



helping care for the
health of humankind

Netcare Limited **2012**

TRANSFORMATION, CORPORATE SOCIAL
INVESTMENT AND ENVIRONMENTAL REPORTS



You're in safe hands

TRANSFORMATION REPORT: SA



69 BLACK
EMPLOYEES

LEVEL 3 B-BBEE RATING
AGAINST PHASE 2 TARGETS

Introduction

Netcare remains committed to accelerating transformation within the Group. We are firm in our belief that business in South Africa (SA) is both morally obligated and socially responsible for increasing economic participation of previously marginalised South Africans through the key areas of direct and indirect ownership, human resource development and entrepreneurship. For this reason, we align our transformation strategy to the Broad-based Black Economic Empowerment (B-BBEE) framework and use the Department of Trade and Industry (dti) Codes to measure our contribution.

Recognition and awards

Our transformation efforts and contributions received further recognition in 2012 through the following awards:

- *Metropolitan Oliver Empowerment Awards*, in which Netcare received awards in three categories: New Black Business Development; Community Development; and Supply Chain. Netcare was also a finalist in the Top Empowered Business of the Year category.
- *Annual Top Women Awards*: Top Gender Empowered Company in the Science, Biotechnology and Healthcare category for the second consecutive year.
- *Insurance Sector Education and Training Authority (INSETA) National Disability Awards*: The Department of Women, Children and People with Disabilities, in partnership with INSETA, awarded Netcare the National Disability Company Award for 2012.

Managing transformation

The Social and Ethics Committee was established following Board and Nominations Committee approval in 2011 for the Transformation Committee to take on the statutory responsibilities of a Social and Ethics Committee. As such, this committee is responsible for developing Netcare's transformation strategy and policy, as well as monitoring its implementation. It strives to ensure that management embraces transformation across the business and oversees the Operational Transformation Committee.

 **ONLINE** For further information on the Social and Ethics Committee and the Operational Transformation Committee. See the Corporate Governance report.

Following the introduction of the dti's Phase 2 targets in February 2012, we revised our strategic focus on improving the participation of black leaders in the management control and employment equity pillars, and on increasing procurement from enterprises that are at least 50% black-owned and 30% black women-owned. We had hoped that this focused approach would result in Netcare retaining its Level 2 B-BBEE rating under the new dti targets.

Despite improvements having been achieved in the three focus areas, we only managed to score in the higher end of the Level 3 B-BBEE rating against Phase 2 targets, missing a Level 2 rating by a marginal 2.89 points (82.11 points against the target of 85 points).

Netcare's 2012 rating provides a base from which we will continue to improve against the dti's Phase 2 targets.

Each phase runs for five years. With Phase 2 targets becoming effective this year, we have four years to work towards attainment them.

Netcare's B-BBEE Empowerdex scorecard

%	Weighting	2012		2011
		Phase 2	Phase 1	Phase 1
Ownership	20	18.54	19.16	19.16
Management control	10	8.40	8.40	8.81
Employment equity	15	5.94	9.28	9.18
Skills development	15	13.76	13.82	12.51
Procurement	20	15.47	17.37	15.64
Enterprise development	15	15.00	15.00	15.00
Socioeconomic development	5	5.00	5.00	5.00
	100	82.11	88.03	85.30

However, the revised B-BBEE codes and technical guidelines issued by the Minister of Trade and Industry on 5 October 2012 could have a significant impact on Netcare's rating if the guidelines become effective within the next four years. We have made submissions to the dti for transitional arrangements, among other recommendations.

Ownership

As at end September 2012, the total number of Health Partners for Life shares allocated to black beneficiaries was 74.4 million, 88.8% of the total 83.8 million Health Partners for Life shares. This compares favourably to 71.5 million shares which were allocated at the end of September 2011, of which 48.5 million shares (67.9%) were allocated to black beneficiaries.

These allocations form part of the Black Economic Empowerment transaction concluded by Netcare in 2005, in which

160 million shares were transferred to the Health Partners for Life Trusts for a range of beneficiaries in a deal worth R1 billion.

Management control

During the year, the Board consisted of 10 members of whom four (40%) were black and two (20%) were black women. All our black directors during the year were independent non-executives. The SA Executive Committee comprised 12 members, five of whom were black (42%) and three of whom (25%) were black women. Netcare intends to use opportunities that may arise at Board level to further drive representivity among our directors, with due regard to SA demographics and gender diversity.

