to benefit from digital efficiencies and operational improvements, there are countervailing pressures in terms of a stagnant medically insured pool, with consumers tending to favour more affordable restricted network plans. This is reflected in the targets set for EBITDA margin, which anticipate moderate margin expansion. The adjusted HEPS target reflects a commitment to continued earnings growth while the ROIC target is set at a margin above weighted average cost of capital (12%). This, combined with a consistent dividend in line with our payout policy of 50% to 70%, should generate a total return in line with the typical pension fund benchmark for equity portfolios. The business is expected to continue generating strong cash flows with a cash conversion target of 97.5%.

For the consistency of care strategy, we have selected a performance measure that focuses on the overall patient experience based on the weighted average score of six drivers of patient satisfaction (a composite score). The second performance measure supports our objective to provide patients with more accurate and comprehensive Summary of Care reports, and will be measured through the use of our bespoke digital booking of theatre cases.

We will continue to focus on embedding CareOn across the Hospital Division and improving doctor adoption. We have also included targets that support the use of predictive AI and data analytics to inform better clinical decision-making, which will drive the delivery of Phase 2 of the Netcare strategy.

Our targets for environmental sustainability are once again ambitious and support our 2030 strategic objectives of reaching zero waste to landfill, zero Scope 2 emissions and an additional 20% water intensity reduction. A key focus for the year will be to obtain the necessary water licences needed to recycle and re-use water onsite.

Meaningful transformation remains central to our strategy – and our targets reflect our intention to advance our investment in talent growth to build a strong pool of successors across key strategic leadership roles, critical for organisational growth, stability and sustainability into the future. Focus is also given to transitioning and building greater diversity at senior management level (E band on the Patterson grading system) and improving employee turnover.



04

How we performed

Combined assurance

	Board committees	Line management	Specialist functions	Internal Audit	External assurance
Social and relationship capital					
94 Stakeholder engagement	✓	✓			
95 Our patients	✓	✓			
100 Our people	✓	✓			
103 Doctors and allied healthcare professionals	✓	✓			
107 Private medical funders ¹	✓	✓	✓	✓	✓
110 Suppliers ¹	✓	✓	✓	✓	
113 Regulators and government	✓	✓			
117 Investors	✓	✓			
119 Society ¹	✓	✓	✓		✓
Human capital					
123 Our people value proposition ¹	✓	✓	✓		✓
Intellectual capital					
131 Consistency of care	✓	✓	✓		
138 Digital transformation and data ¹	✓	✓	✓		
142 New business development	✓	✓			
Manufactured capital					
145 Estate, medical equipment and digital assets	✓	✓	✓		
148 'Green' infrastructure	✓	✓	✓		
Natural capital					
151 Environmental sustainability ¹	✓	✓	✓		✓
Financial capital					
160 Chief financial officer's review ¹	✓	✓	✓	✓	✓
169 Five-year review	✓	✓			
173 Summarised Group annual financial statements ¹	✓	✓	✓	✓	✓

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



Social and relationship capital

Our stakeholder relationships that support the delivery of our strategy and our commitment to being a force for social good in the building of a more inclusive and equal SA for all.

Stakeholder engagement

Longstanding and mutually beneficial stakeholder relationships support our purpose to deliver the best and safest care, and help us ensure that our strategy and business activities create and preserve value for Netcare and our stakeholders, by providing for their needs, expectations and interests. Effective stakeholder engagement, as well as processes to manage complaints and grievances, enable us to respond to any risks that may negatively impact the quality of our stakeholder relationships (value erosion).

Relationship owners are responsible for ensuring that their engagement with stakeholders is effective, inclusive, sufficiently frequent and aligned to our strategic priorities. Issues raised by stakeholders that are of strategic concern are elevated through the Executive Committee to the Board.

The stakeholder groups reported in this section of the integrated report are those who are most likely to have an impact on our ability to deliver the Netcare strategy. Our engagement focuses on understanding how their needs, expectations and interests relate to our top business risks, strategic priorities and material matters.

Our EMR¹ platforms across the Netcare ecosystem underpin how we engage with our patients, nurses, doctors, allied healthcare professionals and funders. As these systems start to integrate with one another, our engagement with these stakeholder groups will become more strategic based on the insights gained from data analytics, and will provide them with more accurate and relevant information on which they can base their decisions about Netcare.

Sector and business association memberships, trade union relationships and NGO partnerships are key underpinnings of our engagement with employees, government, regulators and broader communities.

Distribution of economic value in FY 2024

Stakeholders	% change	2024 Rm	2023 Rm	2022 Rm
Investors				
Ordinary dividends	5	850	808	728
Share buybacks	125	722	321	–
Employees¹				
Salaries paid	5	9 286	8 861	8 015
Government				
Taxes paid	(8)	345	374	439
Suppliers				
Total procurement spend	3	14 271	13 820	12 870
Communities				
Corporate social investment	(14)	25	29	35

1. Excludes PPPs and includes agency costs.



— [Shareholder report: full governance report.](#)

Strategic pillars



Consistency of care



Disruptive innovation



Transformation of our society



Organic growth



Integration



Investment



Environmental sustainability

Material matters



Deliver outstanding person centred health and care



Recover and grow market share and long-term profitability



Attract, retain and invest in our employees and healthcare practitioners



Accelerate transformation and access to quality health and care in SA



Effective leadership and responsible business conduct

1. EMR: electronic medical record.



Our patients

Enhanced and personalised patient experiences are achieved when patients have access to the information and tools they need to be active and empowered participants in decisions about their care, and when they and their loved ones experience compassionate and meaningful engagement from their care providers. This person centred health and care approach sets the foundation from which to establish lifelong relationships with our patients. For Netcare, this will allow us to grow the embedded value of our offering and supports our strategic priority to grow market share.

Patient engagement

Covers medically insured, self-pay, government-funded and foreign patients.

How we engage

- Person centred care teams.
- Digital PFS¹ (quantitative and free-text responses).
- Summary of Care reports across seven divisions.
- CareNet (complaints management system) with dashboards refreshed every 30 minutes for every hospital.
- MyNetcare Online (patient portal).
- Netcare App and **appointmed**™
- Various digital initiatives that enhance patient experience and perception of care.
- Patient focus groups and listening forums.
- NetcarePlus service centre and outsourced call centres.
- ONE Netcare website and social media platforms.

Patient needs, expectations and interests

- Consistently excellent quality and safety of care.
- An excellent and engaging patient experience.
- Post care event and discharge information that supports recovery.
- Competent, compassionate and professional healthcare practitioners.
- The highest level of medical ethics from all healthcare practitioners.
- Our ability to treat patients across the distribution of medical scheme network options.
- Data privacy and protection of their highly sensitive personal data.
- Affordable healthcare services.

Value creation, preservation or erosion

How we create and preserve value for our patients

SRC MC FC

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

HC

- Care provided by skilled and caring nurses, and interactions with compassionate employees.

IC

- High-quality clinical procedures and processes.
- Enhanced patient safety based on digitised health and care (predictive and preventative), and minimised risk of medication-related errors.

Strategic pillars



Risks that can impact the quality of our patient relationships

- BR1 Funder regime
- BR2 Availability and quality of skills
- BR3 Water security
- BR4 Economic environment and demand for private healthcare
- BR5 Cybercrime and cybersecurity
- BR6 Delivering consistently outstanding person centred health and care
- BR7 Availability of electricity supply
- BR8 Sector regulations
- BR9 Technologies and data imperatives

Material matters



1. PFS: patient feedback surveys.



Social and relationship capital

Our patients continued

Quality of our patient relationships

The first step towards shifting to person centred health and care was providing our patients with easier, digital access to our facilities and seamless access to their digital health records across our delivery platforms. Having completed this digital foundation, our objective is to provide patients with a personalised, intuitive and user-centric digital healthcare experience. Our digital ecosystem will educate and empower patients, and offer them a simpler, more convenient omni-channel experience that meets their needs when, where and how they prefer.

Our data repository (CEM¹) contains unique patient records, and will serve as the backbone of our digital engagement. Our objective is to have one digitally integrated record for every patient, merging all their healthcare data across the entire

Netcare ecosystem and, where appropriate, external sources. In time, patients will be able to access this unified record through the Netcare App and MyNetcare Online.

As we operationalise the data driven phase of our strategy, our engagement with our patients will become progressively more person centred, and we expect to see improvements in patient experience. Our immediate focus is to drive patient consent to receive their own healthcare information from Netcare.

We measure the quality of our patient relationships using the results from our patient feedback surveys. In the future, the return of patients to the Netcare ecosystem will become an important measure of the strength of our patient relationships and the trust that our patients place in Netcare.

Value delivered for patients in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for patients

<p><input checked="" type="checkbox"/></p> <p>164</p> <p>doctors granted admitting and practising privileges at our acute and mental health facilities, equating to a net gain of 113 doctors.</p> <p>FY 2023: 160; 124 net gain FY 2022: 146; 88 net gain</p>	<p><input type="radio"/></p> <p>14</p> <p>patient reported experience measures improved (out of a total of 23 measures)².</p> <p>FY 2023: 17 out of 17 FY 2022: 10 out of 11</p>	<p><input checked="" type="checkbox"/></p> <p>8.26</p> <p>average nurse compassion score against a FY 2022 baseline score of 7.92.</p> <p>FY 2024 BSC target: 8.25</p> <p>FY 2023: 8.16³ FY 2022: 8.10³</p>	<p><input checked="" type="checkbox"/></p> <p>8.04</p> <p>average patient overall satisfaction with hospital stay score.</p> <p>FY 2023: 7.89³ FY 2022: 7.85³</p>
<p><input type="radio"/></p> <p>75</p> <p>quality of care measures published in the quality report – two new measures and ten⁴ retired. 74 measures were reported on the 'ONE Netcare' website.</p> <p>FY 2023: 83 FY 2022: 81</p>	<p><input checked="" type="checkbox"/></p> <p>Maintained</p> <p>the prestigious international ISO 9001:2015 quality management certification.</p> <p>FY 2023: maintained FY 2022: maintained</p>	<p><input type="radio"/></p> <p>R98m</p> <p>invested in digitising the Netcare ecosystem (capital and operating expenditure).</p> <p>FY 2023: R204m FY 2022: R156m</p>	<p><input checked="" type="checkbox"/></p> <p>R100m</p> <p>invested in environmental sustainability, securing a more stable supply of energy and water for our facilities (capital and operating expenditure).</p> <p>FY 2023: R63m FY 2022: R58m</p>

1. CEM: customer engagement model.

2. The majority of measures are at a very high base with marginal drops in scores between FY 2023 and this reporting year. Initiatives to address the larger declines for National Renal Care will be implemented in FY 2025. Netcare Cancer Care was excluded from FY 2023 data and the Hospital Division from FY 2022 data due to only having one year of data available and no comparatives.

3. Results restated after refining the population to acute hospitals only.

4. We expect nine of the retired measures to return to our public reporting in FY 2025.



Digital patient engagement

- ✓ Launched in May 2024, CareNotes™, generated by CareOn, provide patients with evidence-based information on how to effectively take their prescribed medication and/or take care of their wellbeing after treatment at a Netcare hospital or emergency department. Patients access their CareNotes™ on the Netcare App or MyNetcare Online.
- ✓ Improved the ONE Netcare website and enhanced the Google Search Engine Optimisation, resulting in higher website traffic and improved engagement and conversion rates.
- ✓ Launched a new and enhanced Netcare **appointmed™** page on the ONE Netcare website.
- ✓ 106 709 (FY 2023: 89 479) telephone calls made to Netcare **appointmed™**¹ facilitating approximately 21 255 appointments (FY 2023: 20 819).
- ✓ Launched an Instagram profile for Netcare, enhancing our social media presence (Facebook and LinkedIn already in place).
- ✓ Enhanced the Hospital Division's PFS, reducing the time taken for patients to receive the survey from seven days to 48 hours after discharge, delivering the survey via SMS in addition to email, and increasing the free text responses to allow patients greater opportunity to share their experiences.

The Netcare App

The Netcare App is a personalised healthcare solution that provides access to healthcare services across the Netcare ecosystem, and gives patients trustworthy and convenient access to their healthcare information. Our aim is to advance this platform to deliver focused and relevant healthcare information and knowledge for each patient.

Phase 1: improved out-of-hospital convenience

- Booking of medical appointments.
- Virtual GP consultations.
- Geolocation of callers by Netcare 911 emergency services.
- Ambulance tracking showing estimated arrival time.
- Online hospital pre-admissions (paperless and avoiding queues).
- Purchase of NetcarePlus gap cover.

Phase 2: improved in-hospital experience and post-discharge care

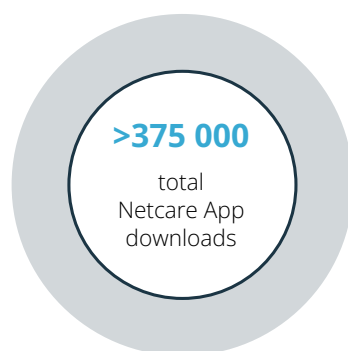
New features in development include:

2024

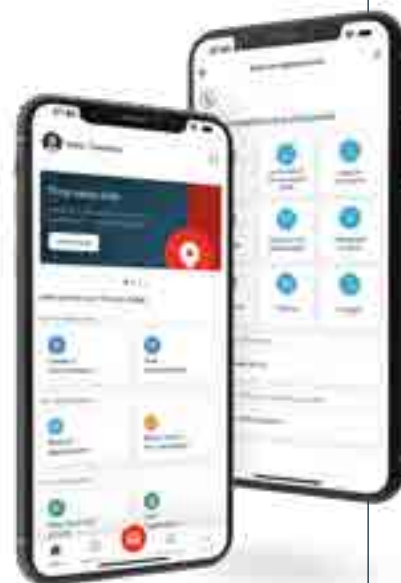
- Gratitude cards to our employees.
- Summary of Care reports.
- CareNotes™.
- Patient feedback surveys.
- Views of invoices and statements.

2025

- Digital scripts.
- Hospital stay guide.
- Patient communicator (compliments and complaints).
- Digital food menu.
- Coffee shop orders.
- Pay your hospital bill.
- Netcare Akeso online pre-admission.



Note: metrics are since the launch of the Netcare App in July 2023.



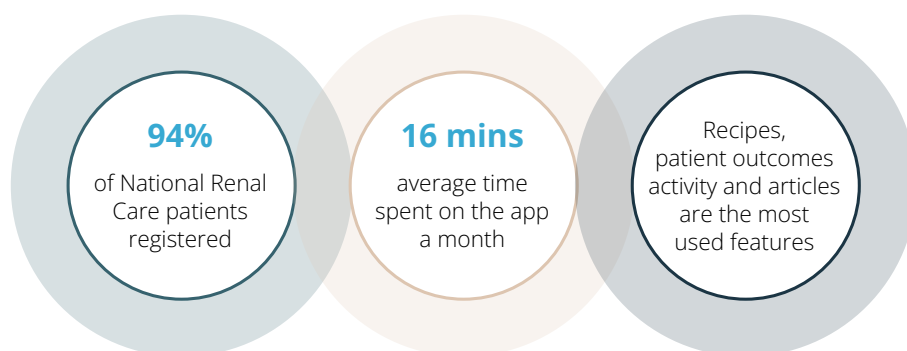
1. A free telephonic appointment booking service for patients and GPs to find doctors and specialists at Netcare hospitals, Netcare Akeso facilities and Netcare Medicross medical and dental centres.

Our patients *continued*

The NephroOn App

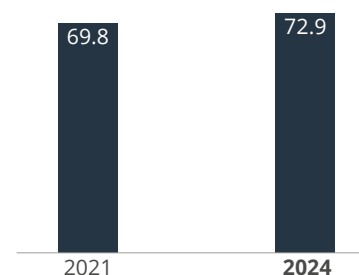
The NephroOn App, launched in FY 2022, is integrated with NephroOn, National Renal Care's EMR platform. Patients receive their treatment records after each dialysis session as well as up-to-date information on blood tests and other clinical information. Access to this information, as well as dietary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

With a poor initial uptake (less than 3% of patients engaged with their results), we realised that we needed to educate our patients and explain the 'so what?'. We gave patients the ability to easily monitor seven key markers using the app, making them aware of the effects associated with any of their markers not being within the required ranges. 94% of patients are now downloading their results on the app, and comparisons are emerging between patients who act on the advice received through the app versus those who are not engaging with it.

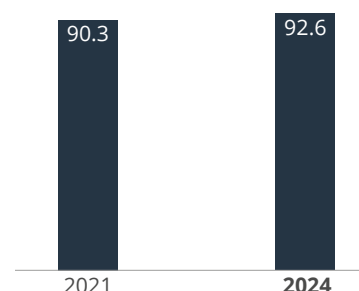


Improvement in patient wellness following the introduction of the app¹

Physical wellbeing (%)



Mental wellbeing (%)



Summary of Care reports



Our Summary of Care reports provide patients with access to a full summary of the care they have received from Netcare. In FY 2024, we completed the roll out of Summary of Care reports for the Hospital Division and emergency departments, Netcare Akeso and Netcare Medicross, having previously implemented the reports for Netcare 911, Netcare Cancer Care and National Renal Care. We are now working at applying generative AI to help 'de-jargonise' complex medical terminology, making it easier for patients to understand and engage with the information we give them. Patients are able to provide their GPs with this record of their treatment.

We have been intentional in driving doctor and administrative staff participation in the Summary of Care design and development process, to ensure the comprehensiveness and completeness of the Summary of Care reports. Training will be provided for doctors' administration staff, and doctor and administrative staff acceptance will be monitored and measured.

Projects are underway to elicit feedback from specialists, GPs and patients on how we can improve the Summary of Care reports.

1. National Renal Care quality of life survey.



Patient experience

- ✓ Netcare's net promotor score has steadily improved, ending FY 2024 at 39% (FY 2023: 35%). The likelihood of recommending Netcare to family or friends improved from 7.79 in FY 2022 to 7.96 in FY 2024.
- ✓ Developed redesigned externally validated PFS for Netcare Medicross and Netcare Akeso. Roll out for Netcare Medicross will begin in FY 2025 and Netcare Akeso's survey is already operational across all facilities with the first set of results to be reported in FY 2025. A revised PFS for the employees of Netcare Occupational Health's clients was also rolled out during the year.
- ✓ Undertook structural equation modelling on the Hospital Division PFS to understand what factors drive patient satisfaction. The response rate to the Hospital Division PFS has continued to improve, with very pleasing improvements achieved in certain scores, particularly the nursing scores, reflecting our deep investment in building nurse compassion. Hospital comfort and cleanliness are also areas of strength (see page 132).
- ✓ While advances have been achieved in the Hospital Division PFS scores for discharge metrics and advice on what medication side effects to report, these two categories still remain slightly under our threshold. The introduction of Summary of Care reports and CareNotes™ is expected to drive further improvement.
- ✗ The Hospital Division PFS scores for quality of food, general noise levels and communication with next of kin remain areas of concern. The data modelling findings will inform improvement initiatives and target setting over the next year (see page 132).
- ✓ Continued to drive Care4YOU to embed compassion and improve the patient experience (see page 125).
- ✓ Actively recruited new employees to fill vacancies in patient-facing roles.
- ✓ Conducted a Netcare Medicross consumer research survey covering patients, GPs and dentists. The survey provided good insight across the business model, highlighting pain points that we need to address to enhance how these stakeholders experience Netcare Medicross.
- ✓ Extended Netcare Medicross Thrive to four facilities (FY 2023: three facilities). This is a coordinated care model with nurse support for patients with chronic diseases such as diabetes. The initiative identifies pre-symptomatic disease and helps patients take action to limit complications.
- ✓ Introduced pilot animal assisted activities (therapy dogs and their handlers) at certain radiation units, positively impacting the emotional and physical health of patients as well as our staff.

Doctor recruitment in the Hospital Division

<p>✓</p> <p>152</p> <p>new specialists (gross) were granted admitting privileges.</p> <p>FY 2024 BSC target: 102</p> <p>FY 2023: 143</p> <p>FY 2022: 137</p>	<p>✓</p> <p>66%</p> <p>of the doctors onboarded practise in surgical disciplines.</p> <p>FY 2023: 63%</p> <p>FY 2022: 69%</p>	<p>✓</p> <p>The average age of the doctors onboarded is</p> <p>40</p> <p>FY 2023: 41</p> <p>FY 2022: 41</p>
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Note: additional new doctors have been recruited but are yet to start practising and/or do not meet the revenue threshold to be included in the number of net new doctors.

Additional information that responds to patients' interests

— This report

- Doctors and allied healthcare professionals: *page 103.*
- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*
- Data management: *page 140.*
- Cybersecurity: *page 141.*
- NetcarePlus: *page 142.*
- Estate, medical equipment and digital assets: *page 145.*
- 'Green' infrastructure: *page 148.*

— Detailed disclosure online

[Quality report.](#)
[ESG report.](#)



Our people

We prioritise employee engagement, particularly in our approach to connecting employees and employee performance, retention and wellbeing. Effective engagement also encourages innovation, critical thinking, proactiveness, continuous development and lifelong learning to motivate and equip our employees to deliver our strategic priorities. Based on employee feedback, we implement targeted programmes to enhance the workplace as we strive to distinguish ourselves as an employer of choice in a market of fierce competition for skills.

Employee engagement

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

How we engage

- One-on-one engagement with line managers.
- Leadership in Touch Forums.
- CEO strategy update sessions.
- Employee engagement surveys.
- Employee recognition initiatives.
- Onsite Workplace Transformation Committees.
- Online diversity and inclusion programme.
- Care4YOU programme to drive compassion.
- Employee wellbeing programme and wellness days.
- Confidential toll-free SHOUT Line to (anonymously) report alleged or perceived incidents of racism, sexism, bullying, discrimination, harassment and human rights violations.
- National consultative forums with trade unions.

Employee needs, expectations and interests

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

Value creation, preservation or erosion

How we create and preserve value for our employees

HC

- An inclusive culture that embraces and values differences and provides equal opportunities.
- A caring culture that meaningfully encourages, recognises and rewards outstanding performance and contributions to Netcare.
- Career advancement and other opportunities to improve professional development.
- Upskilling to digitally enabled ways of working.
- A safe clinical environment supported by comprehensive employee wellness programmes.

SRC

- Transparent and proactive relationships with employee representatives.

Strategic pillars



Risks that can impact the quality of our employee relationships

- BR2** Availability and quality of skills
- BR3** Water security
- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR9** Technologies and data imperatives
- BR10** Failing state and civil unrest
- BR11** Competitor activity

Material matters





Quality of our employee relationships

To improve employee sentiment and the quality of our workforce relationships; we assess the lived experience of our employees using the Voice of OUR Employees engagement survey. In the Group-wide FY 2022 survey, we achieved an average score of 79% (comparing well to the 77% global benchmark).

A range of initiatives have since been rolled out to address the five areas where we scored below 79% – fairness at work, trust and integrity at work, workplace DEI, relationship with management, and sense of achievement. Initiatives include a review of all our HR policies and processes to promote fair and consistent application, division- and site-level employee engagement feedback sessions, courageous conversations workshops with line managers and HR practitioners, wellness initiatives and compassion training for our leaders, the online DEI programme, and a new performance management system.

Before scaling up these initiatives across the business, our external specialist engagement partners conducted a dipstick survey in FY 2024 to assess the impact of the interventions.



The scores from the group of employees who had participated in the targeted interventions were better than those of the control group who had not participated in four of the five dimensions that required improvement. Overall, the results of the study were positive; the interventions targeting employees' sense of achievement had the greatest effect, followed by those targeting trust and integrity at work, workplace DEI, and fairness at work. The interventions to improve employee relationships with management were the least effective, but still had a small positive impact.

In FY 2025, we will scale up key engagement interventions across the Group and reinstate team talks (Imbizos) on strategic and operational matters, and through which employees can share their perspectives to improve employee-manager relationships.

Digital employee engagement

- ✓ Following a thorough exploration of best-in-class HR digital systems and an extensive feasibility study, we will implement MyNetCareer which, when complete, will provide our employees and divisions with access to a seamless, digital HR experience that includes intelligent analytics capabilities to drive data-informed decisions. Phase one of the implementation is scheduled for FY 2025.

Engaging with recognised trade unions

We proactively engage with trade unions to identify barriers to positive and productive employee-employer relationships, and resolving these swiftly. At September 2024, union membership was at 48.1% of the workforce (FY 2023: 49.0%). Wage negotiations were successfully concluded for FY 2024/25 with all three recognised trade unions within the Hospital Division and the one² recognised trade union at Netcare Mediacross. The same adjustment and benefits were extended to the members of Solidarity, which no longer has majority membership within the Hospital Division, as well as other employees in non-bargaining units in the interest of promoting fairness and enhancing pay parity. We anticipate negotiating with the same unions for the FY 2025/26 period.

Through the quarterly national consultative forums we addressed 21 items raised by trade unions during the FY 2024/25 collective bargaining process. 19 items had been resolved by year end with ongoing discussions to find mutually beneficial solutions to the two remaining items.

1. Target required to meet our sample size threshold.

2. One previously recognised trade union at Netcare Mediacross did not meet the collective bargaining threshold this year.

Our people *continued*

Value delivered for employees in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for employees

<p><input type="radio"/></p> <p>11 833</p> <p>Care4YOU sessions rolled out.</p> <p>FY 2023: 12 208 FY 2021 and 2022: 28 787</p>	<p><input type="radio"/></p> <p>28 758</p> <p>gratitude cards received by our employees from patients and their families; 94% expressing positive sentiments¹.</p> <p>FY 2023: 36 555 FY 2021 and 2022: 17 242</p>	<p><input type="radio"/></p> <p>1 799</p> <p>employees and their immediate family members were provided with counselling interventions.</p> <p>FY 2023: 2 303 FY 2022: 2 243</p>	<p><input checked="" type="checkbox"/></p> <p>80%</p> <p>of employees reached through the integrated employee wellbeing programme and related interventions.</p> <p>FY 2024 BSC target: 70% New metric</p>
<p><input checked="" type="checkbox"/></p> <p>84%</p> <p>of the workforce comprises black people against a national EAP² of 92%. Foreign nationals comprise 2% (FY 2023: 2%) of the workforce.</p> <p>FY 2023: 83% FY 2022: 81%</p>	<p><input type="radio"/></p> <p>80%</p> <p>of the workforce comprises women against a national EAP of 46%. 67% (FY 2023: 66%) of the workforce are black women.</p> <p>FY 2023: 81% FY 2022: 81%</p>	<p><input type="radio"/></p> <p>4.5%</p> <p>of the workforce comprises people with disabilities. Of these employees, 68% (FY 2023: 68%) are black employees and 73% (FY 2023: 73%) are women.</p> <p>FY 2024 target: 4.8% FY 2023: 4.6% FY 2022: 4.4%</p>	<p><input type="radio"/></p> <p>186</p> <p>junior, middle and senior managers were appointed; 83% (FY 2023: 81%) are black managers and 66% (FY 2023: 79%) are women.</p> <p>FY 2023: 256 FY 2022: 392</p> <p><i>Note: reflecting the freeze on new appointments in certain roles.</i></p>
<p><input type="radio"/></p> <p>1 054</p> <p>employee incidents; 1% (FY 2023: 1%) classified as high to major risk, and 9% (FY 2023: 21%⁴) as moderate risk.</p> <p>FY 2023: 1 004³ FY 2022: 2 940</p>	<p><input checked="" type="checkbox"/></p> <p>85 158⁴</p> <p>training interventions delivered, with 16 554 (SDP 2023: 18 565) employees receiving training, including 1 675 (SDP 2023: 1 219) current and future leaders.</p> <p>SDP 2023: 56 428 SDP 2022: 56 067</p>	<p><input checked="" type="checkbox"/></p> <p>R69m⁴</p> <p>invested in training and development, equating to 1% of payroll, meeting the 1% prescribed by the Skills Development Act.</p> <p>SDP 2023: R65m⁵ SDP 2022: R59m⁵</p>	<p><input checked="" type="checkbox"/></p> <p>37</p> <p>employee grievances reported relating to labour practices, 35 resolved at year end and two cases referred to the CCMA⁶.</p> <p>FY 2023: 26 FY 2022: 17</p>

Note: National Renal Care has 1 002 (FY 2023: 972) permanent employees, 95% (FY 2023: 94%) being black people, 72% (FY 2023: 71%) being women and 5% (FY 2023: 4%) being people with disabilities.

Additional information that responds to employees' interests

— This report

- Remuneration overview: *page 83*.
- Salaries paid: *page 94*.
- Society: *page 119*.
- Our people value proposition: *page 123*.

— Detailed disclosure online

Shareholder report (full remuneration report).
ESG report.

1. A review will be conducted in FY 2025 to determine the impact of the gratitude platform. Negative sentiments received via the gratitude programme are managed through our complaints management processes.

2. EAP: economically active population.

3. Restated due to late reporting.

4. Calculated for skills development period (SDP) 1 April 2023 to 31 March 2024 as legislated by the Skills Development Act.

5. Changed (not restated) to include additional training spend (doctor bursaries, nursing gratuities and student loans).

6. CCMA: Commission for Conciliation, Mediation and Arbitration.

Doctors and allied healthcare professionals

The Hospital Division PFS shows that 35%¹ (FY 2023: 36%²) of our patients are admitted at a Netcare facility because their doctor is based there. Playing a crucial role in attracting patients to our facilities, doctors (particularly specialists) are a key driver of revenue and organic growth. They are also pivotal partners in the delivery of best and safest care, have a direct impact on patient experience, the cost of care and clinical outcomes, and specialists in particular are key enablers of our expansion into higher demand disciplines. We aim to provide doctors with an attractive value proposition that meets their needs and builds strong collaborative relationships between them and Netcare that benefit our patients.