Employment equity

Netcare's overall representation of black employees increased to 69% (2011: 67%) and black women representation increased to 56% (2011: 54%). The number

of employees with disabilities increased to 410 (1.88%) compared to 245 (1.14%) in 2011. Black employees with disabilities increased to 203 (0.93%) from 98 (0.59%) in 2011.

At senior management level, black representation was 23.2% (2011: 28.0%) after recognition for gender enhancement (additional points for black women representation), while the number of black middle managers increased to 164 (32.6%) from 157 (31.5%) in 2011. Black representation at junior management level (C Band) improved to 3 970 (54%) from 3706 (51.9%) in 2011. Measured against the dti's Phase 2 targets, the Group achieved 5.94 out of 15 points. Had the dti targets remained unchanged, the Group would have improved its score to 9.28 (2011: 9.18).

Skills development

Netcare continues to invest in developing employees and providing training in nursing skills to internal staff, members of the public and public sector employees. Training interventions are aimed at clinical, nursing, paramedics and management development. The overall value of Netcare's skills development spend on black employees was R800 million (2011: R446 million) in the training year ended 31 March 2012. This value has been calculated in accordance with the dti B-BBEE Codes and the enhanced recognition criteria of the Adult Basic Education and Training (ABET) programmes, and is inclusive of administration costs. The total value of training initiatives for black employees after adjustment for gender was 12.92% (2011: 8.4%) of leviage payroll which is ahead of the dti target of 5%.

In 2012, Netcare launched the Sinako Disability Initiative with the intention of training unemployed youth with disabilities from communities that surround our hospitals. An investment of R1.3 million (2011: R139 000) was made in the development of more than

Employee profile by race

%	2012		2011	
	ACI	White	ACI	White
Executive	30	70	33	67
Management	43	67	39	61
Professional	57	43	55	45
Enrolled nursing and support	79	21	77	23

TRANSFORMATION REPORT: SA (continued)

50 young men and women in formal structured learnership and internship programmes which led to direct employment within the Netcare Group.

Preferential procurement

Netcare's measureable procurement spend for the year under review was R8 billion, of which 90% (R7.2 billion) was spent on B-BBEE compliant suppliers (2011: R6.7 billion), thus exceeding the dti's phase two target of 70%. Procurement spend on qualifying small enterprises and exempt micro enterprises improved to 7.89% (R755 million) (2011: R610 million). With focused attention on improving procurement expenditure from black-owned enterprises, procurement spend on 50% black-owned enterprises improved substantially to 5.54% (R516 million) compared to 2.9% (R226 million) in 2011. Further, procurement expenditure on black women-owned enterprises increased to 2% (R189 million) from 0.71% (R55 million) in 2011.

Enterprise development

Netcare is committed to developing black-owned or controlled enterprises, especially in the private healthcare sector. Netcare's cumulative enterprise development spend for the five years ended 30 September 2012 was R300 million (2011: R406 million), or 4.22% of cumulative SA net profit after tax for the five years. This exceeds the dti target of 3% of net profit after tax.

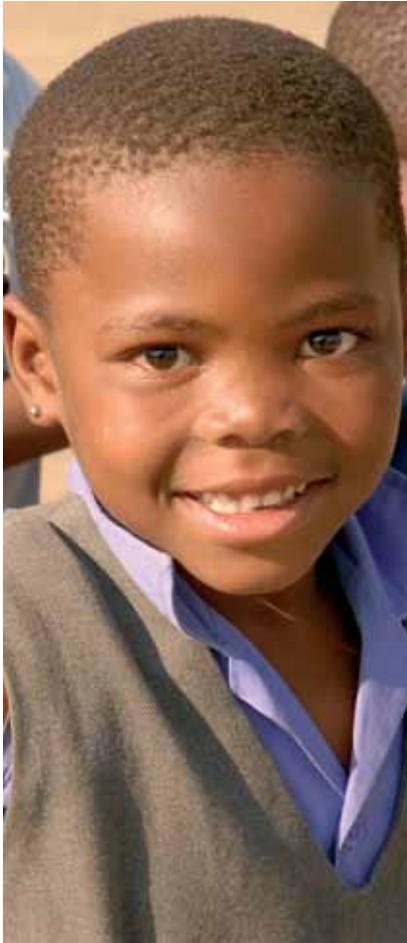
Socioeconomic development

Netcare's cumulative socioeconomic development spend over the five years ended 30 September 2012 was R106 million (2011: R102 million), which was 1.49% of cumulative SA net profit after tax for the five years. This is above the dti's target of 1.0%.