Doctor engagement

Covers doctors (independent specialists across all clinical disciplines, including physicians, surgeons, GPs, psychiatrists, anaesthesiologists, radiologists, dentists, nephrologists, pathologists and other specialists) and allied healthcare professionals (psychologists, radiographers, dental hygienists, occupational therapists etc).

How we engage

- Doctor engagement surveys.
- Online doctor portal.
- **Hospital Division:** various structures that support the sharing of information on quality of care (PCI tools³ and well-established Physician Advisory Boards etc).
- **Netcare Akeso:** clinical governance engagements.
- **Primary Care Division:** Netcare Medicross Managing Practitioners Forum, Practitioner Advisory Board, and Medical and Dental Practitioners Association meetings.
- **National Renal Care:** national relationship manager.

Doctor needs, expectations and interests

- Netcare's inclusion in restricted provider networks.
- Enterprise development support and marketing.
- CareOn and our EMRs.
- Access to our clinical data for analysis and research.
- Availability of medicines and consumables.
- Cutting-edge medical equipment, advanced technology, well maintained and modern medical equipment and facilities, and advanced treatment protocols.
- Qualified and experienced nurses.
- Clinical leadership and shared accountability.
- Continuous professional development.

Value creation, preservation or erosion

How we create and preserve value for doctors

SRC HC IC

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

SRC MC FC

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

Strategic pillars



Risks that can impact the quality of our doctor relationships

- BR1** Funder regime
- BR2** Availability and quality of skills
- BR3** Water security
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR9** Technologies and data imperatives
- BR11** Competitor activity

Material matters



1. This metric increases to 58% (FY 2023: 60%) when the results are filtered for those who selected only one option.

2. Results restated after refining the population to acute hospitals only.

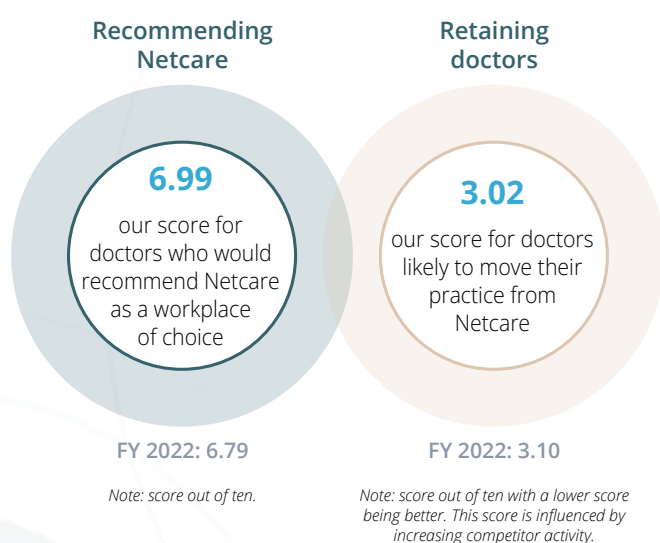
3. PCIs: personalised clinical information tools that support one-on-one engagement with doctors.

Doctors and allied healthcare professionals continued

Quality of our doctor relationships

We partner with a large and broad array of doctors and allied health professionals in mutually beneficial relationships. The digital doctor engagement survey allows us to assess the quality of the Hospital Division's doctor partnerships. The responses to our most recent survey held in FY 2022/23 show that the highly rated reasons for doctors choosing to practise at Netcare include the convenience of our sites, our standards of clinical excellence and the career opportunities associated with practising at Netcare.

A strategy has been implemented to address the 'pain points' identified in the doctor engagement survey, which requires the concerted efforts of multiple departments and divisions. We have grown our engagement touch points and continue to invest in developing better mechanisms to align our offering with doctors' needs and expectations. This includes the work underway to enhance the doctor portal. Once our interventions have been entrenched, we expect further improvements in the survey outcomes. The next doctor engagement survey is scheduled for FY 2026.



Personalised clinical information tool

The PCI tool provides doctors with information on their personal quality outcomes, patient experience scores and elements contributing to total cost of an admission. In addition, we have developed five focused and discipline-specific PCI tools (three this year and two in FY 2023), which compare a doctor's performance on key quality and clinical efficiency measures against that of their peers practising in the same discipline. The tool also includes targeted patient feedback.

The more focused approach provides granular information that supports more meaningful, data driven engagement with doctors, and presents a truer identification of outliers and how they can become more efficient and improve the patient experience. These tools allow us to partner with doctors to enhance our clinical and efficiency data models, inform improvement initiatives and support evidence-based commercial contracting.

The focused PCIs are generated from our discipline-specific clinical and efficiency data models (see page 109).

The most recent Netcare-facilitated doctor engagement survey for Netcare Medicross, conducted in FY 2023, revealed that the majority of doctors are interested in growing their practices and expanding their scope of expertise. The average doctor recommend score was 7.1 out of ten. The 'Netcare Medicross nursing and dental staff contribution to best patient care' construct, considered to be the most important administrative support Netcare provides to doctors, scored 8.4. Partnership collaboration and communication are areas for improvement. The survey will be repeated in FY 2025.

The independent Netcare Medicross consumer research survey conducted in FY 2024 provided valuable insight on what matters to the GPs and dentists practising at our facilities, and will inform the doctor recruitment strategy for the business.



Value delivered for doctors in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☐ Value eroded

Key measures of the value impact for doctors

<input checked="" type="checkbox"/> 3 906 PCI reports released to doctors. FY 2023: 1 992 FY 2022: 1 839	<input checked="" type="checkbox"/> 55%¹ of doctors with admission privileges in the Hospital Division are black. FY 2023: 54% FY 2022: 52%	<input type="radio"/> 726 initiatives held to support the CPD ² of doctors. FY 2023: 741 FY 2022: 516	<input checked="" type="checkbox"/> R11m invested in doctor development scholarships. SDP 2023: R9m ³ SDP 2022: R8m ³
<input checked="" type="checkbox"/> R798m invested in new medical equipment. FY 2023: R733m FY 2022: R702m	<input checked="" type="checkbox"/> R100m invested in expansionary projects. FY 2023: R136m FY 2022: R369m	<input type="radio"/> R618m spent on repairs and maintenance. FY 2023: R564m FY 2022: R501m	<input type="radio"/> R14m of our CSI was invested in doctor training and development. FY 2023: R18m FY 2022: R18m

Collaborating with doctors

- ☒ Continued with our 'Waxing Clinical' webinars and launched two new webinar platforms: Healthy Dose to better market our doctors and Health Check to communicate more regularly with doctors on Netcare initiatives. Growing these two new platforms will be a focus for FY 2025.
- ☐ 12 CareOn awareness sessions held for doctors in the Hospital Division (FY 2023: 39).
- ☒ Established a Practitioner Advisory Board for GPs and dentists practising at Netcare Medicross.
- ☒ 30 doctors completed upskilling in diabetes management as part of the Netcare Medicross Thrive initiative.

<input type="radio"/> 157 Physician Advisory Board meetings (hospital governance structures) that serve as advisory and communication forums between healthcare practitioners and hospital management. FY 2023: 169 FY 2022: 166	<input type="radio"/> 201 emergency and trauma morbidity and mortality meetings. FY 2023: 214 FY 2022: 152 346 emergency and trauma medical education meetings. FY 2023: 322 FY 2022: 160	<input checked="" type="checkbox"/> 10 'Waxing Clinical' webinars – CPD talks for doctors. The number of participants at these events is steadily increasing. An average of 174 doctors attended each webinar with 61% of survey respondents recommending the webinars. FY 2023: 5 FY 2022: 2
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Note: Netcare Medicross conducts CPD-accredited webinars and shares information with doctors through operational and clinical newsletters, clinical guidance documentation, and quarterly meetings.

1. Data for doctors with a billed revenue above R300 000.
 2. CPD: continue professional development.
 3. Previously reported for financial year, now reported for the skills development period.



Doctors and allied healthcare professionals continued

Digital platforms

- ✓ All Netcare delivery platforms are now digitised. The benefits for doctors include remote access to real-time, accurate clinical data 24/7, improved quality of care outcomes, and one source of patient information to aid shared decision-making within multi-disciplinary teams. Doctors can send electronic requests for nursing interventions and diagnostic tests. In addition, medicolegal risk and savings on medical malpractice insurance premiums will be realised based on availability and application of data. In time, doctors will have a longitudinal view of their patients' medical history across the Netcare ecosystem.
- ✓ Completion of the Big Data analytics platform (scheduled for December 2024) will provide doctor's practising at Netcare with access to anonymised data on quality of care outcomes and clinical practices and pathways to support their clinical studies. Doctors will also have access to analytics tools to help them interrogate the data as well as generative AI and natural language processing tools to publish their clinical studies in plain language and on a large scale. We believe this will provide doctors practising at Netcare with the opportunity to become key contributors to clinical research and to the maintenance of the highest standards of medicine and surgery in SA.

Hospital network participation

- ✓ In FY 2024, we were successfully appointed as co-anchor on six of the seven major tenders up for renewal in restricted provider network arrangements. Our geographic footprint coupled with the NetcarePlus GapCare products, enables us to retain a steady portion of patients in these types of networks.

Diversity

- 39 black doctors received ESD¹ support (subsidised rental space, practice setup and office refurbishments etc) (FY 2023: 45).

Doctoral scholarships

- ✓ The Professor Bongani Mayosi Netcare Clinical Scholarship funds black clinical scholars who are completing their doctorates locally and abroad. Since inception in 2007, the scholarship has disbursed R75 million² to fund 27 doctors (SDP 2024: R11 million), of whom 16 have been awarded doctorates to date. Two scholars were awarded scholarships in SDP 2024 (SDP 2023: two).

Additional information that responds to doctors' interests

— This report

- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*
- Estate, medical equipment and digital assets: *page 145.*
- 'Green' infrastructure: *page 148.*

— Detailed disclosure online

Quality report.

ESG report.

1. ESD: enterprise and supplier development.

2. Excludes R2 million in funding for equipment granted to the University of Cape Town library.



Private medical funders

The Hospital Division PFS indicates that medical aid cover is the fourth top reason for choosing Netcare. Our relationships and engagements with private medical funders allow us to present competitive proposals to secure our participation in their hospital networks which, in turn, enables us to preserve and grow patient volumes and attract and retain doctors. In addition to competitive proposals, delivering patient centric cost-effective care, and collaborating with medical schemes on improvement opportunities, are also key aspects of our funder strategy.

Funder engagement

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

How we engage

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

Funder needs, expectations and interests

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

Value creation, preservation or erosion

How we create and preserve value for funders

HC IC

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

SRC IC

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

Strategic pillars



Risks that can impact the quality of our funder relationships

- BR1** Funder regime
- BR4** Economic environment and demand for private healthcare
- BR6** Delivering consistently outstanding person centred health and care
- BR8** Sector regulations
- BR9** Technologies and data imperatives
- BR11** Competitor activity

Material matters



Private medical funders continued

Quality of our funder relationships

The increasing maturation of our ability to leverage our analytical and measurable clinical expertise and quality of care outcomes stands us in good stead when engaging with medical schemes. These relationships are well-established and mutually beneficial; however, a natural tension exists with schemes driving utilisation and cost containment. This is further exacerbated by the ongoing deterioration in medical scheme risk pools (see page 49). As a result, we continue to experience by arbitrage between the annual escalation in tariffs versus operating expenses, most of which rise significantly above inflation, placing pressure on our EBITDA margins.

Value delivered for funders in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for funders

<p></p> <p>28</p> <p>quality of care measures – covering patient experience scores, safety and quality measures, and clinical efficiency measures – were reported in our automated quality report to medical schemes, released quarterly.</p> <p>FY 2023: 23 FY 2022: 16</p>	<p></p> <p>5</p> <p>risk-adjusted clinical and efficiency data models developed for specific disciplines to inform focused quality improvements.</p> <p>FY 2023: 4¹ FY 2022: 1</p>
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Digital funder engagement

Funder portal

As part of the data driven phase of our strategy, we will introduce an electronic portal designed specifically for funders to seamlessly engage with Netcare on case management and billing. Funders will have secure access to all relevant clinical information and authorisations in near real time, 24/7/365, significantly reducing time spent on calls or sending emails.

- Access to a patient's clinical parameters, including vitals, and ventilator and blood pressure readings etc for updates on clinical status.
- Access to a patient's radiology and pathology reports.
- Receipt of electronic letters of motivation from Netcare for level of care, and expensive and Section 21 (not available in SA) medication.
- Access to the case management summary report of a patient's stay in hospital.
- Access to electronic copies of Summary of Care reports (discharge summaries).
- Ability to load electronic remittance advices and rejections.

1. Includes one clinical framework for Netcare Akeso (FY 2023: one).

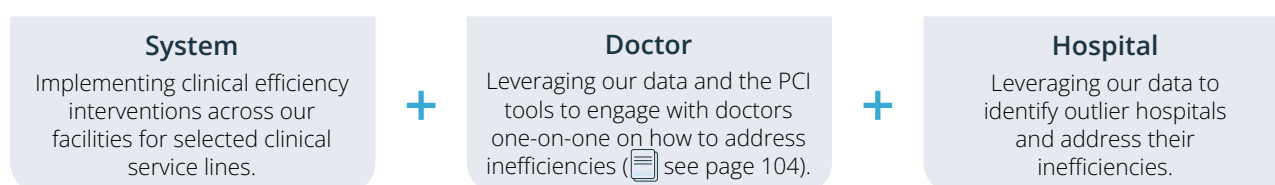


Clinical efficiency

An enhanced approach to clinical efficiency



The commercial relevance of reducing costs and improving the quality and safety of care we provide has become increasingly evident as our work on quality of care matures and the funder landscape evolves. Clinical efficiency is a priority for all medical schemes during tariff negotiations and when selecting hospitals for network plans. Netcare applies clinical efficiency enhancements at the three levels shown below.



How will we improve our clinical efficiency?

During FY 2024, we started work on three new initiatives to improve our clinical efficiency.

A world class Big Data analytics platform

(see page 19)

A new centrally coordinated clinical efficiency programme

A new electronic funders portal

(see page 108)

The **clinical efficiency programme** for the Hospital Division, aided by our digital backbone, will benchmark our usage patterns and identify efficiencies at system, hospital and doctor levels to carefully manage the cost of delivering high-quality care. Each hospital will have its own programme that will be managed by its executive team. The Funder Relations and Consistency of Care teams are driving the project in close collaboration with the Hospital Division. The programme comprises a number of projects and is being implemented with appropriate governance and oversight, resources, and tangible deliverables across all hospitals. The CEO and relevant Executive Committee members will monitor progress against targets.

Our **clinical and efficiency data models** are rigorous modelling methodologies that identify opportunities to improve quality of care outcomes and address the drivers of costs for specific disciplines that are widely represented across our hospitals. The models also identify areas of excellence. The data gained from these models informs improvement projects and our funder engagement and contracting. Building on these models, together with efficiency and cost analytics, we are developing strategies to inform system-wide interventions for the selected disciplines. Currently, there are clinical and efficiency data models in operation for ten disciplines, with five completed this year.

In time, our digital platforms and data analytics will address the fragmentation of care across our divisions – minimising the duplication of tests and diagnostic procedures, especially in the referral from primary to tertiary care. Complete and accurate data together with big data analytics will improve our delivery of high-quality care that is also cost effective, furthering our aim to be leaders in health innovation and clinical efficiency.

Additional information that responds to funders' interests

— This report

- Our patients: *page 95.*
- Consistency of care: *page 131.*
- Digital transformation and data: *page 138.*

— Detailed disclosure online

Quality report.



Suppliers

Our suppliers are a key underpin of four of our strategic pillars. As product and service providers that support our consistency of care, digital and data, and environmental sustainability strategies; and in the transformation pillar, the diversification of our supply chain to promote inclusive economic growth, entrepreneurship and job creation. Current challenges for the supply of medicines and medical devices include raw material shortages, geopolitical tensions, extreme weather, and local transport and logistics constraints. Managing and mitigating supply risk is a key priority for the Group given the direct impact medicines and medical devices have on the delivery of safe, high-quality healthcare.

Supplier engagement

Covers 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, both prior to entering Netcare's supply chain and later against KPIs.
- Medical conferences, exhibitions and webinars.
- Online supplier surveys.
- Our digitised source-to-contract procurement platform.

Supplier needs, expectations and interests

- Localising Netcare's supply chain.
- Preferential procurement from B-BBEE compliant and black-owned suppliers.
- ESD¹ support, including early payment arrangements.
- Digitisation of the procurement cycle to enhance efficiencies.
- Fair and transparent negotiations.

Value creation, preservation or erosion

How we create and preserve value for suppliers

SRC

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

Strategic pillars



Risks that can impact the quality of our supplier relationships

- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR9** Technologies and data imperatives
- BR10** Failing state and civil unrest

Material matters



Additional information that responds to suppliers' interests

— This report

- Data management: *page 140.*

— Detailed disclosure online

ESG report.

1. ESD: enterprise and supplier development.



Quality of our supplier relationships

Cultivating strong relationships with our suppliers allows us to secure, on the most cost-effective basis, the supply, quality and volume of the products we need, when we need them. Regular engagement keeps us abreast of any potential supply chain risks; when risk arises, we work with suppliers to find solutions that maintain our desired quality of care. The ethics and labour standards of suppliers are regularly assessed, particularly those who provide cleaning, catering and security services to Netcare, to ensure they maintain staff contentment and avoid industrial action.

We engage with multinational and generic suppliers that are not B-BBEE compliant on improving their status. Suppliers are held to account for the commitments they make in this regard and, where appropriate, we provide them with guidance. We also engage with suppliers on good industry practice, regulatory compliance including data privacy, and ESG considerations. In FY 2024, better environmental performance was a key discussion point, and will continue to be going forward, as we work to reduce our Scope 3 emissions.

Value delivered for suppliers in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for suppliers

<p><input checked="" type="checkbox"/></p> <p>>3 700</p> <p>suppliers who benefit from our business.</p> <p>FY 2023: >4 000 FY 2022: >4 000</p>	<p><input checked="" type="checkbox"/></p> <p>35%</p> <p>of our supplier base comprises ≥51% black-owned businesses.</p> <p>FY 2023: 33% FY 2022: 27%</p>	<p><input type="radio"/></p> <p>18%</p> <p>of our supplier base comprises ≥30% black women-owned businesses.</p> <p>FY 2023: 18% FY 2022: 15%</p>	<p><input checked="" type="checkbox"/></p> <p>53%</p> <p>of our supplier base comprises small businesses¹.</p> <p>FY 2023: 52% FY 2022: 43%</p>
<p><input type="radio"/></p> <p>90%</p> <p>of total procurement spend (or R12.8 billion) qualified as measurable for B-BBEE purposes under the dtic Codes².</p> <p>FY 2023: 92%; R12.7bn FY 2022: 89%; R11.5bn</p>	<p><input checked="" type="checkbox"/></p> <p>119%</p> <p>of our measurable procurement spend was with B-BBEE compliant suppliers, totalling R15.3 billion (FY 2023: R12.4 billion).</p> <p>FY 2024 target: 105% dtic target: 80%</p> <p>FY 2023: 114% FY 2022: 114%</p>	<p><input checked="" type="checkbox"/></p> <p>91%</p> <p>of the B-BBEE scorecard's available 29 points achieved for preferential procurement (26.34 points).</p> <p>FY 2024 BSC target: 92%</p> <p>FY 2023: 90%; 26.14 FY 2022: 86%; 25.07</p>	<p><input type="radio"/></p> <p>104</p> <p>small businesses enrolled in our early payment terms programme (invoices paid within 15 days³) to support their cash flow.</p> <p>FY 2023: 105 FY 2022: 94</p>
<p><input checked="" type="checkbox"/></p> <p>R35m</p> <p>invested in enterprise development⁴, of which 89% (or R31 million) was measurable under the dtic Codes, equating to 2% of NPAT.</p> <p>dtic target: 1% of NPAT</p> <p>FY 2023: R30m FY 2022: R26m</p>	<p><input checked="" type="checkbox"/></p> <p>R150m</p> <p>invested in supplier development⁵, of which 55% (or R82 million) was measurable under the dtic Codes, equating to 5% of NPAT.</p> <p>dtic target: 2% of NPAT</p> <p>FY 2023: R42m FY 2022: R36m</p>	<p><input type="radio"/></p> <p>>100</p> <p>small businesses supported by our ESD initiatives across various commodity lines.</p> <p>FY 2023: >100 FY 2022: not reported</p>	<p> — Total procurement spend: page 94.</p>

1. 15% are classified as qualifying small enterprises (QSEs) and 38% as exempted micro enterprises (EMEs).
 2. dtic Codes: Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice.
 3. Against a national average of 30 to 180 days.
 4. Businesses we have identified as having the potential to become part of our supply chain.
 5. Registered suppliers to Netcare.



Suppliers continued

Preferential procurement spend

<p>✓</p> <p>R7.3 billion spend</p> <p>with ≥51% black-owned suppliers (57% of measurable spend).</p> <p>FY 2024 internal target: 52% dtic target: 50%</p> <p>FY 2023: R6.6 billion; 52% FY 2022: R5.9 billion; 51%</p>	<p>✓</p> <p>R5.2 billion spend</p> <p>with ≥30% black women-owned suppliers (40% of measurable spend).</p> <p>FY 2024 internal target: 31% dtic target: 12%</p> <p>FY 2023: R4.1 billion; 32% FY 2022: R3.7 billion; 33%</p>	<p>✓</p> <p>R1.1 billion spend</p> <p>with black designated group suppliers (9% of measurable spend).</p> <p>FY 2024 internal target: 2% dtic target: 2%</p> <p>FY 2023: R407 million; 3% FY 2022: R514 million; 5%</p>
<p>✓</p> <p>R1.4 billion spend</p> <p>with QSEs (11% of measurable spend).</p> <p>FY 2024 internal target: 11% dtic target: 15%</p> <p>FY 2023: R1.2 billion; 9% FY 2022: R1.0 billion; 9%</p>	<p>✓</p> <p>R1.1 billion spend</p> <p>with EMEs (8% of measurable spend).</p> <p>FY 2024 internal target: 9% dtic target: 15%</p> <p>FY 2023: R1.0 billion; 8% FY 2022: R543 million; 5%</p>	

Enterprise and supplier development

- ✓ A number of ESD beneficiaries graduated from EME status (annual turnover <R10 million) to QSE status (annual turnover between R10 million and R50 million), and a number of QSEs generated revenue in excess of R50 million, graduating to generic enterprise status. The improved sustainability of these businesses reflects the time and resources Netcare has invested in ESD.
- ✓ Two HCRW¹ service providers graduated from enterprise development to supplier status with longer-term agreements.
- ✓ Of the seven (FY 2023: nine) small businesses in the structured ESD programme², six (FY 2023: eight) are black women owned. These businesses align with the Group's strategic and operational requirements to ensure their sustainable growth and, in time, their integration into our supply chain.
- ✓ The risk profile of ESD beneficiaries who have been granted loans remained stable and overall performance was positive, with good growth and loan repayment term compliance (outstanding loan balance (not yet due) of R136 million³).
- Given the increased risk of unethical conduct in a tough macroeconomic environment, heightened focus was given to ensuring suppliers act with integrity. Two businesses were removed from our ESD initiatives in FY 2024 where shortfalls were significantly unsound – one due to non-compliance with environmental regulations and the other for providing a low-quality product.
- ✓ Collaborated with a local manufacturer to develop ultraviolet disinfection robots, currently in testing phase.

Digitising the procurement process

- ✓ Rolled out a digitised source-to-contract and preferential procurement platform, which delivers better supply chain risk management and monitoring, greater efficiencies and reduced administrative burden. The platform will assist to identify opportunities to shift certain product lines to small businesses in pursuit of our diversification goals. The platform's supplier portal will enhance our supplier engagement and provides suppliers with access to various resources, including risk mitigation and sustainability programmes.
- ✓ Enlisted the services of a procurement analyst to further streamline our preferential procurement data analysis.

1. HCRW: healthcare risk waste.

2. The structured ESD programme provides low and interest-free loans and non-financial business development support.

3. Suppliers being considered for funding are vetted and undergo a due diligence process. Loan amounts are approved by the Finance and Investment Committee and the ESD Funding Committee.

Regulators and government

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

Regulator and government engagement

Covers authorities that regulate healthcare providers, funders and the sector.

How we engage

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

Regulator and government needs, expectations and interests

- Solutions to the nursing skills shortage.
- Competing demand for doctors.
- The increasing pressure on the public health system.
- The cost of and access to quality healthcare.
- The private healthcare sector's role in providing sustainable UHC¹.
- Alternative solutions to achieving UHC.
- Employment equity performance and skills development.
- Socioeconomic reconstruction and youth employment.
- New healthcare-related regulations.
- Compliance with laws and regulations.

Value creation, preservation or erosion

How we create and preserve value for regulators and government

SRC HC IC

- Meeting the healthcare needs of employed citizens thereby easing the burden on the public health system.
- Collaborating with government, and sector and business associations and sharing our expertise and experience to broaden access to quality healthcare in SA and to develop a sustainable healthcare regulatory framework.
- Our DEI² initiatives to transform our workforce.
- Our ESD, youth development and responsible waste management initiatives, all of which support job creation.

Strategic pillars



Risks that can impact the quality of our regulator and government relationships

- BR2** Availability and quality of skills
- BR3** Water security
- BR4** Economic environment and demand for private healthcare
- BR5** Cybercrime and cybersecurity
- BR6** Delivering consistently outstanding person centred health and care
- BR7** Availability of electricity supply
- BR8** Sector regulations
- BR10** Failing state and civil unrest

Material matters



1. UHC: universal health coverage.
2. DEI: diversity, equity and inclusion.



Quality of our regulator and government relationships

Policy uncertainty and failure of government and the private healthcare sector to find common ground from which to tackle the urgent need for health system reform, detract from stakeholder relationships. In particular, uncertainty around the implementation and impact of the newly gazetted NHI¹ Act has dampened sentiment across the private healthcare sector and for many stakeholders.

We have authentic and trustworthy relationships with the sector and business associations in which we are members. Netcare stands ready to work together with these associations, policymakers, government and the public health system to find solutions that address the systemic and structural inequalities in SA, and to help design and deliver innovative, workable and sustainable solutions that support UHC.

The intensifying nursing shortage² in SA is the biggest impediment to the roll out of extensive healthcare reform. The private healthcare sector is currently accredited to train a fraction of its previous quota of nursing students, and has underutilised capacity. To achieve the projected nurse demand for 2030, SA must train double the amount of nursing students it is training today. Together with HASA³, Netcare is at the forefront of driving engagements with the NDoH⁴, SANC⁵ and other stakeholders to advocate for increased student intake numbers, and to foster collaboration between the public and private healthcare sectors on this matter.

A practical and sustainable attainment of universal healthcare

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

We are encouraged by government's recent engagement with the private sector to discuss matters related to the NHI Act. At the President's request, BUSA⁶ submitted specific proposals on solutions or issues of concern in respect of the NHI Act to inform potential future structured engagement.

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

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

- Increased public health spend (around 52% per capita) without increasing the public sector budget allocation⁷.
- Reduced government healthcare responsibility (from the current 85% of the population to 56%)⁸.
- Reduced strain on the public health system and more capacity for much-needed systems strengthening.
- Reduced burden on healthcare workers.
- Government spend available to fill unfunded doctor and nursing posts.
- The inclusion of young, healthy employed individuals in medical schemes, which will improve the sustainability of risk pools and positively impact the affordability of scheme contributions.
- Improved health resulting in improved workforce productivity and reduced employee absenteeism⁹.

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

- Twinning¹⁰ the management of public and private facilities and the sharing of best practices.
- Initiatives for oncology and elective surgery.
- Collaboration on nurse and doctor training.



— Sector regulations: **page 63**.

1. National Health Insurance.

2. The Future of Nursing Workforce Planning Report published in 2020 reports a nurse shortage of between 26 000 to 62 000 nurses across both the public and private sector.

3. HASA: Hospital Association of South Africa.

4. NDoH: National Department of Health.

5. SANC: South African Nursing Council.

6. BUSA: Business Unity South Africa.

7. Based on the SA population excluding medical scheme members (Insight Actuaries, June 2024, Health Funders Association NHI Scenario Planning Symposium).

8. 9.2 million people have medical aid in SA. With a formally employed population of 11.5 million and including beneficiaries (assuming a beneficiary ratio of 2.4), approximately 27.5 million people could potentially, over time, progress to mandatory cover. In a population of 63 million, this would leave 35.5 million (versus the current 53.8 million) dependent on public health resources.

9. Kessler R, Stang P. 2006. Health and Work Productivity: Making the business case for Quality of Health.

10. A development model that uses institution-to-institution partnerships and peer relationships to benefit both sides.



Value delivered for regulators and government in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for regulators and government

<p><input type="radio"/></p> <p>18 927¹</p> <p>people employed who pay personal tax, and contribute to the economies of the communities where they live and work. 83% of permanent full-time employees use the Group's medical aid (FY 2023: 83%).</p> <p>FY 2023: 19 168 FY 2022: 18 916</p>	<p><input checked="" type="radio"/></p> <p>215²</p> <p>unemployed youth enrolled in Netcare's youth training and employment programme. Participants have the opportunity to become gainfully employed, either at Netcare or elsewhere on successful completion of their learnership or internship.</p> <p>SDP 2023: 101³ SDP 2022: 58³</p>	<p><input checked="" type="radio"/></p> <p>510</p> <p>jobs sustained by 55⁴ of our ESD beneficiaries with 42 jobs created in the year.</p> <p>FY 2023: 468; 162 created FY 2022: 220; 23 created</p>
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— Tax paid: page 94.

Job creation

- ☒ Formed a new collaboration with the dtic and SEFA⁵ to identify new businesses for our ESD programme.
- ☒ Exceeded our YES4Youth objectives, set in 2018, to train 1 000 unemployed youth and to find 90% of them employment. At the end of calendar year 2023, around 1 200 learners had been enrolled, 954 of whom had completed their learnership, with 90% having gained employment (61% at Netcare). In SDP 2024, we launched a new youth development programme more tailored to Netcare's needs.

Nursing shortage

- ☐ Suspended our formal appeal to the SANC Appeal Committee to review the low student numbers approved for enrolment at Netcare Education (lodged in 2021).
- ☒ Engaged with SANC on the actions we have taken to address its concerns around granting approval for increased student numbers for undergraduate nursing programmes.
- ☒ Together with the NDoH and all private and public nursing education institutions in SA, we participated in creating a framework for a differentiated nursing and education training plan for SA for 2025 to 2029.
- ☒ Established collaboration forums with the University of Johannesburg and Northwest University on formal nursing programmes, and the Gauteng and KwaZulu-Natal health departments on student placements.
- ☒ Participated in the NDoH's workshops in Gauteng and KwaZulu-Natal to provide input on current nursing practice needs and the skills and competencies required in the future.
- ☐ Continued to engage with the Future of Nursing Project⁶, which seeks to influence the nursing skills production pipeline. The NDoH and PPGI are engaging with the National Treasury and other regulatory bodies on the results of a 2023 study on the supply of, and current and future demand for, nursing resources in SA. Feedback is still awaited.

1. Total permanent employees and fixed-term contractors.

2. Learners are participating in a newly launched programme that follows the same structure as the national job creation initiative – YES4Youth.

3. Participants in the YES4Youth programme.

4. Job creation/preservation is tracked for beneficiaries participating in our various support programmes (excluding the early payment programme).

5. SEFA: Small Enterprise Financing Agency.

6. Initiated by Netcare through HASA in 2016, the project is now driven by the Public Private Growth Initiative (PPGI) (on behalf of the Presidency and several stakeholders). Stakeholders include the NDoH, SANC, HWSETA, Department of Higher Education and Training, Council on Higher Education and Training, organised labour and healthcare business including BUSA and HASA, among others.

Regulators and government continued

Public healthcare sector support

- ✓ 251 (FY 2023: 192) premature and sick babies in the public health system were fed free of charge with donated breastmilk from a Netcare Ncelisa Human Milk Bank. This equates to 33% (target: 33%) of all babies fed through the programme.
- ✓ Invested in the Rahima Moosa Mother and Child Hospital's human milk bank, our first in the public healthcare sector. Opened in July 2024, the milk bank has allowed the hospital to increase the feeding period of babies in its neonatal ICU from two to three weeks. Our long-term goal is to grow our human milk bank footprint in the public health system, adding public sector hospitals as breastmilk collection points to feed more babies in Gauteng.
- ✓ Netcare shares donated organs on a 50/50 basis with the public healthcare sector, and covers the costs of managing donors (donor care, testing and management), totalling R5 million since 2019. Following the successful public private partnership with Charlotte Maxeke Johannesburg Academic Hospital, we extended the initiative to partner with the Steve Biko Academic Hospital in October 2024.
- ✓ In partnership with HI HOPES¹, engaged with representatives from the Western Cape to support their plans to pilot the first universal newborn hearing screening programme in the public health sector. At the end of FY 2024, screeners had been trained and equipped, and almost 5 000 public sector babies had their hearing screened.
- In partnership with the NDoH, 49 safe medical circumcisions for male African children (primarily those living in rural areas) were performed at Netcare Vaalpark Hospital (FY 2023: 70²). Netcare provides funding towards the programme, and surgeries are performed on a pro bono basis by surgeons, anaesthetists and nurses. Budgetary constraints prevented our goal (reported last year) of rolling out the programme to additional Netcare hospitals in FY 2024.

Additional information that responds to regulator and government interests

— This report

- Suppliers: *page 110.*
- Society: *page 119.*
- Diversity, equity and inclusion: *page 126.*
- Consistency of care: *page 131.*

— Detailed disclosure online

Quality report.
ESG report.



1. An early intervention partner for families of Deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.
2. Restated: 77 were scheduled for circumcision, but a reconciliation of invoices conducted in FY 2024 indicated that 70 had undergone the procedure during FY 2023.

Investors

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



Quality of our investor relationships

In a challenging macroeconomic environment and highly competitive sector, investors appreciate adaptability, the ability to navigate difficulties, and a strong focus on streamlining processes and reducing costs, which lead to better margins and overall performance. The completion of Phase 1 of person centred health and care that is digitally enabled and data driven is already delivering financial, clinical and operational benefits for the Group and its stakeholders, reassuring investors of the profitability and sustainability of our strategy. There is a growing recognition that the Group is successfully constructing a competitive moat to solidify its long-term growth and stability.

1. GNU: Government of National Unity.

Investors *continued*

Value delivered for investors in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for investors

<input checked="" type="checkbox"/> R25 202m revenue, ▲ 6.3%. FY 2023: R23 699m FY 2022: R21 636m	<input checked="" type="checkbox"/> R4 530m EBITDA ¹ , ▲ 10.1%. FY 2023: R4 115m FY 2022: R3 496m	<input checked="" type="checkbox"/> 18.0% EBITDA margin ¹ , ▲ 60 basis points. FY 2024 BSC target: 18.4% FY 2023: 17.4% FY 2022: 16.2%	<input checked="" type="checkbox"/> 96.5% cash conversion ratio. FY 2024 BSC target: 100.0% FY 2023: 100.5% FY 2022: 113.0%
<input checked="" type="checkbox"/> 113.7 cents adjusted headline earnings per share, ▲ 7.6%. FY 2024 BSC target: 119.4 cents FY 2023: 105.7 cents FY 2022: 83.2 cents	<input checked="" type="checkbox"/> 11.7% return on invested capital. FY 2024 BSC target: 12.8% FY 2023: 10.8% FY 2022: 8.8%	<input type="radio"/> R5 306 net debt with a net debt to EBITDA ¹ ratio of 1.2 times (FY2023: 1.2 times). FY 2023: R5 028m FY 2022: R4 875m	<input type="radio"/> AA- GCR investment grade credit rating in the long term and A1+ in the short term. FY 2023: AA- FY 2022: AA-

— Dividends: *page 94.*

Returning capital

- ☒ Returned R722 million (FY 2023: R321 million) to providers of capital in our share buyback programme. 60.4 million ordinary shares were acquired in the market in FY 2024 at an average price of R11.93 per share. Since the start of the programme in September 2023, Netcare has bought back 84.8 million ordinary shares (5.9% of total ordinary shares in issue at 30 September 2023) at a total cost of R1 043 million and an average price of R12.27 per share.

Medical schemes

- ☒ All available provider network opportunities are reviewed and evaluated. We are intentional in targeting anchor partner status for some networks and greater participation in others. Our proposals are carefully considered against retaining doctors and balancing patient volumes against Group profitability and margin. The Tariff Committee assesses the proposals, ensuring that they are commercially viable.

Additional information that responds to investors' interests

— This report

- Our strategy: *page 16.*
- Lead independent director's review: *page 27.*
- Chief executive officer's review: *page 32.*
- Governance overview: *page 39.*
- Our risks and opportunities: *page 54.*
- Overview of strategic progress: *page 67.*
- Remuneration overview: *page 83.*
- Chief financial officer's review: *page 160.*

— Detailed disclosure online

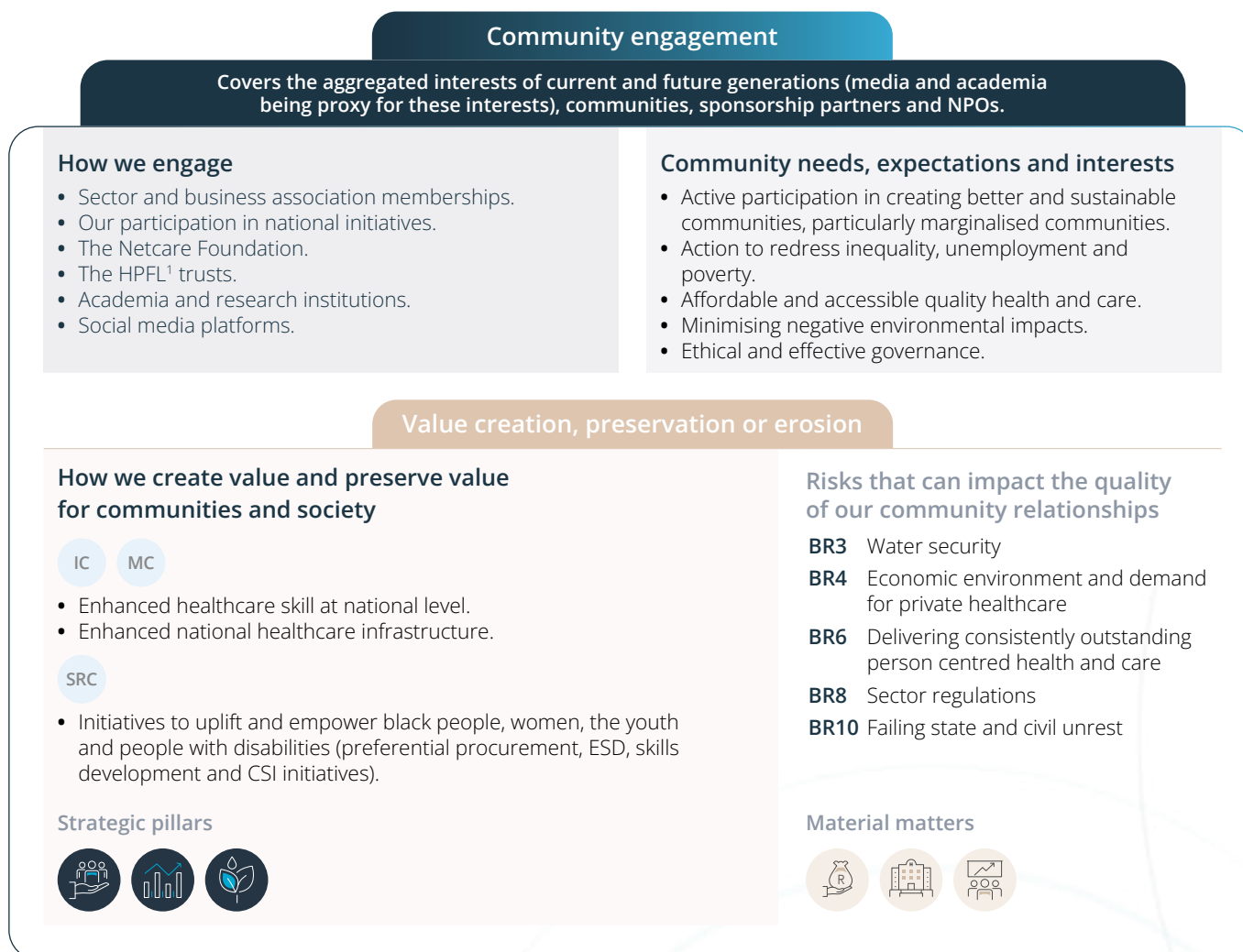
[Shareholder report.](#)
[ESG report.](#)
[Annual financial statements.](#)

1. Normalised to exclude exceptional items comprising property impairments. Normalised information has been presented on a consistent basis with the normalised financial information published for FY 2023.



Society

Netcare is committed to participating in the transformation of SA, and 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. Meaningfully addressing critical societal concerns and promoting inclusivity, human dignity, equality and fairness protects our legitimacy and social licence to operate.



How we performed

Quality of our community relationships

In SA, healthcare accounts for only 6% of corporate CSI². As one of the few organisations that prioritises healthcare in its CSI activities, our CSI initiatives are both significant and relatively rare in a landscape marked by poor access to quality care. The Netcare Foundation leverages its strong partnerships with government, corporates, suppliers, doctors, healthcare practitioners and our employees as well as social interest groups to extend healthcare services to indigent patients. Initiatives are carefully selected to ensure that our committed resources achieve maximum sustainable and systemic impact.

NetcarePlus also offers a social benefit. Not only does it diversify our revenues, but it also provides a new and economical approach for employed individuals who lack adequate medical coverage or insurance to access our facilities.

1. HPFL: Health Partners for Life.
2. Trialogue Business in Society Handbook, 2023.

Society continued

Value delivered for communities and society in FY 2024

☒ Value created
 ☒ Value created/preserved but below target
 ☐ Value preserved
 ☒ Value eroded

Key measures of the value impact for communities and societies

<input checked="" type="checkbox"/> <p>91.42 points</p> <p>achieved on our B-BBEE scorecard out of 111 points, maintaining our Level 3 B-BBEE¹ rating and ensuring we remain competitive in securing business².</p> <p>FY 2024 target: 92.57 FY 2023: 90.97 FY 2022: 90.13</p>	<input type="radio"/> <p>20.4 points</p> <p>achieved in the ownership pillar of the B-BBEE scorecard out of 25 points. The ownership of Netcare shares by black people and black women compares well to the prescribed dtic thresholds.</p> <p>FY 2023: 21.5 FY 2022: 21.8</p>	<input checked="" type="checkbox"/> <p>R7m</p> <p>distributed through the HPFL trusts³, which benefit 20 370 employees (excluding executives) as well as NPOs and NGOs that work to uplift communities.</p> <p>FY 2023: R6m FY 2022: R8m</p>	<input checked="" type="checkbox"/> <p>R18m</p> <p>(or 72%) of our CSI qualified for B-BBEE purposes, equating to 1% of NPAT. 88% of beneficiaries were black people (FY 2023: 87%).</p> <p>dtic target: 1% of NPAT FY 2023: R15 million FY 2022: R12 million</p>
<input checked="" type="checkbox"/> <p>84%</p> <p>year-on-year growth in insured lives⁴ across the NetcarePlus insurance portfolio in the last quarter of the financial year.</p>	<input type="radio"/> <p>153</p> <p>indigent patients treated with emergency medical services at a cost of R3 million (FY 2023: R4 million).</p> <p>FY 2023: 338 FY 2022: 150</p>	<input type="radio"/> <p>699</p> <p>survivors of GBV⁵ and sexual assault provided with free and compassionate care and counselling. 41% were under 18 years old, 92% were women and 79% were uninsured.</p> <p>FY 2023: 771 FY 2022: 757</p>	<input checked="" type="checkbox"/> <p>89</p> <p>beneficiaries⁶ funded for various procedures (cleft lip and palate, craniofacial, elephantiasis, cataract, cochlear implant and paediatric cardiac programmes).</p> <p>FY 2023: 181 FY 2022: 188</p>
<input checked="" type="checkbox"/> <p>766 612 tCO₂e</p> <p>Scopes 1, 2 and 3 emissions. Scope 1 and 2 emissions decreased 5% year on year.</p> <p>FY 2023: 752 710⁷ FY 2022: 283 102</p>	<input checked="" type="checkbox"/> <p>6 161 tonnes</p> <p>waste sent to landfill, a year-on-year decrease of 23%.</p> <p>FY 2023: 7 989 FY 2022: 8 110</p>	<input checked="" type="checkbox"/> <p>1.6 million kl</p> <p>municipal water consumed, a year-on-year decrease of 3%.</p> <p>FY 2023: 1.7 million kl FY 2022: 2.0 million kl</p>	<div> <p>Total corporate social investment: page 94.</p> </div>

1. If it were not for the restrictions imposed on the nursing student intake, the Group would be able to achieve a Level 1 B-BBEE rating.

2. Particularly in terms of securing business from state-owned enterprises, mining organisations and government.

3. HPFL was established in 2005 through the transfer of 160 million Netcare shares valued at R1 billion. It comprises four trusts including our employee share ownership scheme, and trusts that support clinical skills development and community-based health and wellness initiatives. Each trust has its own board of trustees.

4. Insurance policies that are active.

5. GBV: gender-based violence.

6. Focusing on individuals who earn less than R2 000 a month and have no health insurance.

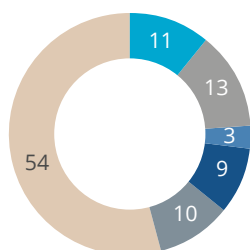
7. Restated due to the expanded scope of our Scope 3 emissions, providing a more accurate view of our emissions profile.



Health-related CSI initiatives

- ✓ Trained a further four managers (FY 2023: four) in our Crisis Centres on Basic Sign Language, Deaf culture awareness and how to engage with interpreters. This, together with ensuring that interpreters are readily available, is important as an increasing number of Deaf and hard-of-hearing GBV and sexual assault survivors are presenting at our Crisis Centres for assistance. We have also trained 50 frontline workers on Basic Sign Language, making Netcare more accessible to the Deaf and hard-of-hearing community. Another 50 employees are enrolled on the programme in SDP 2025.
- 2 202 community members received face-to-face counselling from SADAG¹ through their Ivory Park and Diepsloot counselling containers funded by Netcare (FY 2023: 3 310). An additional 6 190 learners and adults were reached through SADAG talks, workshops and webinars on preventing teen suicide.
- ✗ Unfortunately, the Gift of Sight (cataract) and cochlear implant programmes were placed on hold this year due to lack of donor funding.

CSI breakdown (%)



- Emergency medical services for indigent patients
- Access to medical procedures
- Sexual assault assistance
- Community sponsorship
- Discretionary spend
- Bursaries

My Walk made with Soul

Founded by Netcare and Adcock Ingram Critical Care, the My Walk made with Soul initiative recycles single-use high-quality PVC waste into waterproof, recyclable school shoes for underprivileged children across SA. The initiative partners with numerous corporate and private sponsors.

>125 tonnes of uncontaminated, non-hazardous PVC waste diverted from landfill (37 tonnes in FY 2024).

>200 000 pairs of school shoes donated.

13 jobs supported by the entrepreneurial businesses involved in the initiative.

Note: metrics are from inception in 2018. For each tonne of PVC repurposed, 1.5 tonnes of GHG emissions are abated.



Additional information that responds to community interests

This report

- Governance overview: *page 39.*
- Suppliers: *page 110.*
- Regulators and government: *page 113.*
- Diversity, equity and inclusion: *page 126.*
- NetcarePlus: *page 142.*
- Renewable energy: *page 148.*
- Alternative sources of water: *page 149.*
- Environmental sustainability: *page 151.*

Detailed disclosure online

ESG report.

1. SADAG: South African Depression and Anxiety Group.





Human capital

Our employees and their collective skills, knowledge and experiences as well as our organisational culture that allow us to successfully deliver person centred health and care.

Our people value proposition

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

We place considerable focus on nurturing an inclusive and compassion-centred organisational culture that is supportive and welcoming of all our people, enables them to see their work as meaningful and impactful, supports their personal and professional development, and actively opposes all forms of prejudice, harassment and discrimination. We engage with our people to understand and provide for their needs, and remunerate them fairly and competitively for their contribution to the Group's strategic, operating and financial performance. We believe this approach fosters loyalty and productivity, and improves our ability to attract and retain the best-in-class talent.

A new performance management system was rolled out during the year and implementation of a modern, digital HR platform, MyNetCareer, will begin in FY 2025 (see page 101).





Human capital

Our people value proposition continued

Headcount and retention

We noted a rise in voluntary employee turnover from February to September of this year, partly driven by misinformation about the Two-Pot Retirement System¹ introduced in SA in September 2024. The high levels of financial pressure faced by South Africans led employees to resign, access their vested funds, work for Netcare through an agency until their funds were paid, and then reapply for their roles (or similar roles). We have rolled out educational interventions about the new legislation and the negative impacts associated with cashing out retirement funds early.

To retain employees, we adjusted salaries during the year for specialised and critical skills, increased flexibility in our remuneration arrangements, and covered the annual practising certificate fees for certain permanent employees, including permanent nurses. Our nurse value proposition is regularly benchmarked to ensure it is competitive, and we are exploring the feasibility of more flexible staffing models to accommodate employee needs while still meeting Netcare's needs and the needs of our patients.

Retention mechanisms have increased the average cost-to-company for registered nurses. This, together with the shortage of enrolled nurses, which has forced a heavier weighting to more expensive registered nurses, has impacted the Group's margins.

Movement in headcount	Employee turnover rate	Headcount by division (%)														
<p>Headcount decreased by 1% to 18 350 permanent employees. Three roles became redundant and 113 employees were dismissed – 59 due to ill-health or injury and the remainder due to misconduct.</p> <p>FY 2023: 18 568 FY 2022: 18 245</p> <p>Nurses accounted for 49% of our total headcount.</p> <p>New employees</p> <p>2 553 new employees joined the Group.</p> <p>FY 2023: 2 842 FY 2022: 2 969</p>	<p>Voluntary employee turnover increased to 12.9% with nurse turnover increasing to 16.8%. Excluding the impact of the Two-Pot Retirement System, voluntary employee turnover was 12.2%.</p> <p>Global benchmark for most organisations: 10%</p> <p>FY 2023: 11.5% FY 2022: 14.8%</p> <p>Overall turnover increased to 16.0%.</p> <p>FY 2023: 14.5% FY 2022: 17.2%</p> <p>Our nursing vacancy rate at September 2024 was 21.4% (FY 2023: 24%).</p>	<table><tr><td>Hospital Division including Pharmacy</td><td>79.5</td></tr><tr><td>Netcare 911</td><td>7.4</td></tr><tr><td>Netcare Akeso</td><td>4.7</td></tr><tr><td>Primary Care Division</td><td>3.0</td></tr><tr><td>NetcarePlus</td><td>0.8</td></tr><tr><td>Netcare Diagnostics</td><td>0.2</td></tr><tr><td>Head office</td><td>4.4</td></tr></table>	Hospital Division including Pharmacy	79.5	Netcare 911	7.4	Netcare Akeso	4.7	Primary Care Division	3.0	NetcarePlus	0.8	Netcare Diagnostics	0.2	Head office	4.4
Hospital Division including Pharmacy	79.5															
Netcare 911	7.4															
Netcare Akeso	4.7															
Primary Care Division	3.0															
NetcarePlus	0.8															
Netcare Diagnostics	0.2															
Head office	4.4															

Note: permanent employees only. Excludes National Renal Care.

Employee wellbeing, health and safety

During FY 2024, a number of teams collaborated with Netcare Occupational Health to enhance our wellness offerings and develop a holistic programme for our employees' needs.

Wellbeing

We are acutely aware of and sympathetic to the pressures nurses face. We provide support and tools to help nurses and all other employees deliver outstanding and compassionate health and care, and build resilience against emotional exhaustion. Our initiatives cover psychosocial, physical health and financial wellbeing.

Employees and their immediate family members can access counselling through Lyra². Our managerial support programme and wellness training events help employees resolve conflict, engage effectively with their teams, and manage trauma, mental health and illness etc. In FY 2024, we introduced the Lyra app, the Hub, for easier access to our wellbeing programmes. We also launched an integrated employee wellbeing programme, offering Abby Health assessments³, screening⁴, breast examinations and diabetes management guidance, among others.

We piloted the PayMeNow app, which allows employees to unlock a portion of their already earned wages before pay day. The app is data-free and offers cash payouts and value-added services like vouchers and airtime, and provides access to financial education and savings options. In partnership with First National Bank, we now offer employees competitive banking solutions and rates for home loans, vehicle finance and other products and services. Awareness sessions are also provided on retirement fund management.

1. This system enables access to only a small portion of retirement savings (prior to retirement) for emergencies, with the bulk of savings preserved until retirement. This means that the majority of retirement savings must be invested until retirement.

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

3. Health checks carried out by a robotic health monitoring device capable of assessing and reporting on more than 20 health factors in five minutes, including cardiovascular health markers and BMI.

4. Includes blood glucose, cholesterol, voluntary HIV, prostate cancer and mental health screening.



Psychosocial wellbeing	Physical wellbeing	Financial wellbeing
<p>25.4%</p> <p>overall Lyra engagement rate.</p> <p>Lyra's SA client company average: 30.5%.</p> <p>FY 2023: 16.3%¹</p> <p>FY 2022: 15.7%</p> <p>71.2% of employees who used Lyra accessed professional counselling. Mental health challenges remain the largest reported problem category.</p> <p>FY 2023: 70.6%</p> <p>FY 2022: 69.1%</p>	<p>80%</p> <p>of employees reached through the integrated employee wellbeing programme and related interventions.</p> <p>FY 2024 BSC target: 70%</p> <p>Launched in FY 2024</p> <p>12 342 employees and contractors attended wellness days.</p> <p>FY 2023: ~8 700</p> <p>FY 2022: not recorded</p> <p>6 457 employees and contractors received Abby Health assessments.</p> <p>FY 2023: 500</p> <p>FY 2022: not recorded</p>	<p>4 130</p> <p>employees attended awareness sessions on retirement fund benefits.</p> <p>FY 2023: 3 346</p> <p>FY 2022: no sessions held</p> <p>356 employees across three sites registered for PayMeNow (pilot).</p> <p>Every month, between 2 000 and 2 400 employees access their overtime earnings early, helping them alleviate financial pressures.</p>

Care4YOU

Care4YOU promotes compassionate care, equipping employees with the know-how to manage high levels of stress and practice compassion, to not only improve the patient experience but to enhance their own wellbeing as well. Care4YOU reaches our employees, fixed-term contract workers, agency employees and allied healthcare professionals. The sixth and final Care4YOU module teaches employees how to resolve conflict in a civil, respectful and dignified manner. It has been rolled out to 450 leadership team members and compassion ambassadors in the Hospital Division.

Care4YOU roll out

Care4YOU: completed and/or underway	Module 1	Module 2	Module 3	Module 4	Module 5	Module 6
Hospital Division						
Netcare Akeso						
Netcare 911						
Netcare Medicross						
Netcare Education						
Head Office						
Shared Services						

Care4YOU's impact is measured using the nursing compassion score for the Hospital Division, which has achieved a statistically significant increase over the last three years (see page 132). Over 53 500 Care4YOU sessions have been conducted since the programme's inception in September 2021. In FY 2025, Care4YOU will transition to a business-as-usual project phase. We will extensively review the programme to understand its impact, and will introduce online compassion training for leaders across the Group (already piloted in FY 2024).

Occupational health and safety

Our risk-based employee medical surveillance programme, launched in FY 2022, promotes employee health and wellbeing and the early detection of disease. The programme now covers 88% of employees working in clinical healthcare settings, with a goal of 100% coverage by FY 2025.

Netcare Occupational Health's Care@Work platform, rolled out across all divisions, digitises employee medical records, enabling in-depth workforce health analysis and data driven decision-making. Over 7 000 medical records have been analysed, identifying significant disease trends. This will allow us to implement targeted interventions to improve overall workforce wellness. In FY 2025, we will prioritise follow-up care for high-risk employees. The Group's OHS risk severity decreased in FY 2024.

We are improving our incident reporting and using our data to establish benchmarks for incident rates and identify emerging OHS risks and opportunities. We are also preparing to report accurate incident and lost time injury frequency rates for the first time in FY 2025.

1. Difference in FY 2023 and FY 2024 engagement rates are due to a change in methodology, with additional metrics now reported.

Our people value proposition continued

Absenteeism	OHS incidents ¹	SHEQ ³ training
1 027 480 hours of sick leave; the increase attributable to a prolonged flu season. FY 2023: 947 437 FY 2022: 1 101 865 Medical surveillance 13 892 medicals conducted. FY 2024 target: 12 266 FY 2023: 10 236 FY 2022: 6 111 National Renal Care conducted 536 employee medical exams.	1 054 OHS incidents recorded with 83% reported for the Hospital Division. FY 2023: 1 004; 81% ² FY 2022: 2 940; 84% 1% of incidents were categorised as high to major risk and 9% as moderate risk. FY 2023: 1% high; 19% moderate ² FY 2022: 2% high; 32% moderate	3 665 employees received SHEQ training. FY 2023: 5 235 FY 2022: 4 823

Diversity, equity and inclusion

For FY 2024, we met our racial and gender diversity targets at board, middle and junior management. The racial diversity target was marginally missed for executive leadership, and while both gender and racial diversity metrics improved for senior management, our targets were marginally missed. The representation of women at middle and junior management level remains elevated against EAP⁴. 89% (FY 2023: 88%) of recruitments and promotions went to black people, with 68% (FY 2023: 66%) being black women. We continue to drive better working experiences for people with disabilities. Our representation of people with disabilities is 4.5% (FY 2023: 4.6%), above sector and legislated thresholds, though slightly below our internal target of 4.8%.

Our 2026 employment equity plan targets are ahead of our peers and the average for private sector performance, but challenges remain due to limited nurse training numbers and a healthcare gender profile skewed towards women. The proposed sector targets of the Employment Equity Amendment Act, which was updated in 2024 and invited public comment⁵, are yet to be finalised.

Going beyond numbers, various initiatives are driven to embed a culture of inclusivity and belonging. One such initiative is our online leading DEI and belonging programme for leaders and Workplace Transformation Committee members. 693 employees participated in the programme last year with a further 104 employees enrolled in FY 2024. The second phase of the programme involves site-specific DEI and belonging campaigns run by, and drawing on, the learnings of Workplace Transformation Committee members. Other initiatives were implemented during the year to create an empowering and inclusive environment for women and the LGBTQIA+ and Deaf and hard-of-hearing communities.