ONLINE For further details on our socioeconomic contribution, refer to the Corporate social investment report: SA.

CORPORATE SOCIAL INVESTMENT: SA



R36 million
CSI SPEND

6 042
PRO BONO
MEDICAL EMERGENCY
SERVICES PROVIDED

Introduction

Netcare is committed to the development of South Africa (SA) and its people. Through our corporate social investment (CSI) initiatives, we partner with individuals, entities and communities and commit considerable resources to community development and nation-building.

As a healthcare company, acting with care and compassion towards the communities we serve is ingrained throughout the Group, from individual healthcare professionals through to the highest levels of management. Our CSI activities are primarily focused in healthcare through our involvement in a range of healthcare related community projects.

Netcare's CSI guidelines are aligned to King III, the Millennium Development Goals, the United Nations (UN) Global Compact principles, the Organisation for Economic Cooperation and Development (OECD) principles, the Ruggie Framework, SA's inputs to the UN Conference on Sustainable Development and the final document of Rio+20.

The Netcare Foundation, which was created in 2011, has chosen to partner with other corporate entities to take our healthcare initiatives further and to ensure that committed funding is aligned to the following key CSI focus areas:

- Indigent emergency medical services;
- Healthcare accessibility initiatives;
- Community health and welfare sponsorships; and
- Academic sponsorships.

During 2012 Netcare continued to invest in CSI initiatives to make a positive and tangible impact on society. We spent more than R36 million on CSI

initiatives, R10 million of which was for Netcare 911's provision of pro bono emergency medical care to indigent patients (2011: R11 million). Our CSI contribution as a percentage of profit from SA operations for 2012 was 2.2%.

Netcare CSI spend



Indigent emergency services	16%
Accessibility initiatives	6%
Community sponsorships	9%
Bursaries and academic sponsorship	6%

Emergency medical services to indigent patients

Netcare 911 pre-hospital emergency medical services

It is a stated objective of Netcare 911 to be a leading corporate citizen, proud of its heritage and contribution to society. In embracing this vision and the core values of the Group, Netcare 911 provided pro bono medical emergency services to 6 042 individuals during 2012.

Hospital emergency departments

In keeping with the legislative requirements that no patient can be denied emergency medical care, Netcare hospitals provided pro bono services to 374 patients during the period under review in emergency departments throughout the country (2011: 272 patients).

CORPORATE SOCIAL INVESTMENT: SA (continued)

Initiatives aimed at broadening access to healthcare

Netcare Vodacom Smiles for You programme

This long-standing joint venture is made possible by the Netcare and Vodacom Foundations, with full support of highly experienced medical practitioners and allied healthcare professionals. During 2012 the programme changed the lives of a number of disadvantaged people with cleft lip and palate deformities. Surgeries were conducted at Netcare Sunninghill and Park Lane hospitals.

Johannesburg Craniofacial programme

Most craniofacial anomalies are congenital and result in deformities that can be disfiguring to affected children. In some communities, these children are often hidden from view or shunned by society, and may be forced to grow up in seclusion. A highly motivated and dedicated multidisciplinary medical team supported by a joint venture between the Netcare and Vodacom Foundations and Netcare Sunninghill Hospital is responsible for performing life altering surgery.

Netcare Vodacom Sight for You programme

Since its inception, this programme has restored the sight of thousands of disadvantaged people throughout SA. Cataract revision surgery is performed in numerous public and private facilities countrywide with support from the Netcare and Vodacom Foundations.

Hear for Life programme

In 2012 Netcare Linksfield Hospital, 94.7 Highveld Stereo and Bidvest helped seven (2011: eight) individuals regain their auditory understanding of speech and hear environmental sounds

through cochlear implants. As part of the procedure a small, electronic apparatus is implanted to provide recipients suffering from complete or profound deafness with a sense of sound.