1. We promote a 'safe to report' culture that encourages employees to report incidents so that we can use robust data to inform safety interventions. Our incident reporting includes Netcare and non-Netcare employees.
2. Restated due to late reporting.
3. SHEQ: safety, health, environment and quality – previously OHS training.
4. EAP: economically active population.
5. Netcare's concerns were included in HASA's collective response to the Department of Employment and Labour.




Senior management	Middle management	Junior management and skilled workers
<p>Aim: greater racial and gender diversity at executive leadership and senior management levels.</p> <p>47.1% of senior managers are black. FY 2024 target: 48.6% FY 2023: 45.7% FY 2022: 50.0%</p> <p>52.9% of senior managers are women. FY 2024 target: 58.1% FY 2023: 51.4% FY 2022: 53.1%</p>	<p>Aim: align racial diversity more closely to the SA EAP.</p> <p>59.6% of middle managers are black. FY 2024 BSC target: 59.5% FY 2023: 57.5% FY 2022: 53.1%</p> <p>60.6% of middle managers are women. FY 2024 target: 58.8% FY 2023: 61.4% FY 2022: 60.8%</p>	<p>Aim: improve the representation of men to normalise gender diversity (including for nursing roles).</p> <p>78.3% of junior managers and skilled workers are black. FY 2024 target: 78.0% FY 2023: 77.4% FY 2022: 75.9%</p> <p>84.0% of junior managers and skilled workers are women. FY 2024 target: 83.8% FY 2023: 84.7% FY 2022: 85.3%</p>

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



— Employment equity scorecard: **page 74.**

Bullying, discrimination and harassment

Recent research demonstrates that workplace bullying is a pervasive feature of healthcare environments globally. Module 6 of Care4YOU ( see page 125) aims to address this challenge. We are also collaborating with workplace harassment specialists to further refine our harassment, discrimination and workplace bullying policies and practices to ensure we create spaces of acceptance and belonging for all employees at Netcare.

Incidents of unacceptable behaviour	Training and awareness
<p>6 cases of unfair discrimination, racism, workplace bullying and/or human rights violations were reported through the anonymous toll-free SHOUT Line. All cases where employees gave their consent were resolved and appropriate corrective action was taken. FY 2023: 6 FY 2022: 3</p>	<p>4 544 employees received awareness training on our zero-tolerance approach to discrimination, harassment and bullying. FY 2023: 4 946¹ FY 2022: 2 057</p>

1. Restated due to reporting error.

Our people value proposition continued

Learning and development

Our training spend continues to compare favourably with the demographic representation of our workforce and reflects our priorities, with the bulk directed towards registered nurses, paramedics and pharmacist practitioners.

In February 2024, Netcare Education's KwaZulu-Natal campus received full accreditation from SANC¹ for two nursing programmes – the first educational institution in the province to achieve this. We have applied to SANC for increased nursing student numbers to support our five-year skills development plan (SDP 2025 to SDP 2029). In addition, SANC is phasing in nursing CPD², which will become a minimum requirement for annual renewal of nurse licences. Netcare Education is well-positioned to align its current CPD process to achieve compliance, with a nursing CPD division recently established and a digital management system developed to govern and monitor nurse CPD.

In FY 2025, we will focus on advancing the skills of our IT and data, finance and administration, and support services staff.

Nurse training

720

nurses enrolled on formal nursing programmes accredited by SANC – 200 are new intakes³.

SDP 2023: 632
SDP 2022: 595

297

nurses enrolled on six-month in-service programmes.

SDP 2023: 421
SDP 2022: 439

7 850

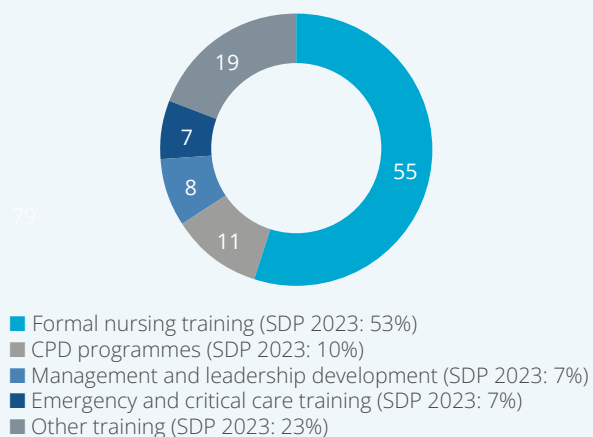
clinical professionals attended CPD courses to keep their skills and training current.

SDP 2023: 12 203
SDP 2022: 7 005

2 251

registered nurses enrolled on National Renal Care's six-month in-house nephrology course.

Direct training⁴ spend by category
(SDP 2024) (%)



62%

(R36 million) of direct training spend was invested in building clinical competencies in nursing and emergency services⁵.

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



Bursaries

R18 million

invested in bursaries for employees and unemployed black youth.

SDP 2023: R22 million
SDP 2022: R20 million

1. SANC: South African Nursing Council.

2. CPD: continue professional development.

3. Includes 148 permanent Netcare employees as well as fixed-term contract workers and students.

4. Direct training spend totalled R58 million (spend reported to HWSETA). The R11 million spend on doctor scholarships is included in our overall training spend of R69 million.

5. Through formal structured NQF-aligned qualifications and courses that lead to a clear career path.



Direct training spend that supports our transformation objectives (March 2024)

R5 million (9%) of spend invested in developing employees with disabilities. 57 unemployed youth with disabilities enrolled on the Sinako learnership programme. SDP 2023: 4% SDP 2022: 1%	R50 million (86%) of spend invested in developing black employees. SDP 2023: 88% SDP 2022: 86%	R49 million (84%) of spend invested in developing women with R42 million (73%) invested in black women. SDP 2023: 82%; 81% black women SDP 2022: 87%; 75% black women
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Leadership development

Of our investment in developing internal leadership talent, 85% (FY 2023: 85%) benefitted black employees. In total, 313 (FY 2023: 533) managers were enrolled in a development programme, of whom 85% are black, 74% are women and 63% are black women. Three designates (all of whom are black) are enrolled on the designate hospital manager programme for SDP 2024, and the three designates who participated during SDP 2023 have subsequently been employed as hospital general managers. The roll out of the designate pharmacy manager programme¹ and the Netcare Nursing Education Scholarship (reported last year) were placed on hold due to operational reasons.

The Netcare Leadership Journey ended in FY 2024; over two years, 73 top-performing leaders participated in this bespoke coaching programme that builds executive bench strength and talent pipeline.

Netcare leadership development programme (University of Pretoria)	Management development programme (Netcare Education)	Leading the Netcare Way
19 middle managers (89% are black and 53% are women) are enrolled on this 14-month health systems management programme. SDP 2023: no enrolments SDP 2022: 13	161 delegates enrolled on this programme that builds managerial acumen, and the behavioural competencies required of our managers – 86% are black and 81% are women. SDP 2023: 172 ² SDP 2022: 81	45 nursing and other managers enrolled on this programme which assists delegates to manage high-performance nursing teams – 78% are black and 71% are women. SDP 2023: 58 SDP 2022: 57

Related and detailed information

— This report

- Remuneration overview: page 83.

— Detailed disclosure online

Full remuneration report in the shareholder report.
ESG report.

1. Developed through collaboration between the Netcare Pharmacy division leadership and a leading tertiary institution.
2. Restated to align previously reported numbers to the skills development period.





Intellectual capital

Our intangible assets, including our brand and reputation, organisational systems and procedures, research and innovation capabilities, data, and intellectual property that provide us with a competitive advantage.

Consistency of care

Our well-established consistency of care strategy is the cornerstone of our commitment to realise the Netcare promise for each patient who entrusts us with their health and care. Aligned with the *Quadruple Aim* philosophy, the strategy is designed to achieve consistently excellent clinical services and prioritises person centredness for both body and mind.

We continue to refine the processes and mechanisms necessary to measure our performance and ensure accountability at both the Group and divisional levels. Leveraging the data from our advanced digital platforms, we are maturing our measurements and enhancing our ability to make clinical and strategic decisions that are evidence-based.

The consistency of care strategy comprises the five pillars shown in the diagram below.

 — [Quality report](#) (for detailed disclosure).



1. SHEQ: safety, health, environment and quality.

Consistency of care continued

Pillar

1

Perception of care

Improve our patient satisfaction and perception of care delivered.

Focus areas

- Patient experience and engagement (see [page 95](#)).
- Doctor experience and engagement (see [page 103](#)).
- Summary of Care reports (see [page 98](#)).

Overview of FY 2024 performance

- Used structural equation modelling to deepen our understanding of patient feedback in the Hospital Division, specifically examining the relationships between the various survey constructs and identifying key drivers of satisfaction.
- The results showed that the hospital environment (comfort, cleanliness, noise, food etc) has overtaken nursing as the domain with the strongest relationship to a patient's willingness to recommend a Netcare hospital.
- The findings will inform improvement initiatives and target setting for facility, region and the Hospital Division in FY 2025.
- Implemented redesigned, independently validated PFS¹ for Netcare Akeso and Netcare Mediacross.
- Completed the Summary of Care reports roll out in June 2024.
- Developed two webinar platforms to enhance our engagement with doctors.

Our independently validated PFS allow us to be responsive in addressing areas of suboptimal performance, and identifying and learning from facilities that are performing well. Surveys are aligned to our core values and the behaviours we seek to encourage in our people and see reflected in the patient experience.

The high degree of engagement with the Hospital Division's PFS is encouraging, giving us confidence in the inferences we can make based on the results. In FY 2024, we received 78 703 (FY 2023: 52 237) PFS responses for the Hospital Division, with an average 15% (FY 2023: 10%²) response rate of surveyable discharges³ and an average 19% (FY 2023: 13%²) response rate to email invitations. The average completion rate remained stable at 91% (FY 2023: 91%).

The nurse compassion score ended the year at 8.26; a 3.5% improvement on the base score of 7.92 in FY 2021.

Our nursing scores (reported on page 69) have shown incredible improvement with each metric having improved on average by 1.68% over a three-year period. Patient satisfaction with their doctor has also improved over the same period, with overall satisfaction improving 1.66%, despite there being no specific intervention in this regard. We believe this improvement is due to the impact of our initiatives to introduce compassion into the broader Netcare system through our nursing teams. Patient satisfaction with the time their doctor spent with them showed the greatest improvement of 2.4%; from 8.06 in FY 2022 to 8.25 in FY 2024.

National Renal Care's perception of care metrics (see page 69) across all four measures declined compared to FY 2023, driven by a 70% increase in patients selecting the 'usually' option instead of 'always' in the division's PFS. This will be a key focus for FY 2025, with compassion training to be delivered to dialysis unit employees to improve patients' perception of care.

The person centred care delivered by Netcare Cancer Care's radiation therapists and SACT⁴ nurses continues to be of an exceptionally high standard, once again scoring above 9.6 out of ten across all perception of care metrics (see page 69).

1. PFS: patient feedback surveys.

2. Results restated after refining the population to acute hospitals only.

3. An average survey response rate of between 10% and 30% is considered acceptable (PeoplePulse).

4. SACT: systemic anticancer therapy



Pillar 2

Quality and safety of care

Demonstrate our ability to provide accurate and meaningful quality and safety of care measures and results, and use them to inform focused improvement initiatives.

Focus areas

- Reporting of our quality measures.
- Clinical data models to inform focused improvements (see [page 109](#)).
- Predictive models for informed clinical decision-making at the bedside.
- Big Data analytics platform (see [page 19](#)).

Overview of FY 2024 performance

- Developed five risk-adjusted clinical and efficiency data models. These models form the foundation of our work for pillars 2 and 3 of the consistency of care strategy, and are already providing useful insights into the drivers of patient volumes, length of stay, and complication and readmission rates. The findings are used to inform PCIs for outlier doctors and to inform surgical efficiency projects.
- Engaged with medical schemes on sepsis rates, and collaborated with the PHISC¹ to develop sepsis coding standards and guidelines for the private healthcare sector.
- Developed a predictive analytics model to detect the risk of sepsis in ICU and high care patients. The predictive algorithm was successfully tested in a proof-of-concept study at two Netcare hospitals. All doctors who participated found that the algorithm provided them with additional clinical utility and that in certain cases it impacted positively on patient care. We are now integrating the tool into CareOn, and once integrated, it will be used across all Netcare acute hospitals as part of a large observational study to track its impact on sepsis rates and clinical outcomes. The regulatory approval for the algorithm's use was obtained from SAHPRA² in November 2024. The Big Data analytics platform, to be completed in December 2024, will allow healthcare practitioners who need the data to access it directly and easily.
- For the first time, pharmacists have been able to access a patient's full medical record, including doctors' notes. This, together with the electronic checks on drug dosages, interactions, duplications and potential allergies, has improved medication safety, and has empowered pharmacists to raise any concerns with the treating doctor.
- Introduced a dedicated digital clinical pharmacy that uses data from CareOn and the Netcare IMT³. As a result, the Hospital Division achieved a sustained reduction in antibiotic consumption for the year.
- Since August 2022, the Netcare IMT has performed >31 000 interventions and created >659 000 notifications.
- Developed a comprehensive patient safety framework (governance structures, policies, procedures and reports), which will inform a new digital platform for patient incident management reporting.

Our quality of care measures add value for patients and funders, demonstrating the quality of care patients can expect to receive at Netcare. For the Group, measuring and monitoring our clinical performance shows us where we are succeeding, and where we need to improve to achieve the best outcomes for our patients. Many of our interventions result in positive outcomes that extend beyond our patients, doctors and employees to benefit society more broadly.

The Quality of Care Index is the governance and automation tool that supports our public reporting as well as our contractually bound quarterly reports to private medical funders. It supports the standardisation and governance of our measures, is updated monthly and covers the Hospital Division, Netcare Akeso, Netcare Cancer Care and Netcare Medicross.

Public reporting of quality of care measures

FY 2019

37 measures

Four divisions

Published in the integrated report

Six years later

FY 2024

75 measures

Six divisions

Published in the standalone quality report
(part of our integrated reporting suite)
and on the ONE Netcare website

Of the measures reported in FY 2023, 67 (81%) are unchanged and two new measures were added. The maturing of our measurements due to digitisation resulted in two measures that relate to infections associated with hospital care being refined, nine measures being retired for FY 2024 (to be reintroduced in FY 2025), one measure retired while it is re-evaluated and four Netcare 911 measures being refined. The ongoing roll out of new PFS across the Group resulted in one emergency department measure being retired and replaced.

1. PHISC: Private Healthcare Information Standards Committee.
2. SAHPRA: South African Health Products Regulatory Authority.
3. IMT: infection management tool.



Consistency of care continued

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

Communicable disease is a significant part of the healthcare context in SA, being one of the quadruple disease burdens that places additional pressure on SA's healthcare system and drives up healthcare costs nationally. Within a hospital environment, where patients may be more vulnerable to infection due to pre-existing conditions or a weakened immune system, communicable diseases pose a serious threat to the quality and efficient delivery of care.

A HAI¹ may arise due to exposure to treatment-resistant pathogens or lapses in infection control. Through digitally enabled real-time monitoring, infection control policies and standard operating procedures, and our antibiotic stewardship programme, we aim to prevent the origination and spread of HAIs in our facilities. For our patients, we also actively monitor their risk of sepsis due to infection, leveraging our data capabilities to predict sepsis before onset. HAIs and the development of sepsis can negatively impact patient outcomes and lengthen their stay in hospital, increasing the cost of care to patients and funders.

Ensuring effective infection control practices

Our people

- Dedicated infection control practices.
- Oversight from regional and national infection control practitioners.
- Ongoing training on infection control measures.

Our processes

- Policies and standard operating procedures:
 - Hand hygiene.
 - Standard and contact precautions.
 - Environmental cleaning.
 - Water and air quality.
- Alignment with NDoH requirements. All OHSC audited hospitals achieved an excellent rating for infection control.

Real-time monitoring and intervention

- Real-time results from laboratories.
- Staff alerts for patient isolation.
- Monitoring infections, pathogens and antibiotic resistance.
- Early detection of outbreaks.

Why it is important

How we achieve it

How we measure it

Early detection of outbreaks

- Crucial for containing the spread of infections within hospital wards. Early intervention enables us to:
 - Minimise the number of patients affected.
 - Reduce the cost of care.
 - Safeguard public health.

- The IMT uses advanced algorithms to identify clusters of similar pathogens across all wards.
- An automated alert system notifies infection control practitioners of abnormal pathogen clusters for immediate investigation.

- Our IMT provides information on number of clusters, number of outbreaks, and number and characteristics of patients affected.
- HAI rates within our patient population.

Early detection of sepsis

- Sepsis (a life-threatening bloodstream infection) occurs when a patient's immune system has an extreme response to an infection, causing damage to tissues and organs.
- Up to 20% of hospital deaths globally are related to sepsis².
- In ICUs, sepsis is associated with a 25% mortality rate³.
- Early identification and treatment may reduce mortality by between 5% and 20%⁴.

- Developed the qSOFA predict sepsis algorithm that uses real-time CareOn data to predict risk of sepsis in ICU and high care patients eight to ten hours before clinical onset.
- Doctors are alerted when the calculated risk is over 80%, allowing timeous intervention and enhancing patient care and safety.

- Monitors four vital signs in real time to predict sepsis risk: heart rate, respiratory rate, blood pressure and oxygen saturation.

Reducing antibiotic utilisation

- Antibiotic resistance leads to increased healthcare costs, increased infection risk and poorer patient outcomes.

- Pharmacist-led antibiotic stewardship programme, now in its 12th year.
- Mandatory end dates for antibiotic prescriptions when completed via CareOn.
- A dedicated digital clinical pharmacy unit.
- Changes to IMT system to further target high-risk antibiotic notifications.

- Antibiotic consumption, measures as Defined Daily Dose per 100 bed days.

1. HAI: hospital acquired infection.

2. Rudd, K.E. et al. (2020). Global, regional, and national sepsis incidence and mortality, 1990-2017: analysis for the Global Burden of Disease Study. *Lancet*. 395(10219):200-211. doi: 10.1016/S0140-6736(19)32989-7.

3. Sakr, Y., et al. (2018). Sepsis in intensive care unit patients: Worldwide data from the intensive care over nations audit. *Open forum infectious diseases*, 5(12), ofy313. <https://doi.org/10.1093/ofid/ofy313>

4. Impact of the timeliness of antibiotic therapy on the outcomes of patients with sepsis and septic shock. Asner SA, Desgranges F, Schrijver IR, Calandra T. *Journal of Infection*. Vol 82; Issue 5, May 2021; p.g.125-134.



Pillar

3

Value of care

Manage the cost of delivering care.

Focus areas

- Personalised clinical information tool (see [page 104](#)).
- Strategic differentiation in selected clinical service offerings.
- Clinical efficiency (see [page 109](#)).

Overview of FY 2024 performance

- Released 3 906 PCI¹ reports to doctors (FY 2023: 1 992).
- Developed three discipline-specific PCI tools for informed discussions with doctors around efficiency.
- Launched the centrally coordinated clinical efficiency programme for the Hospital Division.
- A number of use cases are underway to identify the primary drivers of cost, including for robotic surgeries which are more expensive than traditional surgeries.

Pillar

4

Governance

Clinical: improve and strengthen the regulatory framework governing clinical practice.

Focus areas

- Credentialling independently contracted healthcare practitioners.
- Reviewing doctor conduct.

Overview of FY 2024 performance

- Expanded the scope of the clinical governance framework to include independent midwives who provide obstetric services in some of our maternity units, reviewed our research governance framework and established a Netcare Research Operations Committee. The committee will govern and monitor all research at Netcare.
- Enhanced the annual doctor credentialling process, introduced digital credentialling for Netcare 911, and issued secure advanced CareOn electronic signatures to eligible doctors, that confirms their authenticity when they access the platform. At year end, 90% of eligible doctors had an electronic signature.
- Developed a central database for independently contracted healthcare workers, which communicates doctor data to all business processes across the Group that use this information. The database is updated annually through the digital credentialling process.
- Credentialled 97% of independently contracted healthcare workers across the Hospital Division, Netcare Akeso, Netcare Medcross, Netcare Cancer Care and National Renal Care (FY 2023: 92%).
- 62 (2023: 73) cases were referred to the Netcare Clinical Practice Committee, with the majority having been resolved. The privileges of three (2023: five) practitioners were revoked for unsafe clinical practice and conduct not in keeping with Netcare's values, including for abusive conduct towards our staff. Of the cases referred to the HPCSA², seven (2023: three) guilty verdicts were returned.

The Netcare clinical governance framework regulates the relationship between Netcare and the independently contracted healthcare workers who provide clinical services to our patients. It ensures that we provide the best standard of care that is safe for our patients, comply with legal and regulatory provisions, and only partner with suitably qualified healthcare practitioners who are registered with their respective professional councils.

The Hospital Division, Netcare Akeso, Netcare Medcross and Netcare Cancer Care all have clinical governance committees to ensure that healthcare practitioners practise within their regulatory and legislative framework, and are held accountable to the highest professional, ethical and legal standards. At a Group level, the Netcare Clinical Practice Committee independently reviews matters related to the conduct, impairment and credentials of healthcare practitioners and oversees the suspension and revocation of privileges, should this be necessary.

1. PCI: personalised clinical information tools that support one-on-one engagement with doctors.
2. HPCSA: Health Professions Council of South Africa.

Consistency of care continued

Pillar

4

Governance continued

SHEQ: inform the integrated quality, OHS and waste management framework.

Focus areas

- Quality management systems.
- Occupational health and safety (see [page 125](#)).
- Waste management (see [page 155](#)).

Overview of FY 2024 performance

- Achieved re-certification for ISO 9001:2015 quality management for the ninth consecutive year.
- 31 Netcare hospitals underwent OHSC¹ inspections and all received an 'excellent' grading – the highest possible – and all achieved compliance certification.
- Netcare Occupational Health maintained ISO 45001: 2018 certification (OHS management system standard) at three sites and achieved certification at a further two sites.
- The Hospital Division diverted 15.0% of 4 413 tonnes of HCRW² from landfill, meeting the FY 2024 BSC target of 12.8%. This was achieved through better segregation at source, identifying recycling and waste beneficiation opportunities, and employee awareness and training.

Our quality management system comprises the three levels of assurance shown below.

Non-independent assurance

Internal quality reviews that ensure compliance to Netcare's quality standards, regulatory requirements and best practices. These reviews are self-assessments.

Semi-independent assurance

Peer reviews conducted by a team of Netcare regional and senior managers.

Independent assurance

- ISO 9001:2015 certification (a globally recognised standard for quality management systems) assured by the British Standards Institution.
- Assessment of compliance with the NDoH's³ standards conducted by the OHSC (compliance certificate is needed to participate in the proposed NHI)⁴.

The results of our internal quality reviews, which enhance our compliance with ISO 9001:2015 and OHSC requirements, are shown below. Internal quality reviews were conducted in 274 (FY 2023: 275) facilities across all divisions with a compliance target of 90%.

Internal quality reviews (self-assessment compliance scores)	2024	2023	2022
Hospital Division (%)	92	96	90
Netcare 911 (%)	95	95	94
Netcare Cancer Care (%)	98	97	94
Netcare Akeso (%)	95	94	80
Netcare Medicross (%)	91	89	89
National Renal Care (%)	95	94	95
Group average (%)	94	94	90

1. OHSC: Office of Health Standards Compliance.

2. HCRW: healthcare risk waste.

3. NDoH: National Department of Health.

4. These audits use 28 inspection tools that cover thousands of criteria.

Pillar
5

#WeCare

Look after the health and wellness of our workforce.

Focus areas

- Employee wellbeing, health and safety (see [page 124](#)).
- Care4YOU (see [page 125](#)).

Overview of FY 2024 performance

- Began the roll out of the Care4YOU programme at Netcare Medicross, Netcare Education and Head Office, and Module 6 of the programme commenced for the Hospital Division.
- 28 758 gratitude cards were received by our employees from patients and their families (FY 2023: 36 555).
- Extended the coverage of patient-facing employees onboarded on the medical surveillance programme, and completed 13 892 employee medicals, exceeding our FY 2024 target of 12 266.



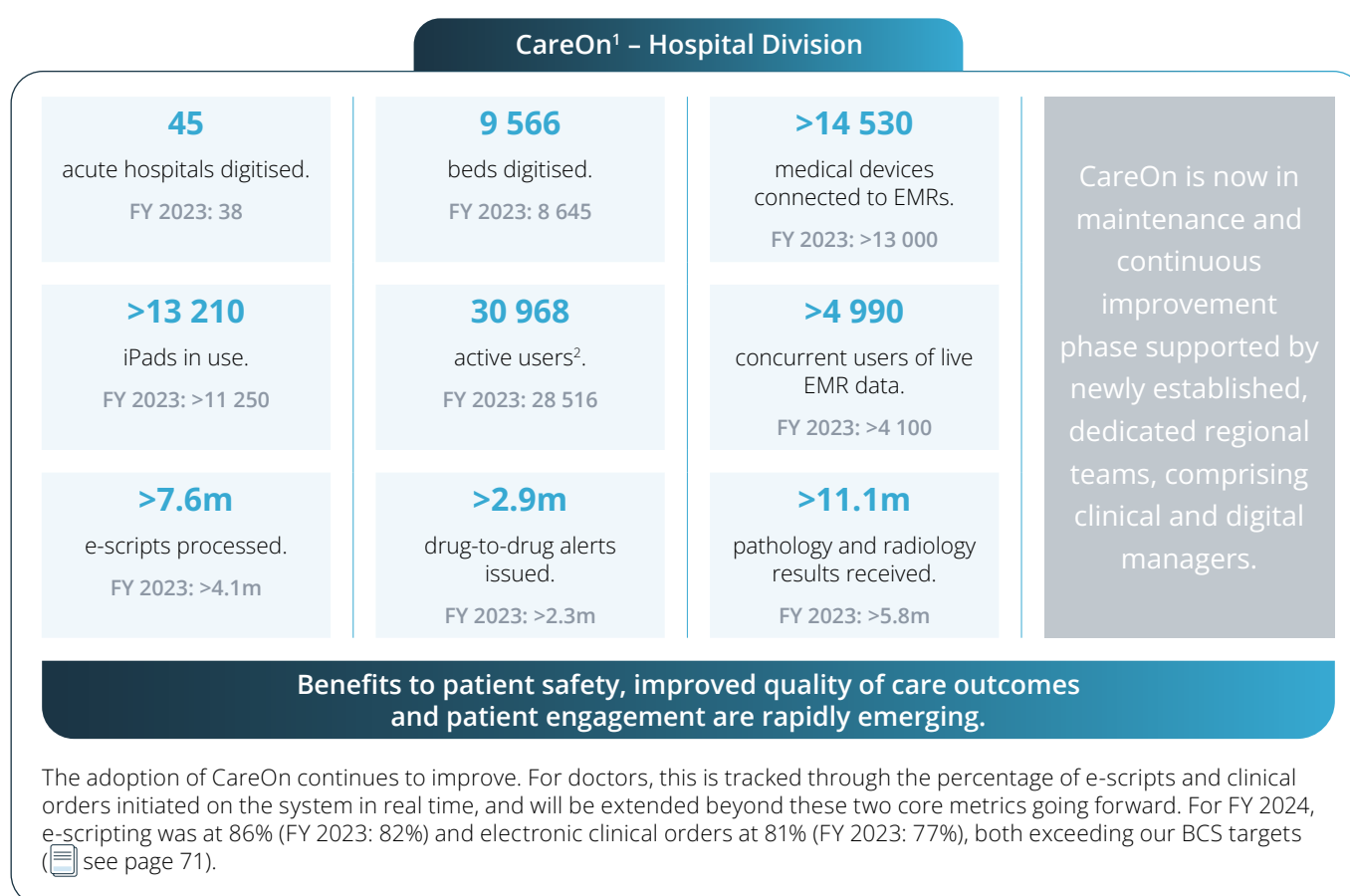


Digital transformation and data

We have successfully completed the roll out of EMRs across the entire Netcare ecosystem, within budget and timelines and with financial benefits exceeding expectations. Having laid this critical foundation, our attention is now on finding ways to use the rich data derived from these systems to develop insightful analytics solutions that deliver superior quality outcomes, enhanced patient safety and experience, and operational excellence (intelligent, efficient and effective processes). The revolutionising of our care offering aligns with global healthcare mega trends and will secure our competitiveness into the future.

Digital transformation

Key digital projects for FY 2024



1. CareOn integrates all aspects of healthcare delivery from all healthcare practitioners to all hospital clinical infrastructure, clinical equipment, pharmacy, radiology, blood services, renal care, blood gas and pathology.
 2. Doctors, nurses, allied health professionals, pharmacists and administration personnel.



Several projects are underway to digitise the billing processes for the Hospital Division. The chemotherapy module for Netcare Cancer Care was completed with CareOn in April 2024, and Netcare 911 completed the integration of Geopal¹ with CareOn. A number of modules were developed for Netcare Medicross' HEAL platform to deepen user adoption, including an enhanced user interface, billing integration, pathology integration and a patient consent module. We also developed Heal Virtual Care to enhance virtual consultations, optimising virtual patient-practitioner interactions, enabling informed decision-making during virtual consultations, and allowing a broader group of healthcare professionals to host virtual consultations. Phase three of Netcare Occupational Health's Care@Work platform is in progress and will deliver functionality to manage absenteeism, incapacity and disability management.

Beyond EMRs, successful digital implementations for the year included Summary of Care reports (see page 98), the source-to-contract procurement platform (see page 112) and a legal contract management solution. The business case and technology architecture requirements were finalised for MyNetCareer (see page 101).