Walter Sisulu Paediatric Cardiac Foundation (WSPCF)

Netcare continues to support the WSPCF, which was started in 2003 as a collaborative Public/Private Initiative to extend life-saving modern paediatric cardiac care to children from SA and surrounding African countries. Since inception, 634 cardiac procedures have been successfully completed.

As part of an additional initiative, nurses and doctors from across Africa underwent special training at the Netcare Sunninghill Hospital to support their cardiothoracic work.

Netcare sexual assault centres

Netcare emergency departments provide a comprehensive sexual assault service to all patients in need of care. As part of a social responsibility initiative, both insured and uninsured patients receive the service pro bono. In 2012, a total of 1 021 patients were assisted (2011: 863). To date, 8 543 survivors of rape have been cared for through this important initiative. The programme also encourages victims to lay criminal charges. Of all patients attended to, 76.3% have laid criminal charges.

Organ Donor Foundation

Netcare continues to support the Organ Donor Foundation of South Africa, a not-for-profit organisation established to address the critical shortage of tissue and organ donors in the country. As part of the ongoing support we provide, costs are covered for the main incoming toll-free line as

well as other initiatives aimed at addressing education and awareness within the healthcare sector.

Corneal transplant

In a partnership with 702 Talk Radio, as part of their birthday wish initiative, a pro bono corneal transplant was performed to assist a young man blinded by corneal disease.

Netcare Milpark Hospital Burn Centre and Netcare Rehabilitation Hospital

A severely burnt child in need of emergency care was flown to the burn centre by a local non-governmental organisation (NGO). The hospitals and medical practitioners provided care to the child on a pro bono basis.

Community health and welfare sponsorships

Habitat for Humanity South Africa

In 2012 Netcare, together with Habitat for Humanity and more than 1 500 Netcare volunteers, built 15 homes for disadvantaged South Africans. Five houses were built in each of the following areas: Orange Farm, Gauteng, Mfuleni, Western Cape and KwaZulu-Natal.

Feed for Life initiative

This project is proudly supported by Netcare and run by the South African Breast Milk Reserve (SABR). It promotes education and breastfeeding in line with the National Department of Health's Tshwane Declaration.

SABR establishes and manages breast milk banks and the donation of breast milk, which is used for neonates in desperate need of breast milk to increase their chance of survival. The initiative aims to decrease infant

mortality and morbidity due to inadequate formula feeding, while preventing HIV infection through the avoidance of mixed feeding, breast-feeding and substitute feeding by HIV-positive mothers.

Since the inception of the programme, Netcare has established breast milk banks in eight of its hospitals. A ninth bank, scheduled to open in 2013, is currently in the planning phase. Milk donated to Netcare banks is distributed to needy infants in the public sector. In 2012, 429 donors assisted 622 babies (2011: 964).

The Mother and Child Trust and the Healthy Lifestyle Trust

Both of these trusts are initiatives of Health Partners for Life (HPFL), which support disadvantaged recipients. During the period under review 425 recipients benefited from programmes.

Tripoli Zoo

The ongoing conflict in Libya resulted in an international request for assistance with the impending crisis faced by more than 700 abandoned and traumatised animals at the Tripoli Zoo. The Netcare Pharmacy division donated consumables and medication for use in the rescue of the animals.

National Sea Rescue Institute (NSRI)

Netcare hospitals' emergency departments assist the NSRI in providing pro bono medical examinations for their volunteers nationally. The volunteers may not assist in any NSRI activity unless declared medically fit. This initiative ensures that the volunteers are able to continue performing their valuable services.

PlayPumps

For the past seven years Netcare has assisted schools and their communities with the provision of clean drinking water pumped by PlayPumps, an ingenious invention which turns the pumping of water into a game, providing fresh drinking water and water to irrigate fresh produce gardens.

To date Netcare has sponsored the maintenance of 19 PlayPumps around the country, including three in Limpopo, three in Mpumalanga, three in KwaZulu-Natal, five in the Eastern Cape and a further five in the North West Province.

Local community involvement – hospital initiatives

During 2012 more than 2 800 individuals benefited from the philanthropic efforts and special projects initiated by staff and management within Netcare hospitals throughout SA. Projects are specifically implemented to meet the needs of individual communities.