Core system metrics for performance, uptime and availability exceeded established benchmarks.

Data science and analytics

Data driven clinical efficiency, Phase 2 of the Netcare strategy, will change the way clinical decisions are made. The key enabler of this phase is the world class Big Data analytics platform that will be completed in December 2024 (see page 19). Our data will become a key competitive advantage for the Group; real-time clinical analysis and reporting, as well as accurate and auditable outcome measures, will augment clinical decision-making at the bedside and identify where we can improve our quality of care and clinical efficiency.

Six data domains were added to this analytics platform in FY 2024, with a BSC target to add another six domains in FY 2025, enriching the platform with a range of clinical, safety, patient outcome, and financial data points.

The onboarding of business units will provide them with direct access to the Big Data analytics platform, enabling them to identify, plan and monitor data driven clinical improvement projects that enhance patient safety, quality of care and efficient overall cost per event. They also gain access to a powerful tool that supports the publication of clinical research.

As part of our innovation, we are developing proof of concepts to explore and test various analytics techniques, to understand how we can derive maximum insight from our data to solve business problems.

Key progress made in FY 2024

- Completed the first phase of a solution to detect potential hospital outbreaks, and integrated it into the Netcare IMT.
- Developed two proofs of concept to test large language models:
 - To remove clinical jargon from the Summary of Care reports and convert them to plain language for patients.
 - To analyse over 200 000 free text responses in the Hospital Division PFS, while ensuring sensitive information was protected.
- Completed various analytics solutions to improve the efficiency and accuracy of billing for the Hospital Division.
- Delivered 59 reports utilising CareOn data across the clinical, pharmacy, nursing and emergency care disciplines.

Looking forward

In partnership with an international company, we will co-develop a suite of prediction models to enable the early identification of life-threatening events, allowing for timely intervention and reducing the risk of readmission and mortality.

Develop a single source of truth for all analytics solutions to enable consistent and accurate use of our data (long-term project).

Create digital engagement profiles of the individuals engaging with Netcare's various digital platforms.

1. A software platform for managing road ambulance operations.

Digital transformation and data *continued***Ethical use of artificial intelligence**

Data analytics in healthcare settings is on the rise. AI has the potential to improve clinical pathways, patient outcomes, increase productivity, reduce administrative burden and healthcare costs, and enable healthcare systems to provide quality care to a greater number of patients. However, deploying this novel and rapidly evolving technology requires careful planning and oversight, particularly in selecting which tasks to entrust to AI processes and how this work is evaluated. Controls that align with Netcare's values are needed to address the risks associated with AI, and ensure responsible and ethical design, development, use and monitoring of AI technologies. In addition, we must ensure that we are transparent in our engagements with patients, employees and other relevant stakeholders about how we use AI.

How will we achieve this?

The Social and Ethics Committee approved an AI governance policy, and we are establishing an AI Governance Committee, with the first meeting scheduled for the second quarter of FY 2025. The committee will report to the Social and Ethics Committee at Board level.

In its first year, the AI Governance Committee will assess the workings and capabilities of specific AI solutions already operational to ensure they align with the Group's core values.

Data management

The next phase of the Netcare strategy is about extracting the maximum value from our data. At the same time, we must find a balance between data security, data openness and citizen data rights. We have implemented a new data management policy that sets clear guidelines, rules and responsibilities on the governance and handling of data throughout its lifecycle, to ensure that our datasets are of a high quality, accurate and complete. Measures have been defined to monitor compliance to the policy and gauge its effectiveness.

Privacy strategy and compliance framework

Our vast datasets contain a great deal of confidential, sensitive and personal information needed to deliver the best and safest care. It is paramount that we design security into our systems to protect these datasets without hindering access to critical patient information for healthcare facilities and practitioners, and that we educate our employees to handle information with the utmost confidentiality. During the year, we reviewed the Group privacy strategy and compliance framework, and approved the privacy strategy for FY 2024/25.

Some of the key initiatives undertaken in FY 2024 to embed data privacy include:

- **Nursing:** reviewed our nursing processes and practices and are considering how best to help employees internalise the changes that need to be made to ensure data privacy. One example is a change in the way we discard patients' plastic ID bands, which has increased our waste management costs.

- **Training:** delivered tailored data privacy training to Netcare Akeso, Netcare Medicross, the Pharmacy Division, the Property Division's key stakeholders, and higher-risk divisions.
- **Third-party survey:** conducted a data privacy risk survey with over 3 000 suppliers, including medical schemes, regulators and government departments with whom we share our information.
- **Governance:** introduced privacy risk registers for each division, updated policies impacting privacy-related controls, and produced a personal information management system manual on how we manage our privacy obligations (provided to regulatory, interested or assurance bodies on request).
- **Assurance:** Internal Audit conducted an extensive privacy assurance review. Based on the results, a working committee was established to develop appropriate remedial plans and change management activities.
- **Spot checks:** conducted unannounced POPIA¹ compliance walkthroughs at randomly selected hospitals and Netcare Akeso and Primary Care facilities. Corrective action plans are implemented post-review.
- **Maturity:** completed a privacy maturity review; the results showing a maturity level of four out of five, or quantitatively managed². Steps are being taken to further improve this rating.
- **Communication:** completed phase one of a consent and communication project to ensure we do not infringe or frustrate our patients and stakeholders with unwanted communication and marketing campaigns.

1. POPIA: Protection of Personal Information Act.

2. In terms of the Capability Maturity Model Integration framework, 'quantitatively managed' refers to an organisation that is data driven with quantitative performance improvement objectives that are predictable and align to meet the needs of internal and external stakeholders.



POPIA assessments

379

third-party assessments conducted.

FY 2023: 79

FY 2022: 213

POPIA training

18 093

employees (97% of the workforce) have completed POPIA training. Privacy training was also provided to ~300 (FY 2023: 80) of the Property Division's external consultants.

FY 2023: 18 243 (96%)

FY 2022: not reported

Privacy breaches

60

privacy breaches reported to the Information Regulator. 11 have been closed. None pose a material reputational threat to Netcare.

FY 2023: 34

FY 2022: not reported



— [Privacy policy.](#)

Cybersecurity

Our approach to cybersecurity focuses on continuous improvement and resilience, proactive monitoring, a bespoke control framework that is effective at detecting, preventing and responding to security violations, and responsibly investing in best-of-breed technologies and solutions. Agility is key; we must be able to quickly adopt new technologies and methodologies to respond to new threats and requirements.

Our risk-based cybersecurity strategy identifies the specific information, security controls, recovery, defences and level of protection that must be applied to our digital assets. This ensures that exploitable critical vulnerabilities and risks are remediated or mitigated as soon as possible. Our controls are regularly verified internally and by external specialists to ensure their continued effectiveness. We also partner with

cybersecurity specialists to access their expertise on how to strengthen our cybersecurity profile.

AI is being used in the SOC¹ to reduce the time to detect, assess and respond to a cyber incident. While still in its early stages, we are seeing significant reductions in alert triaging and response times (>50%).

Access to our data and systems is appropriately governed and only granted to suppliers who need access to meet their contractual obligations. These suppliers are subject to strict controls, including tightly governed vendor identity and access management to ensure supplier authenticity, supplier monitoring², and contractual agreements with stringent privacy clauses. We regularly assess and refine our processes that manage supplier access to our systems.

All new digitisation initiatives are assessed for compliance with our cybersecurity standards and best practices.

Cybersecurity culture

We intend to foster a security-conscious culture at Netcare, where our employees are active participants in the safeguarding of our digital assets. During the year, we implemented a new process whereby employee access to network services is revoked for those who fail to complete their monthly online cybersecurity awareness training.

Our cybersecurity awareness initiatives, include training, newsletters, videos and related questions, and simulated phishing exercises. We intend to make cybersecurity awareness an element of divisional BSCs by FY 2026.

We insist on 100% employee participation in our cybersecurity training modules.

How does Netcare compare?

A key service provider that measures employee cybersecurity awareness among its clients, scores the awareness of our employees above the healthcare sector and industry average. Employee engagement with cybersecurity training and awareness programmes was at 85% (FY 2023: 25%).

Related
and
detailed
information



— [This report](#)

- Our strategy: [page 16](#).
- Patient engagement: [page 95](#).



— [Detailed disclosure online](#)

[ESG report](#) (data protection and cybersecurity).

1. SOC: security operations centre.

2. Including non-disclosure agreements, annual privacy impact assessment questionnaires, user access agreements, annual security and privacy assurance confirmation, notification of security breaches, and monitoring by the Netcare threat intelligence tool, among others.

New business development

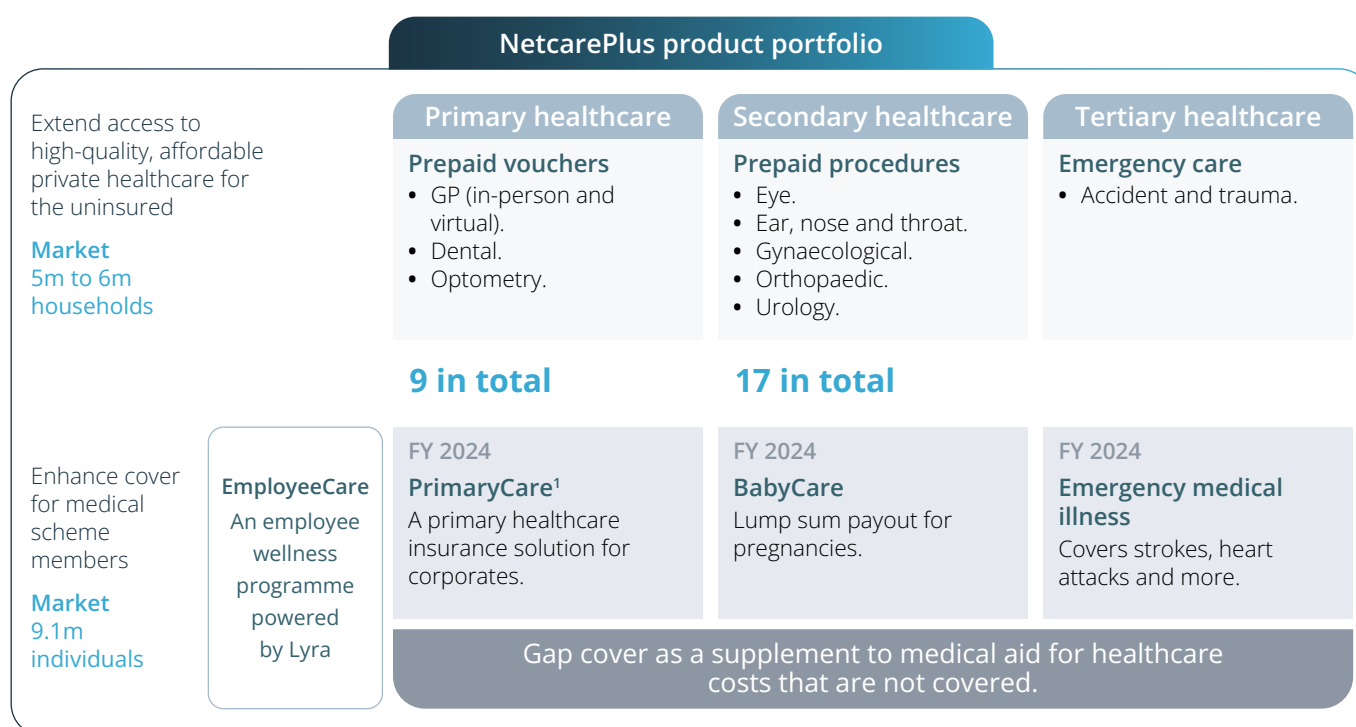
Our new business development focuses on differentiating Netcare and diversifying our products and services to reach new market segments. New business initiatives are carefully monitored to ensure that necessary adjustments are quickly made when required to realise the longer-term benefits we believe these businesses can deliver. During the year, we continued to ramp up both NetcarePlus and Netcare Diagnostics.

NetcarePlus

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

Our comprehensive portfolio includes insurance cover and prepaid products with no hidden costs, allowing clients to plan with certainty for a consultation or medical procedure. The NetcarePlus GapCare products allow access to our facilities for those who are uninsured or on hospital networks where Netcare is not a designated service provider.

For the Group, NetcarePlus contributes to the ecosystem through the increased use of our services. Pleasingly, the sales of NetcarePlus products are gaining traction across both the retail and corporate sectors.



Person centred care

Our consistency of care principles apply to NetcarePlus. An essential part of treating customers fairly is giving them the correct information about our products and ensuring that they know exactly what they are purchasing. All complaints and compliments are recorded and measured against targets, and all clients are given information on how and where to lodge any complaints they may have. 12 registered complaints were received in FY 2024, all dealt with within five working days.

Our prepaid procedures are based on gold standard clinical pathways that consider best use of resources and best outcomes. Pathways are evaluated by doctors before implementation. All clients receive a care note for the procedure they are undergoing to educate them on the best before and aftercare to maximise their recovery.

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



High-level performance overview for FY 2024

Established an internal sales call centre with 13 agents and downscaled our external call centre capacity.

Growth of insured lives in the last quarter of the financial year was 84% up on the same period in FY 2023.

Grew the specialist network affiliated with NetcarePlus by 3% to 1 300, positively impacting sales volumes for prepaid procedures.

Launched an additional three general surgery prepaid procedures.

Claims paid

90% of claims relating to emergency care benefitted the Netcare ecosystem.

FY 2023: 91%

61% of GapCare co-payments benefitted the Netcare ecosystem.

FY 2023: 65%

Product mix

In-force lives

Accident cover	GapCare
28%	72%

Channel mix

Insurance products

Retail	Corporate
38%	62%

NetcarePlus received **first prize** in the Medical Insurance category of the 2024/2025 Ask Afrika Orange Index¹.



Netcare Diagnostics

Netcare Diagnostics, which supports a black female owned pathology service provider, Dr Esihle Nomlomo Inc., continues grow the volume of pathology tests conducted. The business offers a broad range of pathology testing services to doctors across SA through four regional laboratories located in Gauteng, Kwazulu-Natal, the Eastern Cape and the Western Cape; the laboratories in the Eastern and the Western Cape became operational in FY 2024. The digitised and integrated point-of-care testing offered includes routine diagnostic profiles in the form of general biochemistry, endocrinology, immunology, serology, haematology and coagulation. Point-of-care devices are installed in our ICUs, high care units, theatres and emergency departments, and some Netcare Medicross centres. This service offering aligns with evidence-based medicine, which highlights the growing need for early disease diagnosis, improved patient outcomes and reduced waiting times for pathology results in busy medical units.

Blood gas analysers

125

blood gas analysers installed across the Hospital Division's ICU and high care units.

FY 2023: 122

Blood gas analysers installed at 25 Netcare Medicross facilities.

FY 2023: 11

Point-of-care devices

103

point-of-care devices installed in 15 emergency departments. We expect testing to grow in FY 2025 with installations at a further four emergency departments.

FY 2023: 70

In the coming year, we will roll out point-of-care devices at Netcare Medicross sites, following a pilot in FY 2024, and additional emergency departments. We will also implement efficiency initiatives to reduce wastage and costs, and optimise transportation logistics for blood samples.

1. The Ask Afrika Orange Index is the broadest, independent and most widely referenced service excellence benchmark in SA.





Manufactured capital

Our physical infrastructure, including our facilities, medical equipment, digital assets and the infrastructure installed to improve our environmental impact, as well as the national infrastructure on which we depend, all of which impact the quality of care we provide, our doctor and funder relationships and patient experience.

Estate, medical equipment and digital assets

A significant portion of our capex¹ is dedicated to upgrading, replacing and maintaining our facilities, infrastructure and medical equipment, which are cornerstones of our value proposition to patients, doctors and funders. As our strategic projects near completion, we anticipate a decrease in expansionary capex² as we continue to focus on a capex-light strategy.

Capital expenditure

Total capex, including strategic projects, amounted to R1.5 billion for FY 2024, marginally over our FY 2023 guidance of R1.4 billion and equating to 6% of revenue³. R100 million of this investment related to expansionary projects.

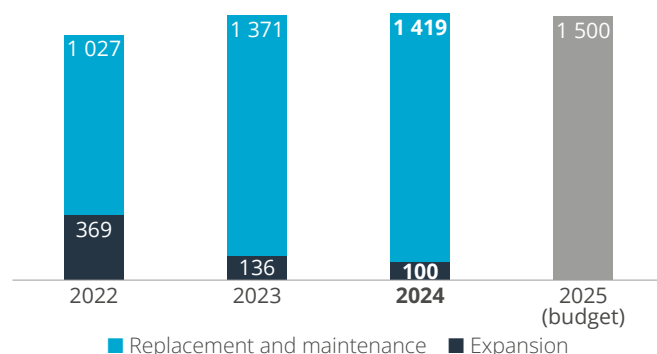
FY 2023: R1.5 billion

FY 2022: R1.4 billion

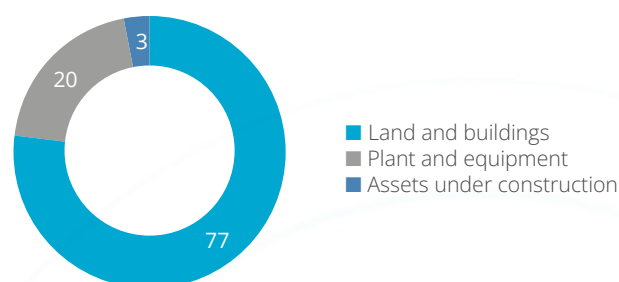
Total capital expenditure for FY 2025 is estimated at R1.5 billion, with key investments being Netcare Akeso Montana, new doctors' rooms, ICU and high care bed conversions, and the refurbishment of Netcare The Bay Hospital as well as further investments in our environmental sustainability programme.

Our long-term capital management policies ensure a disciplined approach to financial investment. We use financial models to stress test our operating and financial assumptions, guiding decisions on additions, upgrades and replacements of our asset base. Projects exceeding R50 million require Board approval.

Capital expenditure (Rm)



Carrying value of property, plant and equipment (%)



How we performed



— Chief financial officer's review: page 160.

1. Capex: capital expenditure.

2. Includes strategic projects and digitisation.

3. Impacted by rate of exchange, particularly as almost 100% of medical equipment is imported.

Estate, medical equipment and digital assets continued

Expansion

Beds and new facilities

Increases in the complexity of medical and surgical cases, due to a combination of factors including an aging population and the outmigration of lower complexity cases etc, increases patient days in ICU and high care, requiring more higher acuity beds. Demand for mental healthcare and kidney care remains high and we continue to explore new opportunities in these critical areas.

11 beds were added, or converted from lower demand disciplines to higher demand disciplines, across the hospital network in FY 2024. A delay in planning approval meant we have not opened the six-bed involuntary ward at Netcare Akeso Milnerton (as reported last year).

Looking ahead

Over the short to medium term, we expect to make the following bed additions and conversions:

- 19 ICU and high care beds at Netcare N17 Hospital (FY 2026).
- 28 high care beds at Netcare St Augustine's Hospital (FY 2026).
- Five neonatal ICU beds at Netcare Linmed Hospital (FY 2026).
- Nine high care beds at Netcare Umhlanga Hospital (FY 2026).
- Ten ICU beds at Netcare Waterfall Hospital (FY 2026).
- Two neonatal ICU beds at Netcare Kroon Hospital (FY 2025).
- Ten surgical beds at Netcare Pinehaven Hospital (FY 2025).
- Eight beds to Netcare Akeso Stepping Stones.

New facilities to be opened include:

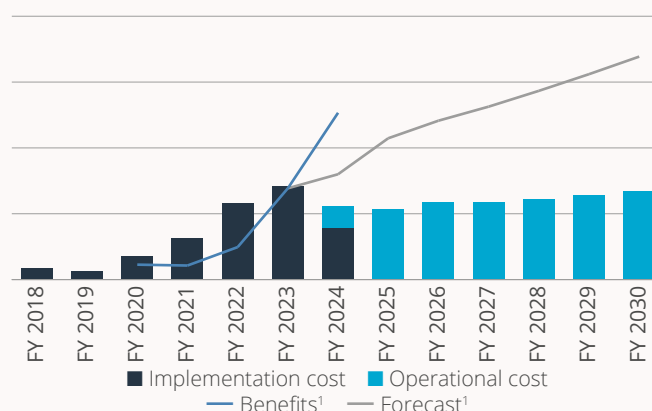
- Netcare Akeso Polokwane in Limpopo (87 beds) to be commissioned in March 2026 (delayed from FY 2025).
- Netcare Akeso Montana in Tshwane (88 beds) to be commissioned in June 2026.
- Netcare Akeso Alberlito (80 beds) to be commissioned in March 2027 (delayed from FY 2025).

Strategic project: EMR roll out

Quantifying the costs and benefits of the EMR roll out (Phase 1 of the Netcare strategy)

	Rm
Roll out capex to April 2024	320
Operational costs to April 2024	350
Total cost	670
Benefits realised	
FY 2022	37
FY 2023	104
FY 2024	190
Gross savings and cost avoidance since FY 2022	331
Internal rate of return	>23%

Ongoing cash savings and cost avoidance



1 Digitally enabled

Timeline

4 – 6 years to April 2024



1. Comprising in-year cash savings and cost avoidance.



Strategic project: environmental sustainability programme

Reviews¹ conducted on environmental sustainability projects with a cumulative capex of R484 million indicate a net present value of R181 million against a predicted R139 million, demonstrating that our projects are achieving greater savings than originally anticipated. To date, our environmental projects have yielded cumulative benefits equating to 264% of the capex invested.

The spend reported in the table below was allocated towards achieving the targets of our 2030 environmental sustainability strategy, with R11 million invested in our renewable energy programme (FY 2023: R20 million). Capex of R86 million and operational costs of R14 million have been budgeted for the environmental sustainability programme in FY 2025.

Environmental sustainability programme costs (Rm)

	2024 budget	2024 actual	2023 actual
Capital expenditure (Rm)	77	87	39
Operational expenditure (Rm)	16	13	24

In its first year, the 2030 environmental sustainability strategy generated operational savings of R26 million, and is expected to continue doing so from relatively small capex requirements.

Standard maintenance and replacement

Key projects in FY 2024

Acute

- Phase one of Netcare St Anne's Hospital refurbishment.
- ICU and theatre upgrades at Netcare St Augustine's Hospital.
- Surgical ward upgrade at Netcare Pretoria East Hospital.
- Theatre upgrade at Netcare Parklands Hospital.
- Catheterisation laboratories upgrades at Netcare Sunward Park and Netcare Milpark hospitals.
- New haematology unit at Netcare Kuilsriver Hospital.
- Radiation units: new unit at Netcare Alberton Hospital and refurbished unit at Netcare Unitas Hospital.
- Two da Vinci robot installations, with the Netcare Christiaan Barnard Memorial Hospital installation being a fourth generation robot.
- Two LINAC² machine installations.
- Refurbished the ICU and roof of Netcare Garden City Hospital.

Mental health

- Refurbishment of Netcare Akeso Pietermaritzburg.

Primary care

- A new Executive, Travel and Occupational Health Centre in KwaZulu-Natal for Netcare Occupational Health.
- Four refurbishment projects for Netcare Medicross.

Operational

- IT-storage area network.

1. All environmental sustainability capex projects are reviewed 12 months after completion using the SANS 50010 measurement and verification standards and comparing performance against our original predictions.

2. LINAC: medical linear accelerator.



'Green' infrastructure

In addition to reducing our environmental impacts and gaining operational efficiencies, our environmental sustainability programme plays a vital role in de-risking the Group from the impacts of climate change and resource scarcity, and reduces our exposure to an unstable national electricity grid and municipal water supply.

Load shedding

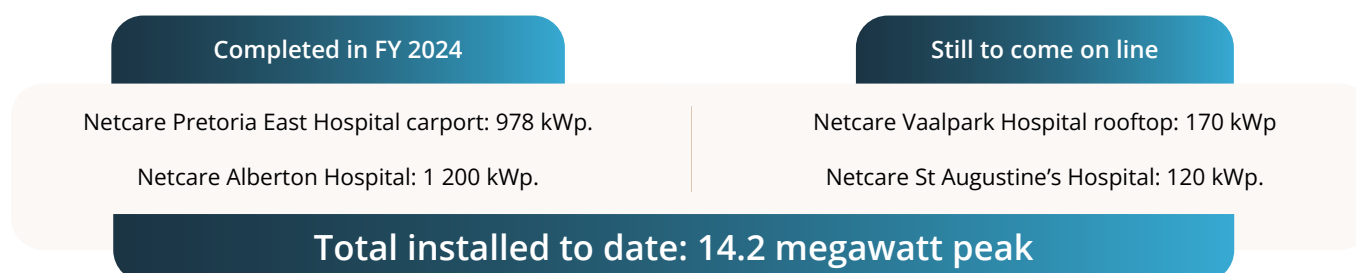
While load shedding eased in the 2024 calendar year, the public electricity utility still faces challenges, including an aging coal-fired fleet, vulnerabilities in its transmission infrastructure, and systemic issues like illegal connections. Reduced load shedding decreased the amount of diesel needed to run the backup generators. Diesel costs for the year were R47 million, lower than the projected R92 million and well below costs for FY 2023 (R124 million); however, this benefit was largely offset by significant increases in electricity costs.

Our emergency generation and backup capacity, enabled by uninterrupted power supplies and a fleet of 150 backup diesel generators, support the Group's operations. This includes full island generation capacity for the majority of acute, day and mental health hospitals. More than half of acute and day hospitals are equipped with additional generation capacity to ensure patient safety (by providing dual redundancy¹ for critical functions). 27 hospitals benefit from full or partial load shedding exemption (FY 2023: 19).

In FY 2024, we installed BESS² solutions at 20 Netcare Medicross facilities; integrated into solar PV systems, this has reduced our reliance on diesel generators during power outages and will generate cost savings by storing energy in off-peak periods for use in more expensive peak periods. The BESS solution for Netcare Blaauwberg Hospital (reported last year) was put on hold but is ready for construction should the need arise.

Renewable energy

Over the past ten years we have built a sizeable solar power base – the largest solar fleet among SA's hospital groups. Generating 15.1 GWh (FY 2023: 14.6 GWh) of power during the year, our 74 (FY 2023: 72) solar PV installations achieved a R38 million (FY 2023: R34 million) cost saving in FY 2024. Together, these systems have a total generating capacity of 15.2 MWp (FY 2023: 14.2 MWp).



Purchase agreement for renewable energy

While our solar PV installations support our 100% renewable energy goal, we are constrained by the amount of space that can be dedicated to onsite solar systems. We have therefore concluded a renewable energy supply arrangement with NOA Group Trading, which will allow us to switch six Eskom-powered facilities to a combination of wind and solar generation. The arrangement will increase the proportion of Netcare's total energy consumption derived from renewable sources to around 26%. No capital expenditure is required from the Group.



1. Equipment operates using two or more physical power supplies with each power supply able to run the device on its own.

2. BESS: battery energy storage system.

3. Wheeling is best described as a financial transaction where electrical energy produced by a generating facility or power producer is wheeled through the grid, allowing the independent power producer to sell the electrical energy to the energy consumer without a direct or physical connection between the parties.



Electric vehicle charging stations

In partnership with Mercedes Benz and leading provider of EV¹ charging solutions in SA, Chargify, we installed EV charging stations at Netcare Waterfall City and Netcare Margate hospitals – a first for hospitals in SA. The stations come at no capital or operational cost to Netcare, and provide patients and employees access to EV infrastructure. A further six stations are currently under construction. While still early, the initiative has the potential to reduce our Scope 3 emissions in terms of employee commuting and downstream transportation and distribution.

Alternative sources of water

The Hospital Division uses municipal water at all sites barring seven, which are supplied by both borehole and municipal water. Netcare Greenacres and Netcare Christiaan Barnard Memorial hospitals are able to operate independently of the municipal network. A desalination plant at Netcare Christiaan Barnard Memorial Hospital is capable of supplying up to 100% of its water needs, and is also able to supply additional water to all Western Cape hospitals. Netcare Milpark and Netcare Garden City hospitals have reservoirs that combined can supply around one million litres of water, which can be shared with other hospitals in Gauteng in an emergency. National Renal Care operates indirect feed reverse osmosis systems at all units.

Borehole and potable water risk-adjusted strategy

During FY 2024, feasibility studies were completed for 43 hospitals, identifying facilities located in water scarce areas, facilities that are suitable for borehole roll out, and the capex required for this risk mitigation initiative. Only seven of our 36 boreholes, across 24 sites, are in use and we await licences for the remainder. An additional 14 boreholes are planned. We expect to continue drilling boreholes and installing filtration plants into the short and medium term.

Wastewater treatment plants

While boreholes are an appropriate solution for short-term threats to water security, they are not a sustainable solution for climate change or broad environmental and longer-term water supply challenges. We continue to investigate wastewater treatment options, which remain the most comprehensive and beneficial solution for supplementing and securing our water supply.

Given that our application to construct an onsite greywater treatment plant at Netcare Alberton Hospital was denied, we have engaged an environmental consultant to help us secure municipal sign-off. Once approved, the plant will treat recycled greywater to the purity and quality standards of drinking water, and will be able to meet approximately 60% of the hospital's projected water demands, saving an estimated 50 000 kl of water annually.

Feasibility studies indicate that further exploration of a blackwater recovery and treatment plant for Netcare Milpark Hospital is warranted, and we are evaluating the construction of a blackwater plant at Netcare Kingsway Hospital in KwaZulu-Natal.