Initiatives supported by hospital staff include:

- Nelson Mandela Day initiatives;
- CANSAs Relay initiatives;
- Hosting CANSAs Shave-a-thon events;
- Support of children's homes and homes for the care of the aged;
- Medical care and support of athletes at sports events;
- Support of medical facilities;
- Donations to reading centres for children;
- Donations, support and voluntary services to animal shelters;

- Support and donations to life saving clubs;
- Support to schools for the deaf;
- Donations of hospital equipment, medical supplies and consumables;
- Donations of school desks and services to countless schools;
- Pro bono care for children living in orphanages, and homes for HIV care; and
- Support to stroke and heart foundations.

Many other initiatives continue to receive the support of the doctors, staff and management of the Netcare Hospital division, the Primary Care division, the Emergency Medical Services division and National Renal Care.

National Renal Care (NRC)

NRC continues to help create sustainable communities by finding solutions to meet local needs, and improving quality of life through programmes, partners and people. Initiatives and organisations supported throughout 2012 include:

- Girls and Boys Town;
- Khotso Caritas Hospice Centre;
- Ikhaya Likababa Children's Home;
- Enchochoyini Primary School;
- National Renal Care Christmas Angels;
- Sethabe Primary School;
- Marang House;
- Mould Empower Serve (MES);
- SA National Council for the Blind;
- My Acre of Africa;
- Bloodstock SA Ladies High Tea;

CORPORATE SOCIAL INVESTMENT: SA (continued)

- Kenya Relief Initiative;
- Muscular Dystrophy Foundation;
- Personal Touch (breast cancer);
- Cape Kidney Association (golf day fundraiser);
- CHOC;
- Sebokeng Hospital;
- Deogratia Children's Home;
- South African Scouts Association (first aid training);
- Honeydew SAPS/Warm the World outreach programme;
- Honeydew SAPS Easter 2012 Awareness Campaign; and
- Thorner Primary School (Umgungundlovu District – KwaZulu-Natal).

Community healthcare education

A number of open days and community awareness days are hosted within Netcare facilities throughout the year. These health promotion and disease prevention initiatives are held to

coincide with events on the healthcare calendar and are invaluable in assisting and educating the public on:

- Diabetes screening;
- Heart awareness;
- Breast cancer awareness;
- Malaria awareness;
- Eye health;
- Asthma testing;
- Cholesterol and hypertension screening;
- Pregnancy education;
- HIV screening;
- Kidney disease screening; and
- Transplant awareness.

Academic sponsorships

Hamilton Naki Scholarship

The Physician Partnership Trust, established in terms of the HPFL initiative in 2005, set up the Hamilton Naki Scholarship in 2007. This scholarship is named in honour of the surgical assistant and technician who

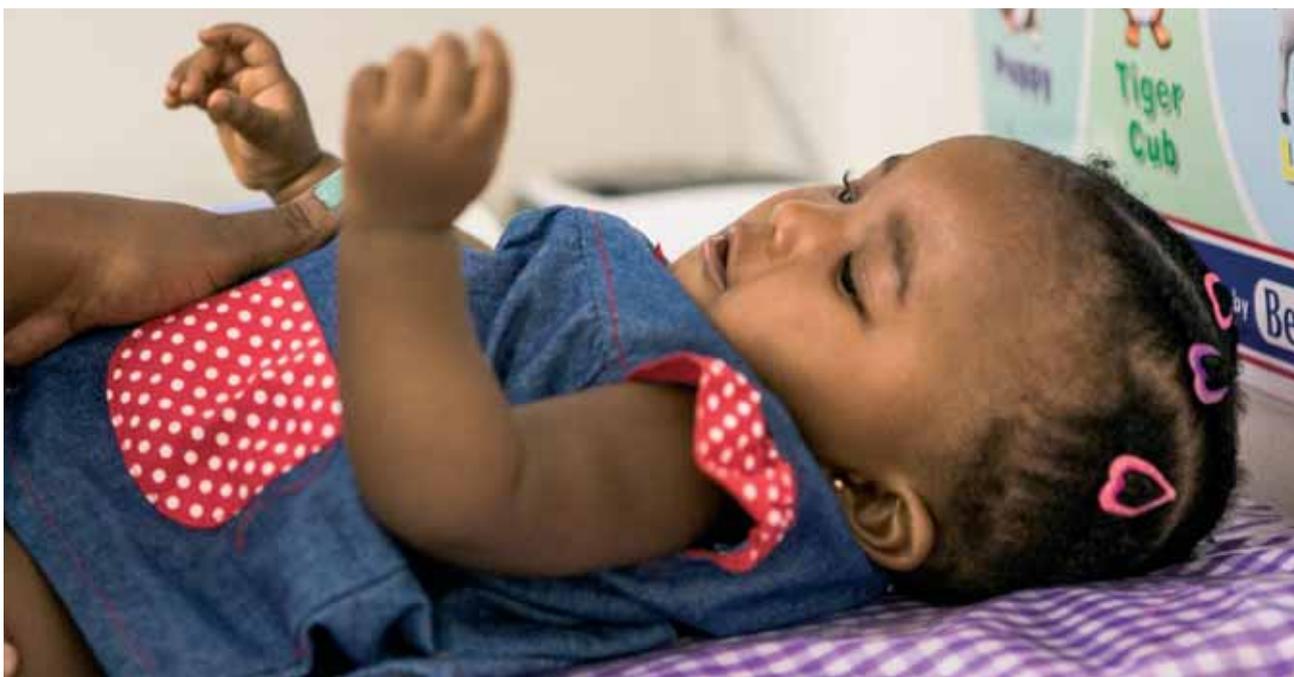
played an instrumental, but largely unrecognised role in the first cardiac transplant in SA. He also helped train several hundred surgical registrars at Groote Schuur Hospital in Cape Town. Four medical specialists have been funded to date to undergo doctoral studies in their chosen fields of medicine.