During FY 2024, we installed a water recycling plant at our central laundry facility, recycling 80% of water used back into the wash cycle.

Related and detailed information



— This report

- Water security: *page 58.*
- Availability of electricity supply: *page 62.*
- Environmental sustainability: *page 151.*



— Detailed disclosure online

ESG report.

1. EV: electric vehicle.





Natural capital

The natural resources we use, predominantly water and energy, and the waste we generate during the normal course of daily operations to deliver the best and safest care, with an increasing focus on influencing environmental improvement in the supply chain.

Environmental sustainability

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

After closing out the 2023 environmental sustainability strategy (phase one spanning 2013 to 2023)¹, we have fully transitioned to the 2030 strategy (phase two), which prioritises operational efficiency and requires less intensive capital investment. The new strategy and its targets are designed to build a solid foundation for achieving net zero emissions. It aligns with and is enabled by SA's Just Energy Transition Investment Plan² and supports the 1.5-degree pathway specified by the COP21³ Paris Agreement.

Environmental sustainability programme

The aim of our environmental sustainability programme is to reduce our impact on the environment while lowering our operational costs. The programme continues to deliver tangible financial savings; R26 million in FY 2024 (see page 147). 406 operational efficiency initiatives were implemented across the Group in the year.

Baselines and targets

To remove anomalies in our reporting resulting from the pandemic, coupled with closing out the previous strategy, we have reset our baselines to FY 2023, and adjusted our 2030 targets accordingly where required. Our most ambitious targets relate to Scope 2 emissions, where we have the highest degree

of control. Our interim environment-related BSC targets aim to ensure that we address existing gaps, and continuously improve on our journey towards our longer-term targets and a more sustainable future.

Given the resetting of our baselines to FY 2023, our savings 'counter' has been reset to zero. However, based on increasing tariffs and the achievements of the 2023 environmental sustainability strategy, we are confident that optimisation impacts and savings will once again accrue over time. These will be reported when the 2030 strategy is more mature.

The Hospital Division is the initial focus for all our operational efficiency and sustainability initiatives as it accounts for the bulk of our environmental impact. As such, operational efficiency targets have been set for each of the Group's acute hospitals. Performance is tracked per hospital, site-level baselines are evaluated regularly to account for anomalies (leaks and/or upgrades), and outliers are investigated monthly.

As of FY 2024, more than 98% of the Group's energy and water consumption is monitored by our fully digital enterprise sustainability platform, tracking more than 12 000 data points. The platform has been critical in the early identification of operating inefficiencies.

1. We exceeded our targets for this strategy and achieved cumulative operational savings and cost avoidance benefits over R1.5 billion, yielding an IRR of 40%.

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

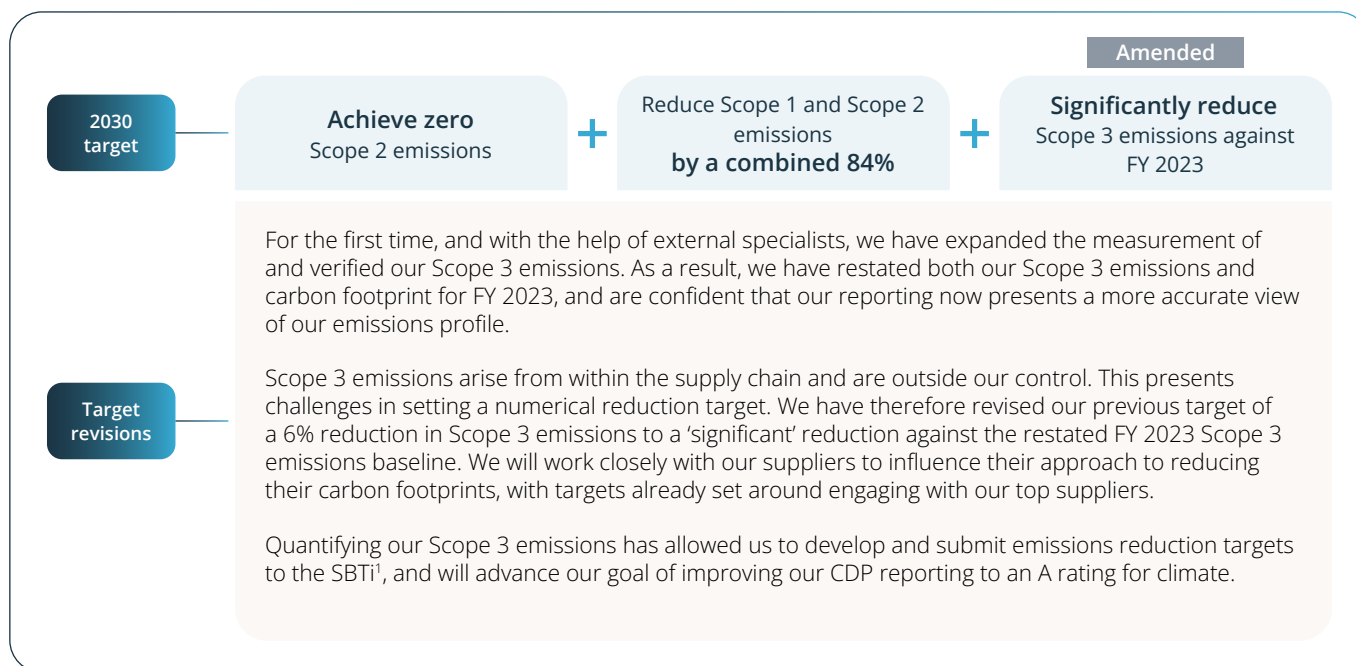
3. UN Climate Change Conference (COP21), Paris, 2015.

Environmental sustainability continued

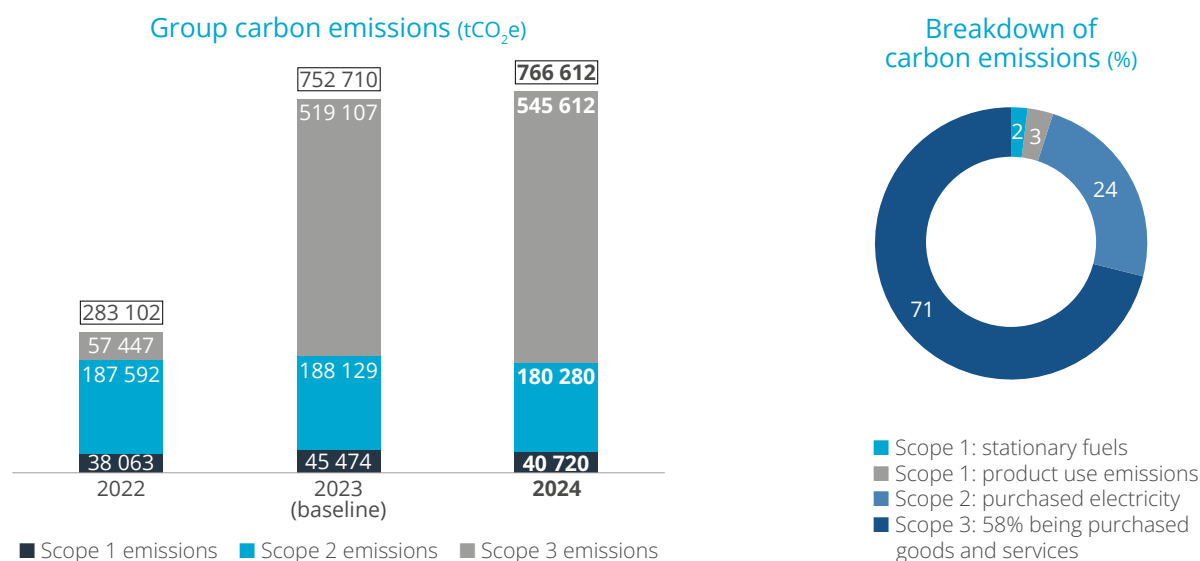
Emissions

Reaching net zero by 2050 will require agility, adaptability, experimentation and innovation as we evaluate, pilot and implement emerging technologies and solutions to support this goal. Achieving 100% renewable energy will drive the reduction of our Scope 2 emissions to zero.

— Renewable energy: [page 148](#)



FY 2024 carbon footprint



Note: the above graph excludes emissions falling outside of the Kyoto Protocol.

Note: Scope 1 emissions from mobile fuels accounted for less than 1%.

1. SBTi: Science-based Targets initiative. Our submitted targets have been accepted.



The Group's absolute carbon footprint¹ increased 2% to 766 612 tCO₂e compared to the restated footprint of 752 710 tCO₂e for FY 2023. Reduced load shedding led to a 63% reduction in diesel consumed by generators, contributing to the 11% reduction in absolute Scope 1 emissions. Other factors that impact Scope 1 emissions include patient needs that drive medical gas usage, and road and air ambulance services that rely primarily on fossil fuels. Absolute Scope 1 and Scope 2 emissions combined decreased 5% to 221 000 tCO₂e (FY 2023: 233 603 tCO₂e), and Scope 1 and Scope 2 emissions per bed per year decreased by 5% to 20.4 tCO₂e. While our purchased electricity for the year increased, the use of the more accurate DFFE emissions factor resulted in a 4% reduction in absolute Scope 2 emissions. The fuller view of Scope 3 emissions shows an absolute year-on-year increase of 5%.

Intensity ratio: Scope 1 and Scope 2 emissions to revenue

8.77 tCO₂e/Rm

▼ 11%

FY 2023: 9.86

FY 2022: 10.43

Intensity ratio: Scope 1 and Scope 2 emissions to beds

20.40 tCO₂e/beds

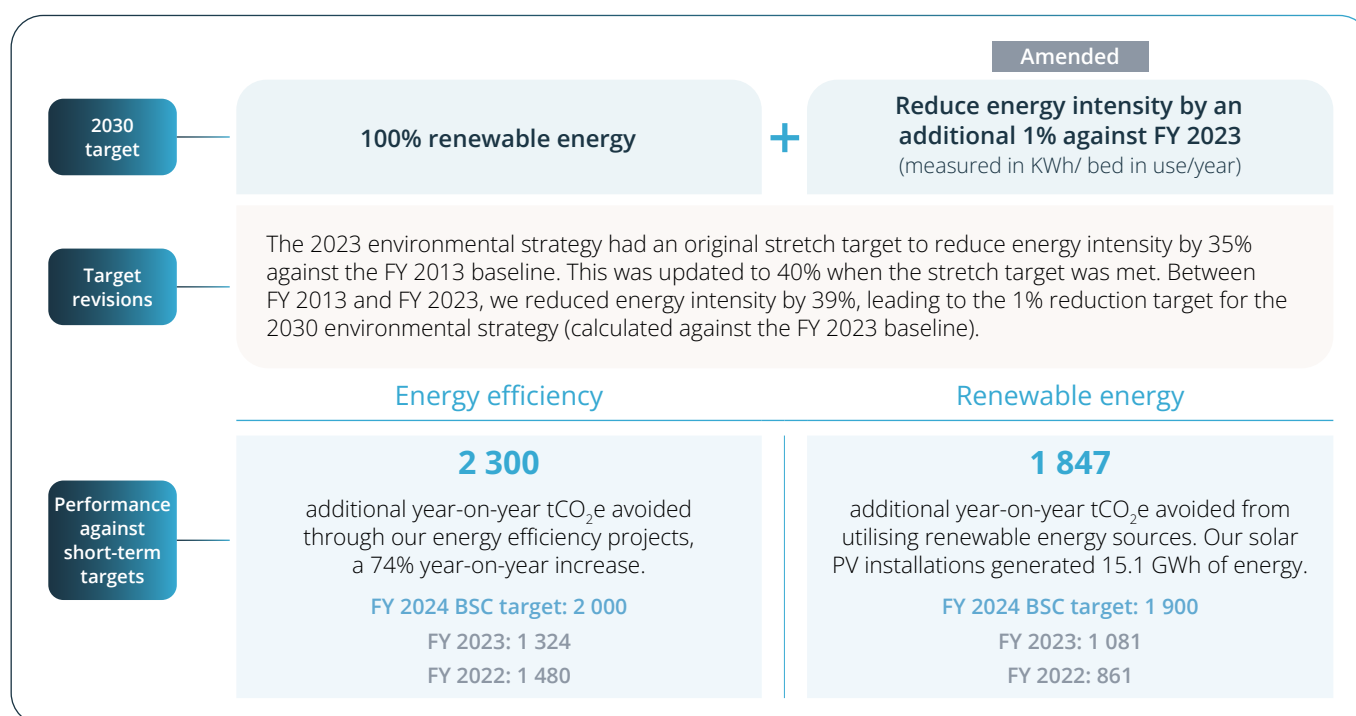
▼ 5%

FY 2023: 21.41

FY 2022: 20.82

Energy

Our primary means for achieving 100% renewable energy is the grid wheeling initiative that will secure power-purchasing agreements with energy traders to wheel renewable wind turbine and solar energy to our facilities (see page 148). In tandem, we continue to implement energy efficiency projects to reduce our energy demand. Key among them being our projects to reduce the energy impact of our HVAC² systems, which are the main drivers of electricity consumption.



How we performed

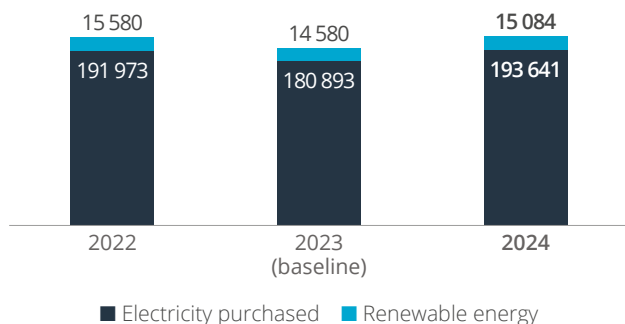
1. Includes Scope 1, Scope 2 and Scope 3 and excludes 2 269 tCO₂e emissions falling outside the Kyoto Protocol. The 2022 Department of Forestry, Fisheries and the Environment (DFFE) CO₂ emissions factor of 0.931 kg CO₂/kWh was used to calculate emissions.
2. HVAC: heating, ventilation and air-conditioning.



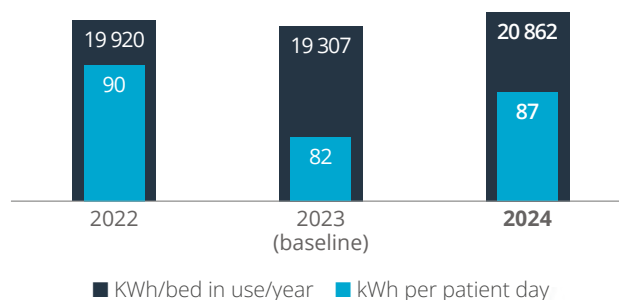
Environmental sustainability continued

FY 2024 energy performance¹

Energy consumption (MWh)



Energy intensity on monitored facilities



Note: the graph above reflects our intensity ratio calculated on beds that are in use only. The intensity ratio reported below is calculated on all beds.

Ambient temperatures were higher in FY 2024, increasing the grid-sourced electricity needed to run cooling systems. This, together with reduced load shedding and a larger geographic footprint due to the opening of Netcare Akeso Gqeberha, contributed to the 7% increase in purchased electricity for the year. Overall, total energy consumed (including electricity purchased and fossil fuels and excluding renewable energy), decreased 7% to 262 688 MWh (FY 2023: 281 034 MWh). However, the higher ambient temperatures and increased purchased electricity resulted in an 8% increase in the energy intensity ratio, resulting in a regression against the FY 2023 baseline.

For the first time in four years, tariff increases (up 12.4%) were below actual year-on-year costs, which increased by 21.3% to R509 million primarily as a result of the factors noted above.

Intensity ratio: total energy to beds

18 679 kWh/bed/year

▲ 8%

FY 2023: 17 325

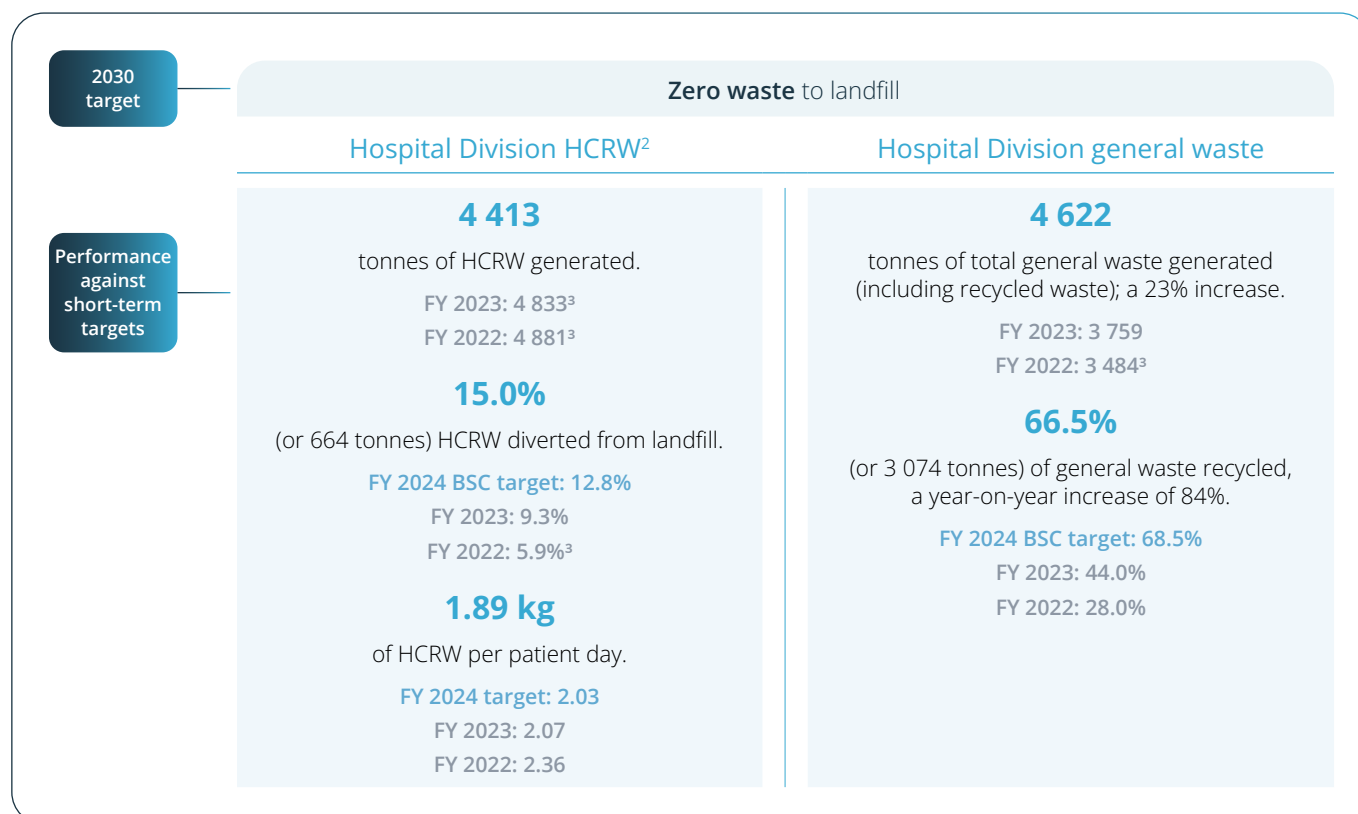
FY 2022: 18 448

¹ Electricity meters cover 100% of the electricity expense for the hospital network (acute and mental health) and 75% of Netcare Primary Care facilities. Meters are also installed on generators and diesel tanks.



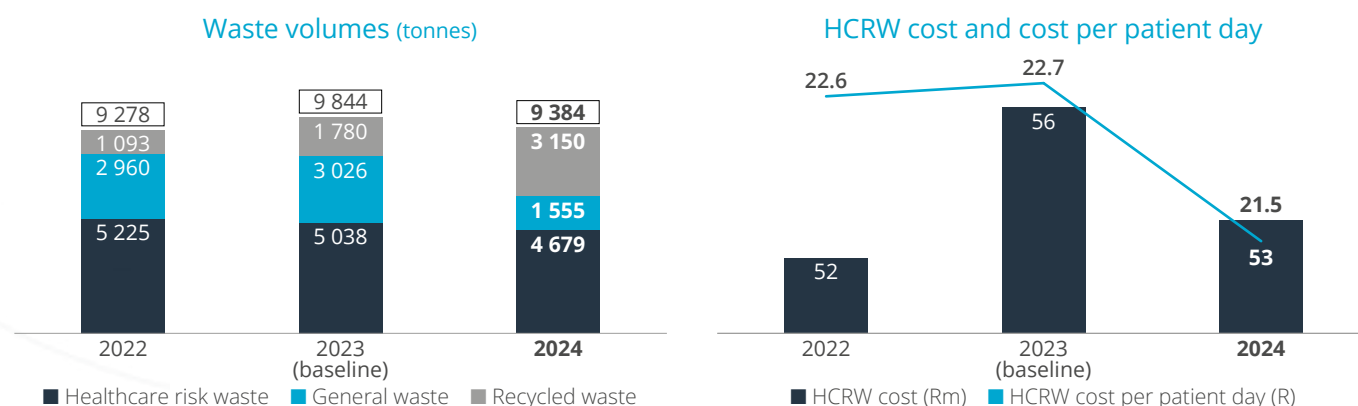
Waste

We are transitioning from a linear to a circular economy model of waste management through waste minimisation, waste segregation at source, re-use, refurbishment, recycling and waste beneficiation initiatives. In so doing, we will reduce the Group's carbon footprint, particularly Scope 3 emissions. We are targeting zero general waste certification for the Group¹ by FY 2027 (provided logistical and legal factors do not cause delay). The general waste strategy is already implemented across the acute hospital network.



How we performed

FY 2024 waste performance



Note: total provided for HCRW includes incinerated HCRW.

1. Beginning with the Hospital Division.

2. HCRW: healthcare risk waste.

3. Restated. Previously reported numbers were scaled numbers (used for internal reporting) as opposed to unscaled numbers that are typically reported.



Natural capital

Environmental sustainability continued

The total volume of waste generated during the year, excluding recycled waste, was 6 234 tonnes (FY 2023: 8 064), of which 73 tonnes (FY 2023: 75) was incinerated. Better segregation at source and improved HCRW treatment and diversion strategies resulted in the volume of waste sent to landfill reducing by 23% from 7 989 tonnes in FY 2023 to 6 161 tonnes in FY 2024. Reductions were achieved for both general waste and treated HCRW. Recycling continues to increase year on year due to our various recycling and diversion initiatives; comprehensive disclosure can be found in our online ESG report.

Healthcare risk waste	General waste	Recycled waste
7% decrease in HCRW treated and landfilled to 4 606 tonnes. FY 2023: 4 963 FY 2022: 5 150 <i>Note: excludes incinerated HCRW.</i>	49% decrease in general waste sent to landfill to 1 555 tonnes. FY 2023: 3 026 FY 2022: 2 960	77% increase in waste recycled to 3 150 tonnes. FY 2023: 1 780 FY 2022: 1 093

In the Hospital Division, general waste increased due to better segregation of HCRW, which led to waste previously identified as HCRW now being categorised and recycled as general waste. While we did not reach our general waste recycling target for the Hospital Division this year, we did exceed the threshold target of 65.5% and significantly improved from the 1 667 tonnes (or 44%) recycled in FY 2023.

The year-on-year cost of HCRW¹ decreased by 4.9% with the balance of waste disposal costs increasing by 10.2%, due to the re-categorisation and better segregation of HCRW at source.

All acute hospitals have an appointed general waste service provider with which they have agreed specified waste diversion targets and commitments. Agreements are also in place for the recovery of residual and non-recyclable waste, which is diverted from landfill to energy production. Waste service providers are regularly audited on compliance with waste management regulations, staff competency and training, waste information systems, transportation, environmental impact and health and safety, among other criteria.

The majority of our diversion initiatives for HCRW focus on finding innovative ways to treat and process waste, transforming it into useful secondary products like fuel, energy products, furniture and school shoes for children. Several of the providers participating in this programme are also enterprise development beneficiaries.

During the year, the clinical glass recycling initiative was rolled out to three additional hospitals in KwaZulu-Natal and our hospitals in the Western Cape. We also extended the PVC recycling initiative to three KwaZulu-Natal hospitals, with induction training already undertaken.

Intensity ratio: total waste generated to revenue	Intensity ratio: total waste generated to beds
247 kg/Rm ▼ 27% FY 2023: 340 FY 2022: 378	575 kg/bed ▼ 22% FY 2023: 739 FY 2022: 755

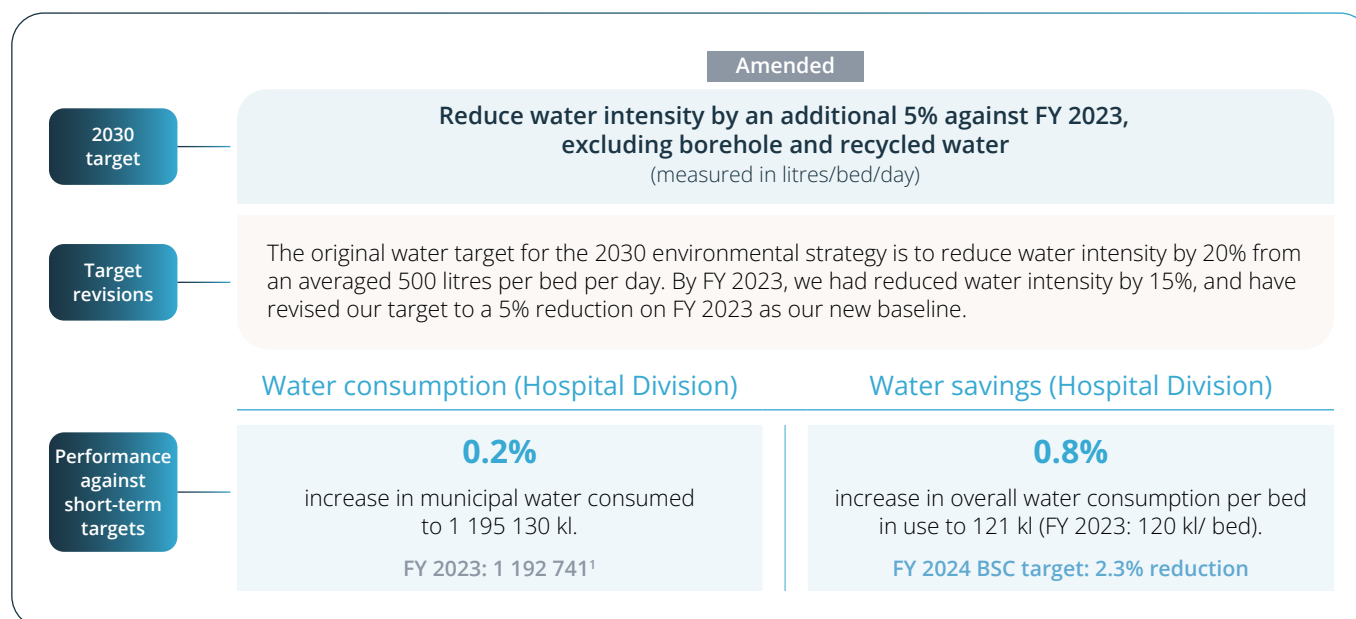
Various measures are being explored to reach our 2030 goal, including food waste prevention and reduction, eliminating single-use items, recycling non-contaminated personal protective equipment and green procurement, among others.

1. HCRW is the most expensive category of waste to dispose of.

Water

Our water stewardship programme and borehole and potable water risk-adjusted strategy are the key drivers of reducing our water consumption. Other initiatives include the harvesting of rainwater for irrigation, efficiently managing our laundries, and converting our water-intensive HVAC cooling towers to alternative energy efficient technologies that do not require water. Wastewater treatment options will continue to be investigated.

— Alternative sources of water: [page 149](#)

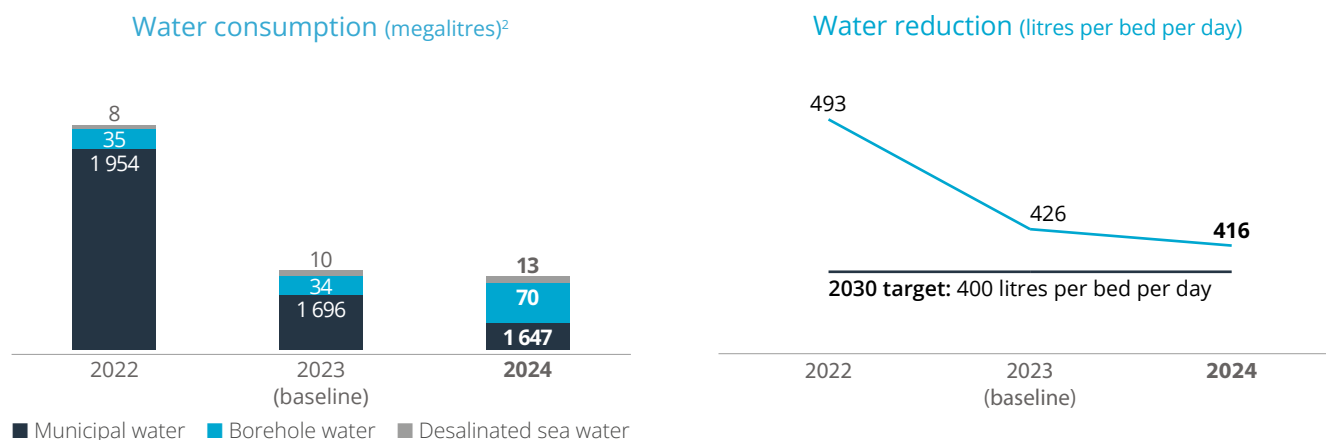


1. Reported last year as 1 411 369 kl. BSC metrics are adjusted yearly to exclude PPPs and account for anomalies, for example, to exclude leaks. The adjustments are applied to both baseline and performance numbers to ensure comparability. Due to these adjustments, BSC measures are not always comparable with prior year reporting.



Environmental sustainability continued

FY 2024 water performance¹



Overall, our municipal water consumption decreased 3% compared to FY 2023, with total water consumption per bed per day reducing 2% to 416 litres. The Hospital Division's consumption of water increased marginally by 0.2% to 1 195 130 kl (FY 2023: 1 192 741 kl), and was offset by significantly reduced consumption in the balance of our operations. The drop in water recycled is not indicative of our performance but rather reflects the fact that this measure was removed from the BSC of a subsidiary and was not measured. This will be reinstated in FY 2025. Reported below is the volume of water recycled through the desalination plant in Cape Town, which increased 24% from 10 204 kl in FY 2023 (repairs in FY 2023 meant the plant was out of commission for a period of time). We expect our ability to recycle water to gain momentum from FY 2025 onwards as wastewater treatment plants are approved.

The BSC target for water savings was missed, and we are investigating key factors that may have played a role (for example, increased ambient temperatures and new infection control procedures introduced during the year).

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

Intensity ratio: total water to revenue	Intensity ratio: total water to beds	Water recycled
65 kl/Rm ▼ 10% FY 2023: 72 FY 2022: 90	152 kl/bed/year ▼ 2% FY 2023: 155 FY 2022: 180	12 683 kl of water recycled through the desalination plant. FY 2023: 63 345 (full scope) FY 2022: 27 043 (full scope)

Note: all intensity ratios for water exclude recycled water and borehole water.

In the short to medium term, we will introduce new water policies that are aligned with international best practice, advance the borehole and potable water risk-adjusted strategy, pilot a cooling tower monitoring initiative, and increase our focus on water recycling, both in terms of accurate reporting and investigating water recycling technologies.

Related and detailed information

This report

- 'Green' infrastructure: page 148.

Detailed disclosure online

ESG report.

1. These measures are for all facilities with water meters. Water meters are installed at all hospitals (acute and mental health) and National Renal Care units. Data from utility accounts is used to determine water usage at Netcare Primary Care facilities.
 2. Desalinated seawater for FY 2022 and FY 2023 restated from 12 and 8 megalitres respectively. Prior numbers were based on billing impact estimations. Updated numbers reflect metered consumption. Municipal water for FY 2022 updated from 1 953 due to rounding.





Financial capital

The financial resources available to the Group, which we use to achieve our strategic objectives and reward shareholders for their vote of confidence in our strategy.

Chief financial officer's review



Keith Gibson
Chief Financial Officer

"The Group has been able to expand its EBITDA¹ margin and achieve solid operating leverage and strong cash generation, despite the relatively low levels of volume growth."

Key Indicators

Revenue
R25 202m

Up 6.3%

EBITDA²
R4 530m

Up 10.1%

EBITDA margin²
18.0%

Up 60 basis points

Adjusted HEPS³
113.7 cents

Up 7.6%

Cash conversion ratio
96.5%

Interim dividend – 30.0 cents
Final dividend – 40.0 cents
Total dividend – 70.0 cents

Net debt/EBITDA²
1.2 times

FY 2023: 1.2 times

ROIC⁴
11.7%

FY 2023: 10.8%

Credit rating
Long term AA-
Short term A1+

Overview

- On the back of modest activity growth of 0.3% in total PPD⁵, the business converted revenue growth of 6.3% into 10.1% EBITDA growth and a 12.6% increase in operating profit, reflecting two times operating leverage.
- Strong statement of financial position, with continued improvement in ROIC to 11.7%.
- Net debt increased by R278 million to R5.3 billion, notwithstanding share buybacks of R722 million, while maintaining a conservative net debt to EBITDA gearing of 1.2 times.

1. EBITDA: earnings before interest, tax, depreciation and amortisation.

2. Normalised to exclude exceptional items comprising property impairments in FY 2023 and FY 2024.

3. HEPS: headline earnings per share.

4. ROIC: return on invested capital.

5. PPD: paid patient days.



Our focus remains steadfast on maintaining an optimal capital structure, supported by disciplined capital allocation and measurement of returns, in full view of the considerations required to deliver financial returns and achieve balanced value creation for all our stakeholders.

Shareholder returns

We have distributed R850 million in dividends to external shareholders in FY 2024, representing cash paid out in respect of FY 2023's final dividend and FY 2024's interim dividend. A final dividend of 40.0 cents per share was declared subsequent to financial year end.

Netcare embarked on a share buyback programme in H2 2023 and by the 2024 financial year end had invested R1 043 million in acquiring a total of 84.8 million shares (5.9% of total ordinary shares in issue at 30 September 2023) at an average price of R12.27 per share. In FY 2024, 60.4 million shares were acquired at an average price of R11.93 and a total cost of R722 million.

In total, when considering the FY 2023 final dividend and the FY 2024 interim dividend, as well as the shares bought back, R1.6 billion was returned to shareholders in FY 2024.

Netcare's dividend policy aims to distribute between 50% to 70% of its earnings to shareholders, in line with our objective to pay a sustainable income to our investors. The Group's strong cash generation and conservative gearing enabled the Board to approve a total dividend for the year towards the mid-point of the dividend policy range, at 61.6% of adjusted headline earnings.

Capital management

Disciplined capital management approach

Our ambition to remain a world class provider of healthcare requires disciplined capital allocation to strategic initiatives that will drive Netcare's ability to compete, innovate and grow. At the same time, we maintain an optimal capital structure through diligent application of our capital management framework. We have applied the framework over several years and continue to refine and embed it in the way we operate and measure enterprise value.

Our policy

Netcare's policy on capital structure is to maintain a strong statement of financial position and to retain an investment grade credit rating, while reducing the cost of capital with a safe level of debt.

The Group continues to advance its capex-light strategy, favouring investments in strategic projects that will drive revenue growth, operational excellence and cost efficiency. During the year, the Group invested capex of R126 million (FY 2023: R163 million) and incurred operational costs of R131 million (FY 2023: R258 million) on our strategic projects.

We strive to find the right balance between investing in the long-term health of the Group and achieving our medium-term financial targets. ROIC is our preferred metric as it is a key driver of economic profit.

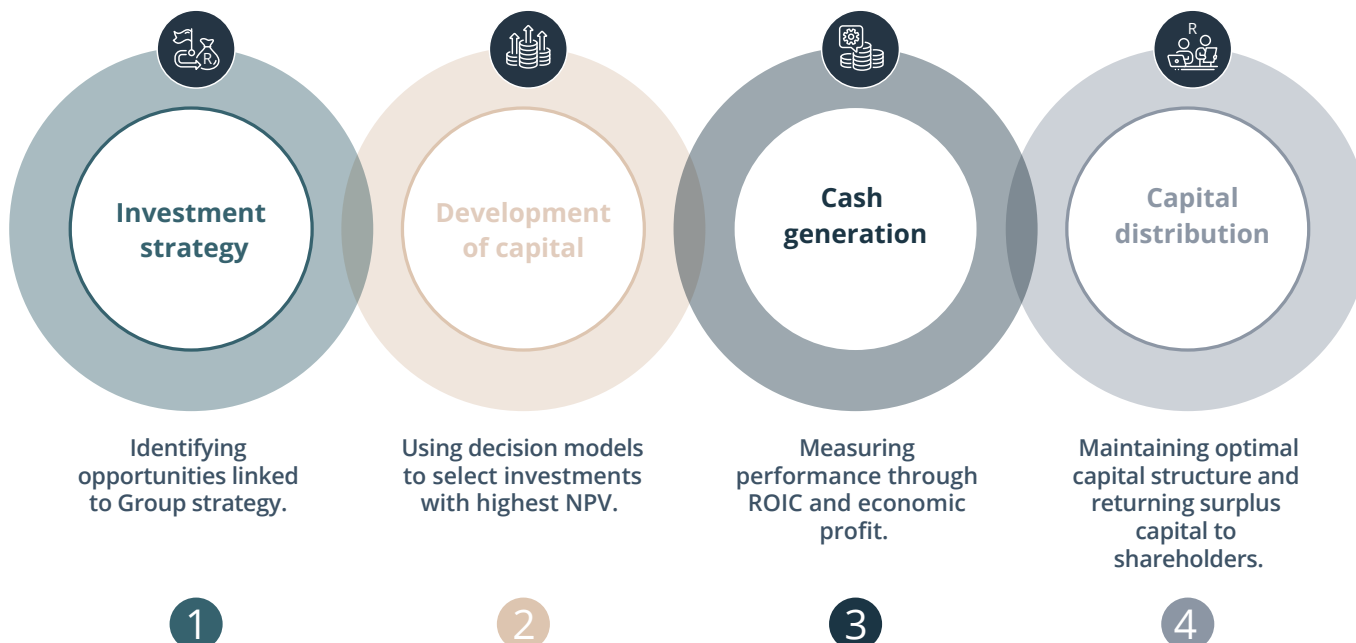
ROIC continued to recover following the impact of COVID-19 to 11.7% in FY 2024 (FY 2023: 10.8%), although it remains below historical levels due to activity not yet fully recovering to pre-pandemic levels, as well as the impact of costs related to the Group's strategic projects. Increased activity and the benefits derived from implementing our strategic projects will drive further margin expansion, resulting in improved earnings and a greater ROIC in the medium term. This is reflected in the financial targets set out in the FY 2025 balanced scorecard (☰ refer to remuneration overview [page 91](#)), where on-target performance for ROIC has been set at a premium of 0.5% to the weighted average cost of capital.

Chief financial officer's review continued

Our policy



Netcare's policy on capital structure is to maintain a strong statement of financial position and to retain an investment grade credit rating while reducing the cost of capital with a safe level of debt.



Application

- Digitisation.
- New business lines.

Our investment strategy guides the search for new growth opportunities aligned to the Group strategy. All opportunities must meet one or more of the Netcare litmus test criteria, namely: growing above the market, differentiating the services we offer, growing margins and improving returns, and increasing the embedded value of our offering.

- Expand and digitise business.
- Maintain and upgrade operations.

We apply robust decision models to evaluate and select capital investments with the highest expected NPV. Financial discipline when allocating capital requires that return on capital must safely exceed the cost of capital. We disinvest where returns do not meet our hurdle rates.

- Strong cash generation target of 97.5% cash conversion.

Sound capital investment decisions drive good cash generation. We use economic profit and ROIC as key metrics to monitor and drive Netcare's intrinsic value. These measures have been implemented at hospital level to ensure behaviours that will ultimately increase long-term cash generation.

- Dividend policy to return 50% – 70% of adjusted headline earnings to shareholders.
- Share buybacks.

Capital distribution employs decision analysis to determine the optimal capital structure for the Group and payout policies. If we do not have sufficient NPV-positive investment opportunities, we return surplus capital to our shareholders.



Analysis of financial performance

To aid comparability, the commentary that follows excludes exceptional items (comprising property impairments in FY 2024 and FY 2023), unless otherwise indicated.

Summarised Group statement of profit or loss

Rm	2024	2023	%
Revenue	25 202	23 699	6.3
EBITDA ¹	4 530	4 115	10.1
Operating profit ¹	3 198	2 841	12.6
Other net financial expenses	(561)	(464)	
Interest on lease liabilities	(511)	(454)	
Earnings of associates and JVs	51	40	
Impairment: long-term interests and investment in associates		(31)	
Profit before taxation ¹	2 177	1 932	12.7
Taxation ¹	(602)	(504)	
Profit after taxation ¹	1 575	1 428	10.3
Exceptional items:			
Impairment of properties	(39)	(125)	
Taxation on exceptional items	11	33	
Profit for the year	1 547	1 336	15.8

- Group revenue for FY 2024 was R25 202 million (FY 2023: R23 699 million), up 6.3%.
- Group EBITDA increased by 10.1% to R4 530 million (FY 2023: R4 115 million). EBITDA margin expanded 60 basis points to 18.0% (FY 2023: 17.4%).
- Operating profit increased by 12.6% to R3 198 million (FY 2023: R2 841 million), reflecting two times operating leverage.
- In FY 2024, the Group incurred operational costs relating to strategic projects of R131 million (FY 2023: R258 million). EBITDA margins excluding strategic costs were flat year on year at 18.5%. Generator diesel costs declined to R47 million (FY 2023: R124 million), mostly due to reduced load shedding during the year. EBITDA margins excluding both strategic and generator diesel costs declined slightly to 18.7% (FY 2023: 19.0%). This is due to the benefit of reduced diesel costs being largely offset by significant increases in electricity tariffs.
- Net interest paid, excluding interest on lease liabilities, increased to R553 million (FY 2023: R466 million) reflecting the higher average cost of debt of 9.3% (FY 2023: 8.6%).
- The contribution to earnings from associates and joint ventures increased to R51 million (FY 2023: R40 million), primarily due to a stronger performance from joint ventures.
- Profit before taxation increased by 12.7% to R2 177 million (FY 2023: R1 932 million). The normalised taxation charge amounted to R602 million (FY 2023: R504 million), reflecting a higher effective tax rate of 27.7% compared to 26.1% in FY 2023.
- Exceptional items amounted to R39 million (R28 million net of tax) in the current year, comprising provisions for impairment of property assets.
- Profit after tax and exceptional items increased by 15.8% to R1 547 million (FY 2023: R1 336 million) and adjusted HEPS increased by 7.6% to 113.7 cents (FY 2023: 105.7 cents).

1. Normalised to exclude exceptional items.

Chief financial officer's review continued

Hospital and emergency services

Rm	2024	2023	% change
Revenue	24 506	23 050	6.3
Normalised EBITDA ¹	4 366	3 947	10.6
Normalised operating profit ¹	3 121	2 759	13.1
Normalised EBITDA margin ¹ (%)	17.8	17.1	
Normalised operating profit margin ¹ (%)	12.7	12.0	

The hospital and emergency services segment's performance remained steady in FY 2024. Revenue increased by 6.3% to R24 506 million (FY 2023: R23 050 million) and total PPD increased by 0.3% to 2 455 840 days (FY 2023: 2 447 494 days).

Seasonal inconsistencies in H1 2024 led to a 1.7% reduction in acute PPD at half year. Volumes normalised from April 2024 onwards, resulting in growth of 0.4% over the 11 months to August 2024. However, with school holidays starting earlier, on 20 September 2024, activity slowed in the last two weeks of the financial year, negating some of the gains from previous months. As a result, acute PPD increased by 2.1% in H2 2024, resulting in 0.2% growth for the full year.

Full week occupancy within acute hospitals improved in H2 2024 once volumes normalised, averaging 70.7% in May 2024. This represents the highest level since the onset of the COVID-19 pandemic and is partially attributable to higher severity of flu cases. Occupancy was 64.4% for the 11 months to August 2024. Notwithstanding the lower occupancies in September 2024, occupancy for FY 2024 improved to 64.3% (FY 2023 63.5%).

Medical cases continue to grow at a faster rate than surgical cases, which remain impacted by sector trends such as declining maternity cases and the outmigration of lower-margin day cases. Total surgical cases comprised 51.3% of PPD (FY 2023: 51.5%) and medical cases 48.7% (FY 2023: 48.5%). Notwithstanding these structural changes, surgical cases continue to contribute more than 70% of revenue.

Revenue per PPD for acute hospitals increased by 6.0% compared to FY 2023. The higher complexity of medical and surgical cases resulted in a 2.2% increase in average theatre time per case, as well as a strong increase in ICU and high care PPD and an increased length of stay to 4.5 days (FY 2023: 4.4 days).

The growth rate for mental health PPD for the full reporting year was diluted in comparison to FY 2024 H1 due to the inclusion of the new Netcare Akeso Gqeberha facility in the base from May 2023. Demand for mental healthcare remains high, but the temporary unavailability of beds at certain high-occupancy sites due to essential refurbishment work constrained capacity at these sites. As with acute PPD, mental health PPD for September 2024 was also impacted by the earlier school holidays, with many doctors taking leave. PPD growth for the 11 months to 31 August 2024 was 2.2%, with slightly lower growth of 1.3% for the full year at an occupancy of 70.3% (FY 2023: 72.7%).

Normalised EBITDA for the hospital and emergency services segment increased by 10.6% to R4 366 million (FY 2023: R3 947 million). The EBITDA margin increased to 17.8% (FY 2023: 17.1%) and underlying EBITDA margin decreased slightly to 18.5% (FY 2023: 18.7%) when excluding strategic and generator diesel costs.

The FY 2024 EBITDA margin within the hospital and pharmacy operations sub-segment increased to 18.6% (FY 2023: 17.6%).

¹. Normalised to exclude exceptional items.



Primary Care

Rm	2024	2023	% change
Revenue	712	663	7.4
Normalised EBITDA ¹	164	168	(2.4)
Normalised operating profit ¹	77	82	(6.1)
Normalised EBITDA margin ¹ (%)	23.0	25.3	
Normalised operating profit margin ¹ (%)	10.8	12.4	

The constrained consumer environment led to more patients choosing to self-medicate before deciding to visit their GP. This resulted in a 3.1% decrease in total GP and dental visits in FY 2024 compared to FY 2023. However, the occupational health business continued its robust trajectory reported in H1 2024, with this strong performance driving up overall revenue growth for the division by 7.4% to R712 million (FY 2023: R663 million).

Lower activity levels and a higher proportion of lower margin occupational health contracts adversely impacted EBITDA, which declined by 1.2% against the underlying EBITDA of R166 million in FY 2023 (after normalising for a R2 million capital profit on the sale of a property). The underlying EBITDA margin for the full year declined to 23.0% (FY 2023: 25.0%).

Statement of financial position

Rm	2024	2023
Assets		
Property, plant, equipment, goodwill and intangible assets	16 333	15 760
Right of use assets	4 418	4 073
Deferred tax assets	668	854
Other non-current assets	590	688
Current assets	4 580	4 149
Cash and cash equivalents	1 802	2 279
Total assets	28 391	27 803
Equity and liabilities		
Total shareholder's equity	10 972	11 041
Borrowings	7 108	7 307
Lease liabilities – long and short term	5 541	4 992
Deferred tax liabilities	265	254
Other liabilities	4 505	4 209
Total equity and liabilities	28 391	27 803

Total assets at 30 September 2024 stood at R28 391 million (30 September 2023: R27 803 million).

In FY 2024, the Group paid R913 million in ordinary and preference dividends, alongside an allocation of R722 million towards share buybacks. The increase in treasury shares reduced total shareholders' equity, which declined to R10 972 million (FY 2023: R11 041 million).

The Group's ROIC improved to 11.7% (FY 2023: 10.8%).

Total capex, including strategic projects, amounted to R1.5 billion for the year, of which R100 million related to expansionary projects.

1. Normalised to exclude exceptional items.



Chief financial officer's review continued

Net debt

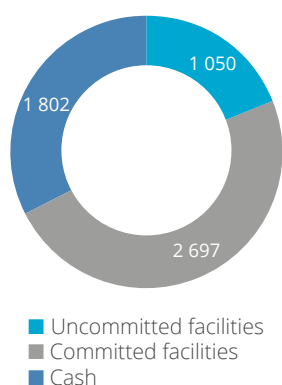
Rm	2024	2023
Gross debt ¹	7 108	7 307
Cash	(1 802)	(2 279)
Net debt	5 306	5 028
Net debt to EBITDA ² (times)		
Bank debt only	1.2	1.2
Bank debt and IFRS 16 lease liabilities	2.4	2.4
Cost of debt (%)	9.1	8.9
EBITDA ² /net interest (times)	4.3	4.5
Interest cover ² (times)	3.0	3.1

The Group's cash resources and available undrawn committed facilities at 30 September 2024 amounted to R2.9 billion. Group net debt (excluding IFRS 16 lease liabilities) increased marginally to R5.3 billion, from R5.0 billion at 30 September 2023.

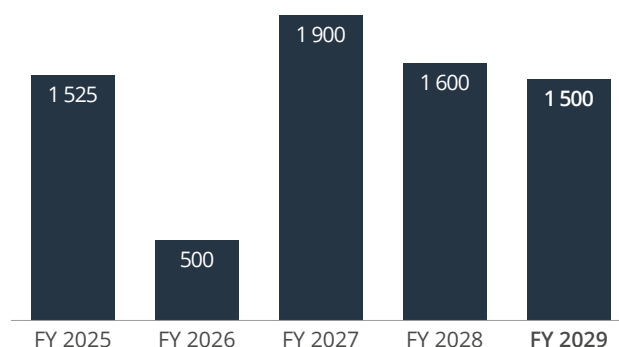
The increase in net debt during FY 2024 is due to ongoing capital expenditure, the payment of ordinary and preference dividends and share buybacks, partially offset by higher operating profit. The net debt to EBITDA ratio at 30 September 2024 was 1.2 times, in line with the ratio at 30 September 2023. EBITDA/net interest cover remains strong at 4.3 times (FY 2023: 4.5 times).

Access to R2.9bn cash and committed facilities with manageable maturity profile

Cash and debt facilities (Rm)



Debt maturity profile³ (Rm)



1. Excluding IFRS 16 lease liabilities.

2. Normalised to exclude exceptional items.

3. Promissory notes, commercial paper and bank loans.



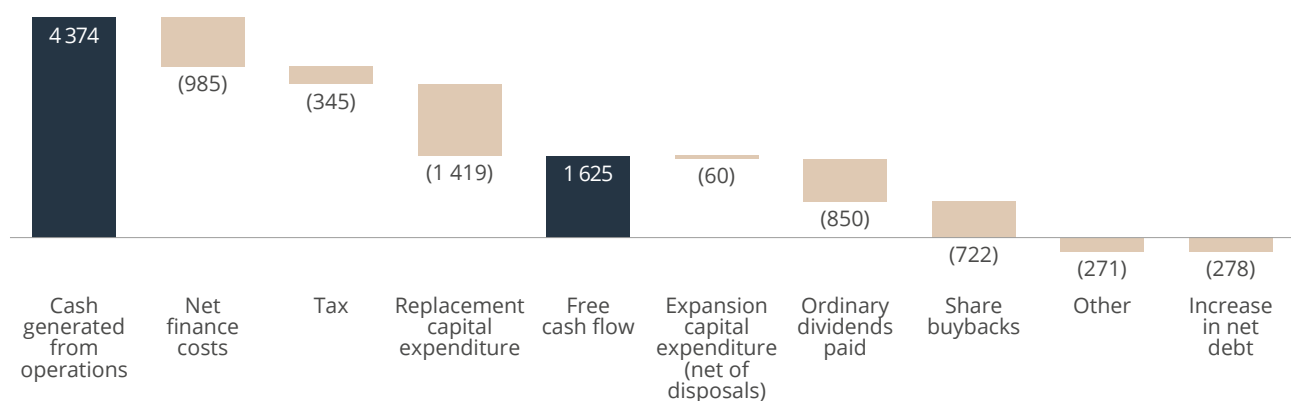
Statement of cash flows

Rm	2024	2023
Cash generated from operations	4 374	4 135
Interest paid on debt	(679)	(516)
Interest paid on lease liabilities	(511)	(454)
Taxation paid	(345)	(374)
Ordinary dividends paid by subsidiaries	(50)	(47)
Ordinary dividends paid	(850)	(808)
Preference dividends paid	(63)	(50)
Distribution paid to beneficiaries of the HPFL B-BBEE trusts	(7)	(6)
Net cash from operating activities	1 869	1 880
Net cash from investing activities	(1 154)	(1 306)
Net case from financing activities	(1 191)	209
Net (decrease)/increase in cash and cash equivalents	(476)	783
Cash and cash equivalents at the beginning of the year	2 278	1 495
Cash and cash equivalents at the end of the year	1 802	2 278

Cash generated from operations increased to R4 374 million (FY 2023: R4 135 million).

The cash conversion ratio amounted to 96.5% (FY 2023 100.5%).

Analysis of cash flows (Rm)





Chief financial officer's review continued

Outlook

We are encouraged by the positive sentiment surrounding the formation of a Government of National Unity and the progress made on critical structural reforms. Key indicators such as the curtailment of load shedding, declining inflation, and the recent interest rate cuts provide a more favourable outlook for consumers and signal improvements in both the economic and operating environment.

While we maintain a cautiously optimistic view on the trajectory of these macroeconomic improvements, we recognise that it may take time for these factors to translate into substantial growth in medically insured lives. In the short term, consumer preferences continue to favour more affordable restricted network plans. Our expansive geographic footprint, combined with our NetcarePlus GapCare products, position us to maintain a stable share of patients within these networks and the Group remains focused on enhancing operational efficiencies to offset the impact of lower tariffs associated with these contracts.

Furthermore, although medical scheme membership growth has been limited, the pool of covered lives remains resilient, reflecting sustained demand for quality private healthcare. This demand is further supported by the increasing disease burden and the aging insured population, underscoring the long-term sustainability of the sector.

For FY 2025, the Group expects growth in revenue of between 5.0% and 6.0%, and total PPD of between 0.8% and 1.3%. The increased activity and operational efficiencies are expected to support further EBITDA margin expansion, improved earnings and higher ROIC.

We will continue to maintain an optimal capital structure, and the strength of the statement of financial position and the ongoing improvement in operational performance of the underlying businesses will continue to support dividend payments in line with our dividend policy. Additionally, the Group will continue to consider share buybacks as part of our capital efficiency programme.

Appreciation

I extend my gratitude to our finance staff across the Group for their skill and dedication to ensuring we are able to produce quality reporting for our stakeholders.