Registrar's programme

Two medical registrars have been supported in the Netcare Registrar's initiative, which aims to support medical training institutions by sponsoring a post to increase the number of trained specialists in a particular field.

Nursing training

Netcare continues to partner with the Premier of the Free State in providing nursing training to students in the province. Netcare Education has supported a further 126 nursing students with bursaries to complete their nursing training.



CORPORATE SOCIAL INVESTMENT: UK



SPONSORSHIP COMMITTEE
ESTABLISHED

CSI PROGRAMME REVIEWED
AND ALIGNED TO GROUP
VALUES AND SERVICES

Introduction

BMI Healthcare's corporate social investment (CSI) programme supports several outreach projects through sponsorship, fundraising and general support.

Corporate initiatives

BMI Healthcare is approached by many organisations and individuals seeking sponsorship and support. A dedicated Sponsorship Committee was created to manage this programme. During 2012, the Committee reviewed the CSI programme to ensure that resources are allocated to organisations that are aligned to our values and services, and that resources are deployed in a way that makes a tangible and meaningful contribution to communities, within our areas of expertise. All funding applicants are assessed against these criteria.

One of BMI Healthcare's distinct focus areas is women's healthcare issues. An organisation that we will continue to support in 2013 is Wellbeing of Women, which raises funds for related medical research and supports the development of specialist doctors and nurses working in the field of reproductive and gynaecological health.

We will also continue to work with Medical Missions for Children (MMFC), a group of 375 volunteer surgeons, anaesthesiologists, medical and dental specialists who use their personal time to travel to remote locations around the world to treat children and young adults with congenital facial deformities such as cleft lip and palate, burn injuries and tumours. MMFC currently sends 15 to 20 surgical and dental missions each year to China, Ecuador, Guatemala, India, Peru, the Philippines, Rwanda, Tanzania and Ukraine, where their goal is to provide medical solutions and end the stigma often suffered by affected children.

BMI Healthcare funded a MMFC team to travel to the Philippines in November 2011 to provide life-changing surgery for 19 children. BMI Healthcare has agreed to continue our support of MMFC by providing two nurses for two new missions in the forthcoming year.

Hospital initiatives

Our hospitals are at the forefront of providing care for cancer patients, offering advanced screening and diagnostic services and treatment. Staff were involved in a large number of cancer initiatives during the year including research and support, and working with organisations such as Breast Cancer Awareness, Cancer Research UK, Macmillan Cancer Support and Orchid.

The staff of BMI Healthcare also participate in annual fundraising events in support of heart health, including initiatives organised by the British Heart Foundation and Heart Research UK.

Furthermore, our hospitals support events on the national healthcare calendar that raise awareness of specific illnesses or health conditions and often provide early diagnosis screening opportunities, including stress and allergies, as well as prostate, cervical and breast cancer.