Keith Gibson

Chief Financial Officer

Five-year review

Rm	2024	2023	2022	2021	2020
Summarised statement of financial position					
Assets					
Property, plant and equipment	14 413	13 887	13 469	12 915	12 665
Right of use assets	4 418	4 073	3 770	3 600	3 755
Goodwill and intangible assets	1 920	1 873	1 843	1 806	1 804
Deferred taxation	668	854	1 040	987	812
Other non-current assets	590	688	710	718	858
Total non-current assets	22 009	21 375	20 832	20 026	19 894
Total current assets	6 382	6 428	5 438	5 595	6 050
Total assets	28 391	27 803	26 270	25 621	25 944
Equity and liabilities					
Total shareholders' equity	10 972	11 041	10 944	10 589	9 799
Long-term debt	5 505	6 057	5 265	4 936	6 761
Long-term lease liabilities	4 810	4 334	3 906	3 588	3 546
Financial liabilities	15	–	–	32	64
Deferred taxation	265	254	319	309	288
Other non-current liabilities	561	514	555	545	469
Total non-current liabilities	11 156	11 159	10 045	9 410	11 128
Total current liabilities	6 263	5 603	5 281	5 622	5 017
Total equity and liabilities	28 391	27 803	26 270	25 621	25 944
Summarised statement of cash flows					
Cash generated from operations before working capital changes	4 817	4 365	3 723	3 560	2 887
Working capital changes	(443)	(230)	227	234	(1 395)
Cash generated from operations	4 374	4 135	3 950	3 794	1 492
Interest paid on debt	(679)	(516)	(419)	(441)	(580)
Interest paid on lease liabilities	(511)	(454)	(409)	(371)	(367)
Taxation paid	(345)	(374)	(439)	(618)	(601)
Ordinary dividends paid by subsidiaries	(50)	(47)	(25)	(19)	(11)
Ordinary dividends paid	(850)	(808)	(728)	–	(860)
Preference dividends paid	(63)	(50)	(38)	(39)	(54)
Distributions to beneficiaries of the HPFL ¹ trusts	(7)	(6)	(8)	(1)	(11)
Net cash from operating activities	1 869	1 880	1 884	2 305	(992)
Net cash from investing activities	(1 154)	(1 306)	(1 248)	(1 026)	58
Net cash from financing activities	(1 191)	209	(597)	(1 269)	653
(Decrease)/increase in cash and cash equivalents	(476)	783	39	10	(281)
Cash and cash equivalents at beginning of year	2 278	1 495	1 456	1 446	1 727
Cash and cash equivalents at end of year	1 802	2 278	1 495	1 456	1 446

1. Health Partners for Life.

Five-year review *continued*

	Compound growth % ¹	2024	2023	2022	2021	2020
Summarised income statement						
Revenue	7.5	25 202	23 699	21 636	21 200	18 843
Operating profit before items listed below	22.7	3 159	2 716	2 282	2 076	1 393
Profit on disposal of investment in associate		–	–	–	–	522
Share-based payment expense on B-BBEE transaction		–	–	–	–	(348)
Operating profit		3 159	2 716	2 282	2 076	1 567
Net financial expenses		(1 072)	(918)	(769)	(786)	(893)
Attributable earnings/(losses) of associates and joint ventures		51	40	21	(114)	56
Impairment of long-term interests and investments in associates		–	(31)	–	–	–
Profit before taxation		2 138	1 807	1 534	1 176	730
Taxation		(591)	(471)	(484)	(416)	(291)
Profit for the year		1 547	1 336	1 050	760	439
Attributable to:						
Owners of the parent		1 436	1 271	975	730	392
Preference shareholders		63	50	38	39	54
		1 499	1 321	1 013	769	446
Non-controlling interest		48	15	37	(9)	(7)
		1 547	1 336	1 050	760	439
Divisional analysis						
Revenue						
Hospitals and emergency services	7.6	24 506	23 050	21 024	20 617	18 250
Primary Care	3.9	712	663	634	595	611
Inter-segment elimination		(16)	(14)	(22)	(12)	(18)
	7.5	25 202	23 699	21 636	21 200	18 843
Operating profit						
Hospitals and emergency services		3 098	2 641	2 210	2 040	1 403
Primary Care		61	75	72	36	(10)
Operating profit before items below		3 159	2 716	2 282	2 076	1 393
Profit on disposal of investment in associate		–	–	–	–	522
Share-based payment expense on B-BBEE transaction		–	–	–	–	(348)
		3 159	2 716	2 282	2 076	1 567

1. Compound annual growth rate for the period 2020 to 2024.



		2024	2023	2022	2021	2020
Key performance indicators						
Ratios						
EBITDA margin ¹	%	18.0	17.4	16.2	15.2	13.6
Operating profit margin ¹	%	12.7	12.0	10.6	9.6	7.4
Interest cover ¹	times	3.0	3.1	3.0	2.6	1.6
Effective tax rate ¹	%	27.7	26.1	29.8	29.6	43.7
Return on invested capital	%	11.7	10.8	8.8	7.9	5.6
Current ratio	:1	1.0	1.1	1.0	1.0	1.2
Invested capital						
Property, plant and equipment		14 413	13 887	13 469	12 915	12 665
Right of use assets		4 418	4 073	3 770	3 600	3 755
Intangible assets		314	267	237	200	198
Deferred lease assets		20	19	17	12	32
Deferred taxation		668	854	1 040	987	812
Current assets		4 541	4 107	3 878	4 003	4 446
Inventories		550	556	562	640	1 206
Trade and other receivables		3 940	3 542	3 288	3 251	3 102
Taxation receivable		51	9	28	112	138
Current liabilities		(3 915)	(3 683)	(3 570)	(3 225)	(3 291)
Trade and other payables		(3 786)	(3 657)	(3 521)	(3 207)	(3 230)
Taxation payable		(129)	(26)	(49)	(18)	(61)
		20 459	19 524	18 841	18 492	18 617
Shareholder returns						
Basic earnings per share	cents	110.4	94.5	72.3	54.6	28.3
Headline earnings/(loss) per share	cents	113.0	101.0	74.0	61.5	(3.6)
Adjusted headline earnings per share	cents	113.7	105.7	83.2	67.4	32.5
Ordinary dividends per share	cents	70.0	65.0	50.0	34.0	–
Dividend cover ²	times	1.6	1.6	1.7	2.0	–
Net asset value per share	cents	878	846	818	792	733
Ordinary share statistics						
Shares in issue	million	1 418	1 439	1 439	1 439	1 439
Shares in issue net of treasury shares	million	1 249	1 305	1 338	1 337	1 335
Weighted average number of shares	million	1 279	1 330	1 338	1 336	1 336
Diluted weighted average number of shares	million	1 298	1 345	1 348	1 344	1 343
Market capitalisation ³	R million	21 851	19 427	19 743	23 312	18 592
JSE statistics						
Market price per share						
at 30 September	cents	1 541	1 350	1 372	1 620	1 292
highest	cents	1 556	1 633	1 730	1 738	2 132
lowest	cents	1 101	1 262	1 276	1 130	1 154
weighted average	cents	1 279	1 430	1 506	1 416	1 676
Number of share transactions		452 384	364 011	318 239	508 997	730 041
Value of share transactions	R million	16 475	14 919	15 117	17 076	30 711
Volume of shares traded	million	1 288.1	1 043.1	1 003.5	1 205.7	1 832.5
Volume traded to issued	%	90.8	72.5	69.7	83.8	127.3
Market performance ratios						
Earnings yield	%	7.3	7.5	5.4	3.8	(0.3)
Distribution yield	%	4.5	4.8	3.6	2.1	–
Price:earnings ratio	times	13.6	13.4	18.5	26.3	(358.9)

1. Normalised to exclude extraordinary items.

2. Adjusted headline earnings per share divided by total dividends per share.

3. Based on shares in issue.



Five-year review continued

	2024	2023	2022	2021	2020
Key performance indicators <small>continued</small>					
Operational performance indicators					
Acute hospitals					
Number of hospitals ¹	49	49	49	53	53
Registered beds	9 827	9 903	9 903	10 005	9 986
Theatres	343	343	343	349	349
Hybrid theatres, catheterisation and electrophysiology laboratories	34	34	34	34	34
Day clinics	11	12	12	12	15
Patient days ²	2 198 673	2 193 598	2 068 040	1 972 996	1 854 961
Average length of stay days	4.5	4.4	4.3	4.8	4.3
Mental health					
Number of facilities	14	14	13	12	12
Registered beds	1 007	1 007	935	891	891
Patient days	257 167	253 896	225 304	202 091	179 280
Average length of stay days	11.7	11.9	12.1	12.6	12.2
Emergency services					
Netcare 911 sites	93	92	87	82	82
Cancer Care					
Number of cancer care centres providing radiation treatment	9	9	9	9	9
Number of haematology centres	8	8	8	8	8
National Renal Care					
Renal dialysis facilities	75	73	71	69	68
Renal dialysis stations	1 013	996	971	956	979
Primary Care					
Primary healthcare centres and travel clinics	63	63	65	67	68
Sub-acute facilities	1	1	1	1	2
Registered sub-acute beds	30	30	30	31	46
Total number of visits – millions	1.6	1.6	1.7	2.1	2.1
Social performance indicators					
Total employees ³	18 350	18 568	18 245	18 346	19 214
Employee turnover	16.0	14.5	17.2	16.6	13.7
Gender split					
Male %	20.2	19.4	19.2	18.8	18.4
Female %	79.8	80.6	80.8	81.2	81.6
Employees trained	16 554	18 565	15 968	12 731	15 276
Direct training costs Rm	58	57	51	49	66
Black (African, Coloured and Indian) employee representation %	85.1	82.7	81.3	79.7	79.0
Unionised employees %	48.1	49.0	48.6	50.9	52.8
Corporate social investment ⁴ Rm	25	29	35	31	18
Environmental performance indicators					
South Africa and Lesotho					
Energy usage gigajoules	945 675	1 011 723	925 719	954 692	956 560
Water usage kilolitres	1 729 619	1 695 949	1 953 678	1 895 020	1 878 400
tCO ₂ e ⁵ emissions	766 612	341 721	283 102	306 304	272 920
Scope 1 and Scope 2 tCO ₂ e per R1 million revenue	8.77	9.86	10.43	11.65	12.73

1. Owned and managed entities.

2. Excludes Netcare Bougainville, Netcare Ceres, Netcare Optiklin, Port Alfred and Settlers Hospital.

3. Includes PPPs.

4. Inclusive of bursaries.

5. Tonnes of carbon dioxide equivalent.



Summarised Group annual financial statements

for the year ended 30 September 2024

These summarised Group annual financial statements comprise a summary of the complete audited Group annual financial statements for the year ended 30 September 2024 that were approved by the Netcare Board on 21 November 2024. The summarised Group annual financial statements do not contain sufficient information to allow for a complete understanding of the results of the Group, as would be provided in the audited Group annual financial statements. These summarised Group financial statements, and the audited Group annual financial statements from which they have been derived, were compiled under the supervision of KN Gibson CA(SA), Chief Financial Officer of the Group.

The summarised Group annual financial statements comprise:

- Summarised Group statement of profit or loss.
- Summarised Group statement of comprehensive income.
- Summarised Group statement of financial position.
- Summarised Group statement of cash flows.
- Summarised Group statement of changes in equity.
- Headline earnings.
- Summarised segment report.

The directors are responsible for the preparation and fair representation of the Group annual financial statements in accordance with the requirements of the Companies Act No. 71 of 2008 and in compliance with the Company's Memorandum of Incorporation.

The complete audited Group annual financial statements are available at www.netcare.co.za/Netcare-Investor-Relations/Reports/Financial-Results.

Operating activities

The activities of the Group's operating segments are described below:

- Hospital and emergency services, further disaggregated into Hospital and pharmacy operations and nonacute services, which include the provision of emergency services, mental health services, cancer care, diagnostics support services and the sale of healthcare products and vouchers.
- Primary Care offers comprehensive primary health care services, employee health and wellness services, and administrative services to medical and dental practices.

Going concern

The directors have reviewed the Group budget and cash flow forecasts and have satisfied themselves that the Group is in a sound financial position and has access to sufficient borrowing facilities to meet foreseeable cash requirements.

On the basis of this review, the Netcare directors have concluded that there is a reasonable expectation that the Group will continue to meet its financial covenants and its obligations as they fall due for at least the next 12 months from the date of approval of these financial statements. The directors consider it appropriate to adopt the going concern basis in preparing the Group annual financial statements.

Accounting policies

The accounting policies and methods of computation applied in the preparation of the Group annual financial statements are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited Group annual financial statements for the year ended 30 September 2024.

Certain new or amended standards became applicable for the current financial year. The adoption of these standards did not have a material impact on the Group.

Report of the independent auditor's

These summarised Group annual financial statements for the year ended 30 September 2024 have been extracted from the complete audited Group annual financial statements on which the auditors, Deloitte & Touche, have expressed an unmodified audit opinion.

The directors take full responsibility for the preparation of the summarised Group annual financial statements, which have been extracted from and are consistent in all material respects with the Group's annual financial statements.

Summarised Group annual financial statements

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	2024	2023
Revenue¹	25 202	23 699
Cost of sales	(12 746)	(11 937)
Gross profit	12 456	11 762
Other income	546	466
Administrative and other expenses	(9 638)	(9 371)
Impairment of financial assets	(205)	(141)
Operating profit	3 159	2 716
Investment income	205	144
Finance costs	(1 269)	(1 064)
Other financial (losses)/gains – net	(8)	2
Attributable (losses)/earnings of associates	(4)	2
Attributable earnings of joint ventures	55	38
Impairment of long-term interests and investment in associates	—	(31)
Profit before taxation	2 138	1 807
Taxation	(591)	(471)
Profit for the year	1 547	1 336
Attributable to:		
Owners of the parent	1 436	1 271
Preference shareholders	63	50
	1 499	1 321
Non-controlling interests	48	15
	1 547	1 336
Cents		
Basic earnings per share	110.4	94.5
Diluted earnings per share	108.9	93.5

Strategic costs of R131m (FY 2023: R258m) and generator diesel costs of R47m (FY 2023: R124m)

Increased financial expenses reflective of higher cost of debt

Higher effective tax rate of 27.7% (FY 2023: 26.1%)

1. Refer to segment report on page 182 for detail on the disaggregation of revenue.



Summarised Group statement of comprehensive income

for the year ended 30 September

Rm	2024	2023
Profit for the year	1 547	1 336
Items that will not subsequently be reclassified to profit or loss	—	53
Remeasurement of post-employment benefit obligation	—	72
Taxation on items that will not subsequently be reclassified to profit or loss	—	(19)
Items that may subsequently be reclassified to profit or loss	(33)	(6)
Effect of cash flow hedge accounting	(45)	(8)
Amortisation of cash flow hedge accounting reserve	(27)	(27)
Change in fair value of cash flow hedges	(18)	19
Taxation on items that may subsequently be reclassified to profit or loss	12	2
Other comprehensive income for the year	(33)	47
Total comprehensive income for the year	1 514	1 383
Attributable to:		
Owners of the parent	1 403	1 318
Preference shareholders	63	50
Non-controlling interests	48	15
	1 514	1 383



Summarised Group annual financial statements continued

Summarised Group statement of financial position

at 30 September

Rm	2024	2023
Assets		
Non-current assets		
Property, plant and equipment	14 413	13 887
Right of use assets	4 418	4 073
Goodwill	1 606	1 606
Intangible assets	314	267
Equity-accounted investments, loans and receivables	544	606
Financial assets	26	63
Deferred lease assets	20	19
Deferred taxation	668	854
Total non-current assets	22 009	21 375
Current assets		
Loans and receivables	22	27
Financial assets	17	15
Inventories	550	556
Trade and other receivables	3 940	3 542
Taxation receivable	51	9
Cash and cash equivalents	1 802	2 279
Total current assets	6 382	6 428
Total assets	28 391	27 803
Equity and liabilities		
Capital and reserves		
Ordinary share capital	4 233	4 297
Treasury shares	(4 306)	(3 926)
Other reserves	563	526
Retained earnings	9 799	9 479
Equity attributable to owners of the parent	10 289	10 376
Preference share capital and premium	644	644
Non-controlling interests	39	21
Total shareholders' equity	10 972	11 041
Non-current liabilities		
Long-term debt	5 505	6 057
Long-term lease liabilities	4 810	4 334
Financial liabilities	15	—
Post-employment healthcare benefit obligations	526	495
Deferred taxation	265	254
Provisions	35	19
Total non-current liabilities	11 156	11 159
Current liabilities		
Trade and other payables	3 786	3 657
Short-term debt	1 603	1 249
Short-term lease liabilities	731	658
Financial liabilities	14	12
Taxation payable	129	26
Bank overdrafts	—	1
Total current liabilities	6 263	5 603
Total equity and liabilities	28 391	27 803



Summarised Group statement of cash flows

for the year ended 30 September

Rm	2024	2023
Cash flows from operating activities		
Cash received from customers	24 689	23 338
Cash paid to suppliers and employees	(20 315)	(19 203)
Cash generated from operations	4 374	4 135
Interest paid on debt	(679)	(516)
Interest paid on lease liabilities	(511)	(454)
Taxation paid	(345)	(374)
Ordinary dividends paid by subsidiaries	(50)	(47)
Ordinary dividends paid	(850)	(808)
Preference dividends paid	(63)	(50)
Distribution paid to beneficiaries of the HPFL B-BBEE ¹ trusts	(7)	(6)
Net cash from operating activities	1 869	1 880
Cash flows from investing activities		
Advances from/(to) associates	27	(25)
Advances from/(to) joint ventures	58	(20)
Payments for acquisition of property, plant and equipment ²	(1 463)	(1 443)
Payments for additions to intangible assets	(56)	(64)
Proceeds on disposal of property, plant and equipment and intangible assets	40	101
Repayments from/(payments to) investments and loans	7	(45)
Interest received	205	144
Dividends received	28	46
Net cash from investing activities	(1 154)	(1 306)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	—	49
Acquisition of treasury shares	(722)	(510)
Debt raised	2 600	2 080
Debt repaid	(2 814)	(1 174)
Payments for equity interests in subsidiaries	—	(8)
Payment for acquisition of non-controlling interests	—	(2)
Proceeds from disposal/issue of shares to non-controlling interests	3	—
Payment of principal elements of lease liabilities	(258)	(226)
Net cash from financing activities	(1 191)	209
Net (decrease)/increase in cash and cash equivalents	(476)	783
Cash and cash equivalents at the beginning of the year	2 278	1 495
Cash and cash equivalents at the end of the year	1 802	2 278
Consisting of		
Cash on hand and balances with banks	1 802	2 279
Bank overdrafts	—	(1)
	1 802	2 278

1. Health Partners for Life Broad-based Black Economic Empowerment.

2. Included in payments for acquisition of property, plant and equipment is R25 million of capitalised borrowing costs.

Summarised Group annual financial statements continued

Summarised Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve
Balance at 1 October 2022	4 297	(3 504)	31
Sale of treasury shares	—	78	—
Transfer ¹	—	10	—
Purchase of treasury shares	—	(510)	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Reserve movements – other	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE ² trusts	—	—	—
Tax recognised in equity	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	(6)
Profit for the year	—	—	—
Other comprehensive income	—	—	(6)
Balance at 1 October 2023	4 297	(3 926)	25
Shares cancelled during the year	(64)	282	—
Transfer ¹	—	60	—
Purchase of treasury shares ³	—	(722)	—
Capital gains tax attributable to the sale of treasury shares	—	—	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Dividends withholdings tax	—	—	—
Reserve movements – other	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE ² trusts	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	(33)
Profit for the year	—	—	—
Other comprehensive income	—	—	(33)
Balance at 30 September 2024	4 233	(4 306)	(8)

1. Transfer of treasury shares and share-based payment reserve in respect of vested shares.

2. Health Partners for Life Broad-based Black Economic Empowerment.

3. During the current financial year 60 334 578 treasury shares were acquired by a subsidiary at an average price of R11.93 per share.



Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interests	Total share-holders' equity
442	8 980	10 246	644	54	10 944
—	(29)	49	—	—	49
(39)	29	—	—	—	—
—	—	(510)	—	—	(510)
98	—	98	—	—	98
—	—	—	(50)	—	(50)
—	(808)	(808)	—	(47)	(855)
—	(8)	(8)	—	—	(8)
—	(6)	(6)	—	—	(6)
—	(3)	(3)	—	—	(3)
—	—	—	—	(1)	(1)
—	1 324	1 318	50	15	1 383
—	1 271	1 271	50	15	1 336
—	53	47	—	—	47
501	9 479	10 376	644	21	11 041
—	(218)	—	—	—	—
(60)	—	—	—	—	—
—	—	(722)	—	—	(722)
—	(10)	(10)	—	—	(10)
130	(1)	129	—	—	129
—	—	—	(63)	—	(63)
—	(850)	(850)	—	(50)	(900)
—	(14)	(14)	—	—	(14)
—	(16)	(16)	—	—	(16)
—	(7)	(7)	—	—	(7)
—	—	—	—	20	20
—	1 436	1 403	63	48	1 514
—	1 436	1 436	63	48	1 547
—	—	(33)	—	—	(33)
571	9 799	10 289	644	39	10 972

Summarised Group annual financial statements continued

Headline earnings

for the year ended 30 September

Rm	2024	2023
Reconciliation of headline earnings		
Profit for the year	1 547	1 336
<i>Adjusted for:</i>		
Dividends paid on shares attributable to the Single Incentive Plan and HPFL B-BBEE ¹ trust units	(24)	(14)
Preference shareholders	(63)	(50)
Non-controlling interest	(48)	(15)
Profit for the purposes of basic and diluted earnings per share	1 412	1 257
<i>Adjusted for:</i>		
Profit on disposal of property, plant and equipment and intangible assets	(13)	(23)
Loss on disposal of property, plant and equipment and intangible assets	13	9
Recognition of net impairment of property, plant and equipment in operating profit	38	130
Recognition of impairment of investment in associate	—	2
Tax effect of headline adjusting items	(5)	(32)
Headline earnings	1 445	1 343

1. Health Partners for Life Broad-based Black Economic Empowerment.



Headline earnings continued

for the year ended 30 September

Rm	2024	2023
Adjusted headline earnings		
Headline earnings	1 445	1 343
<i>Adjusted for:</i>		
Amortisation of cash flow hedge accounting reserve	—	3
Modification loss	—	7
Impairment of financial assets	—	27
De-designation of portion of hedging instrument	—	(2)
Impairment of short-term associate loans	3	31
Fair value loss on derivative financial instruments	4	—
Ineffectiveness losses on cash flow hedges	4	—
Net reversal impairment of short-term joint venture loans	(1)	—
Tax effect of headline adjusting items	(1)	(3)
Adjusted headline earnings	1 454	1 406
Cents		
Headline earnings per share	113.0	101.0
Diluted headline earnings per share	111.4	99.9
Adjusted headline earnings per share	113.7	105.7
Diluted adjusted headline earnings per share	112.0	104.5

Adjusted headline earnings per share is an alternative non-IFRS measurement used by the chief operating decision maker as a key measure of sustainable earnings from trading operations and used in setting the dividend to be paid to shareholders. The calculation of adjusted headline earning per share excludes non-trading and/or non-recurring items, and is based on the adjusted profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. Non-IFRS measures are not defined by IFRS Accounting Standards nor a JSE Listing Requirement, and may not be uniformly defined by others resulting in non-comparability directly to similarly labelled measures and disclosures.

Adjusted headline earnings represent headline earnings which have been adjusted for specific items of a non-trading and/or non-recurring nature, including:

- Gains or losses on financial instruments;
- Impairments and reversal of impairments on loans;
- Acquisition costs;
- Regulatory inquiry costs;
- Onerous lease provisions;
- Significant restructuring costs;
- New business development costs;
- Realisation of reserves through profit or loss;
- B-BBEE transaction costs;
- Changes in tax rates;
- Other non-trading items; and
- Other non-recurring items.

Summarised Group annual financial statements continued

Summarised segment report

for the year ended 30 September

Hospital and emergency services

This segment is further disaggregated into Hospital and pharmacy operations, covering our private acute hospital network and day clinics, and non-acute services. The non-acute services include the provision of emergency services, the operation of private mental health clinics, cancer care, diagnostics services and the sale of healthcare products and vouchers.

Primary Care

This segment offers comprehensive primary healthcare services, employee health and wellness services, and administrative services to medical and dental practices.

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination ¹	Total
30 September 2024						
Statement of profit or loss						
Revenue	22 807	1 699	24 506	712	(16)	25 202
EBITDA²	4 228	115	4 343	148	—	4 491
Depreciation and amortisation	(1 067)	(178)	(1 245)	(87)	—	(1 332)
Operating profit/(loss)	3 161	(63)	3 098	61	—	3 159
Additional segment information						
Cost of sales (excluding direct payroll) ³	(6 419)	(330)	(6 749)	(70)	16	(6 803)
Direct payroll ³	(5 136)	(641)	(5 777)	(166)	—	(5 943)
Property rental received ³	394	19	413	22	—	435
Indirect payroll (including executive directors) ³	(3 366)	(225)	(3 591)	(180)	—	(3 771)
Net impairment of property, plant and equipment	(16)	(6)	(22)	(16)	—	(38)

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination ¹	Total
30 September 2023						
Statement of profit or loss						
Revenue	21 472	1 578	23 050	663	(14)	23 699
EBITDA²	3 661	168	3 829	161	—	3 990
Depreciation and amortisation	(1 046)	(142)	(1 188)	(86)	—	(1 274)
Operating profit	2 615	26	2 641	75	—	2 716
Additional segment information						
Cost of sales (excluding direct payroll) ³	(6 090)	(269)	(6 359)	(65)	14	(6 410)
Direct payroll ³	(4 874)	(505)	(5 379)	(148)	—	(5 527)
Property rental received ³	372	18	390	21	—	411
Indirect payroll (including executive directors) ³	(3 299)	(243)	(3 542)	(171)	—	(3 713)
Impairment of property, plant and equipment	(118)	(5)	(123)	(7)	—	(130)

1. Relates to revenue earned in the Hospital and emergency services segment.

2. Earnings before interest, tax, depreciation and amortisation.

3. Based on the current year assessment, additional disclosure has been added in the segment report. The comparative amounts have been updated.



Doctors

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

Healthcare practitioners

Doctors

+

Allied healthcare professionals (psychologists, radiographers, dental hygienists, occupational therapists, physical therapists, radiographers etc)

+

Registered nurses, enrolled nurses and auxiliary nurses

UN Sustainable Development Goals



Good health and wellbeing



Quality education



Gender equality



Clean water and sanitation



Affordable and clean energy



Decent work and economic growth



Industry, innovation and infrastructure



Responsible consumption and production



Climate action



Peace, justice and strong institutions

McKinsey & Company – The evolution of artificial intelligence

Artificial intelligence

AI is the broad field of developing machines that can replicate human behaviour, including tasks related to perceiving, reasoning, learning and problem-solving.

Machine learning

Machine learning algorithms detect patterns in large data sets and learn to make predictions by processing data, rather than by receiving explicit programming instructions.

Deep learning

Deep learning uses neural networks inspired by the ways neurons interact in the human brain, to ingest data and process it through multiple iterations that learn increasingly complex features of the data and make increasingly sophisticated predictions.

Generative AI

Generative AI is a branch of deep learning that uses exceptionally large neural networks called large language models (with hundreds of billions of neurons) that can learn especially abstract patterns. Language models applied to interpret and create text, video, images and data are known as generative AI.



AGM:	annual general meeting
AI:	artificial intelligence
app:	application
B-BBEE:	broad-based black economic empowerment
BESS:	battery energy storage system
Board:	the Board of directors
bps:	basis points
BSC:	balanced scorecard
BUSA:	Business Unity South Africa
Capex:	capital expenditure
CDP:	formerly the Carbon Disclosure Project
CEM:	customer engagement model
CEO:	chief executive officer
CFO:	chief financial officer
CPD:	continuous professional development
CPI:	consumer price index
CSI:	corporate social investment
CTC:	cost-to-company
DEI:	diversity, equity and inclusion
DFFE:	Department of Forestry, Fisheries and the Environment
dividend cover:	adjusted headline earnings per share dividend by total dividends per share
dtic:	Department of Trade, Industry and Competition
dtic Codes:	Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice
EAP:	economically active population
EBITDA:	earnings before interest, tax, depreciation and amortisation
EBITDA margin:	EBITDA expressed as a percentage of revenue
effective tax rate:	taxation expressed as a percentage of profit before taxation

EMEs:	exempted micro enterprises
EMR:	electronic medical record
ESD:	enterprise and supplier development
ESG:	environmental, social and governance
FC:	financial capital
FSP:	Forfeitable Share Plan
GB:	gigabytes
GBV:	gender-based violence
GDP:	gross domestic product
GHG:	greenhouse gas
GJ:	gigajoules
GPs:	general practitioners
GNU:	Government of National Unity
GRI:	Global Reporting Initiative
GWh:	gigawatt hours
HASA:	Hospital Association of South Africa
HCRW:	healthcare risk waste
headline earnings:	this comprises the earnings attributable to owners of the parent after adjusting for specific re-measurements as defined in Circular 1/2023 issued by the South African Institute of Chartered Accountants
healthcare provider:	Netcare and our peers
HEPS:	headline earnings per share
HC:	human capital
HPCSA:	Health Professions Council of South Africa
HPFL:	Health Partners for Life
HR:	human resources
HVAC:	heating, ventilation and air-conditioning
HWSETA:	Health and Welfare Sector Education and Training Authority



IC:	intellectual capital	NC:	natural capital
ICU:	intensive care unit	NDoH:	National Department of Health
IFRS:	International Financial Reporting Standards	NED:	non-executive director
ILO:	International Labour Organization	net debt:	long-term debt, short-term debt and bank overdrafts net of cash and cash equivalents
IMF:	International Monetary Fund	net debt to EBITDA:	net debt divided by EBITDA
IMT:	infection management tool	NGOs:	non-governmental organisations
interest cover:	operating profit divided by net interest paid	NHI:	National Health Insurance (South Africa)
IRR:	internal rate of return	NPAT:	net profit after tax
ISO:	International Organization for Standardization	NPOs:	non-profit organisations
JET IP:	Just Energy Transition Plan	NQF:	National Qualifications Framework
JSE:	JSE Limited	OHS:	occupational health and safety
King IV:	King Report on Corporate Governance for South Africa (2016)	OHSC:	Office of Health Standards Compliance
kg:	kilograms	PCI:	personalised clinical information
kl:	kilolitres	PFS:	patient feedback survey
KPIs:	key performance indicators	POPIA:	Protection of Personal Information Act
kWh:	kilowatt hours	PPD:	paid patient day
kWp:	kilowatt peak	PPPs:	Public Private Partnerships
LED:	light-emitting diodes	PV:	photovoltaic
LINAC:	medical linear accelerator	PVC:	polyvinyl chloride
LTI:	long-term incentive	QSEs:	qualifying small enterprises
MC:	manufactured capital	return on equity:	profit for the year divided by average total shareholders' equity
MRI:	magnetic resonance imaging	ROIC:	return on invested capital
MWh:	megawatt hour		
MWp:	megawatts peak		



SA:	South Africa
SACT:	systemic anticancer therapy
SAICA:	South African Institute of Chartered Accountants
SANC:	South African Nursing Council
SARB:	South African Reserve Bank
SBTi:	Science-based Targets initiative
SDP:	skills development period (1 April to 31 March)
SETA:	Sector Education and Training Authority
SHEQ:	safety, health, environment and quality
SIP:	Single Incentive Plan
SMMEs:	small, medium and micro enterprises
SRC:	social and relationship capital
STI:	short-term incentive
TCFD:	Task Force on Climate-related Financial Disclosures
tCO₂e:	tonnes of carbon dioxide equivalent

UHC:	universal health coverage
UN:	United Nations
YES:	Youth Employment Service
WACC:	weighted average cost of capital
WEF:	World Economic Forum
WHO:	World Health Organization



Annual general meeting	7 February 2025
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Reports

Interim results announcement	May
Final results announcement	November

Dividends

Ordinary dividends	Declared	Paid
Interim	May	July
Final	November	January

Preference dividends

Interim	April	May
Final	October	November

Corporate information



Netcare Limited

Registration number: 1996/008242/06
(Incorporated in the Republic of South Africa)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
A2X share code: NTC
Listed on the JSE and the A2X Exchanges
("Netcare" or "the Company" or "the Group")

Registered office

76 Maude Street (corner West Street),
Sandton 2196, Private Bag X34
Benmore, 2010

Executive directors

RH Friedland (Chief Executive Officer),
KN Gibson (Chief Financial Officer)

Non-executive directors

A Maditse (Lead Independent Director), B Bulo, L Human,
I Kirk, R Phillips, L Stephens

Company Secretary

CM Vikisi

Sponsor

Nedbank Corporate and Investment Banking, a division
of Nedbank Limited
135 Rivonia Road
Sandown, 2196

Transfer secretaries

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Disclaimer

Certain statements in this document constitute 'forward-looking statements'. Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Any forward-looking information contained in this report has not been audited and reported on by the Company's external auditor.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

The normalised information has been prepared for illustrative purposes only, which is the responsibility of the directors. It has not been reviewed or reported on by the auditor because of its nature, and may not fairly represent Netcare's financial position, changes in equity, results of operations or cash flows.