Other sponsorships and fundraising events our hospitals participate in include support to schools, children's hospices, associations for the disabled and other health related initiatives including Children in Need, Samaritan's Purse, Scope and Smile International.

BMI Healthcare hospitals continue to regularly organise and host patient support groups for people who have undergone treatment and surgery at our facilities. During 2012, these included new support groups for people who have undergone bariatric (weight loss) surgery and a patient-led group to support women who suffer with endometriosis.

ENVIRONMENTAL REPORT: SA



ENVIRONMENTAL POLICY AND
MANAGEMENT PLAN
DEVELOPED

ENERGY AND WATER AUDIT
COMPLETED TO ESTABLISH
BASELINE FOR FUTURE
REDUCTION IN USAGE

Introduction

Netcare has a framework and long-term plan for managing the Group's environmental impact and has committed to a plan of action with measurable key performance indicators (KPIs). Our goal is to entrench a commitment to environmental sustainability in the organisational culture across the Group.

The carbon footprint of our operations in South Africa (SA) was independently assured for the period October 2011 to September 2012. The Scope 1, 2 and 3 emissions reported were verified by an external engineering consulting firm which provided limited assurance over the Group's emissions data. The assurance report is available for inspection online.

 **ONLINE** for the assurance report on the Group's emissions data.

The Greenhouse Gas Protocol corporate standard was used as a guideline for reporting on Netcare's SA operations. The boundary for reporting encompassed all facilities including managed entities. Netcare has operational control over all Hospital, Medicross, Prime Cure and Netcare 911 facilities. All Public Private Partnerships (PPPs), which include the Queen Mamohato Memorial Hospital in Lesotho, are excluded.

Framework for environmental management

The Sustainability Committee reports to the Group Social and Ethics Committee. The Group's Environmental Policy is available to employees on the Company's intranet. An environmental management system based on the ISO 14001 principles will be implemented to meet the requirements of this policy.

Netcare continued its participation in the JSE Socially Responsible Investment (SRI) index, the Carbon Disclosure Project, and for the third year made submissions to the Water Disclosure Project.

Progress on environmental initiatives

During the year we continued to emphasise planning and preparation to ensure that Netcare has the required systems and procedures in place to implement initiatives and achieve the desired savings and efficiencies. Our progress on planned initiatives reported in 2011 are reflected in the table that follows.

Progress on 2011 initiatives

Initiative	Progress in 2012	Way forward
<p>Establish an environmental policy and management plan with defined action plans and targets.</p>	<p>The Environmental Policy document was published in September 2012 and outlines the commitment, objectives, processes, reporting standards and guidelines, strategy, compliance and governance approach to managing environmental systems, to prevent or reduce negative impact on the environment.</p> <p>An environmental management plan has been established, with the following initiatives already commenced:</p> <ul style="list-style-type: none"> • Energy management: Netcare is currently focusing on lighting replacement projects and heating, ventilation and air conditioning (HVAC) and hot water system optimisations. • Waste management: Hospitals have been encouraged to recycle and most hospitals have initiated waste recycling projects. • Water management: Various water saving projects are underway. 	<p>Although Netcare has not embarked on the ISO 14001 system implementation, the principles will be followed in environmental management.</p> <p>Targets are yet to be defined and we are awaiting the completion of the metering project to be rolled out nationally, anticipated for April 2013. This will enable us to establish baselines and to set targets.</p> <p>Most of the projects initiated in 2012 will be completed in 2013 and 2014.</p>
<p>Energy and water audits, currently underway, to be completed for all 55 facilities in 2012. This baseline will be used to establish reduction targets.</p>	<p>A decision was taken not to complete these audits for all 55 hospitals. The audits that were conducted for the eight initial hospitals served as guidance to assist us in understanding the energy and water profile at the facilities. An audit was also conducted at a Medicross facility. These audits assisted in informing decisions on the way forward with regards to the Group's energy and water management.</p> <p>We have identified that the largest consumers of electricity in a facility are HVAC, hot water and lighting. Initiatives are either planned or underway to reduce consumption of electricity by targeting these areas.</p>	<p>Results of initiatives will be reported in the next few years.</p>

ENVIRONMENTAL REPORT: SA (continued)

Initiative	Progress in 2012	Way forward
<p>Explore opportunities for partnership in energy reduction and measurement, including the installation of real-time energy meters.</p>	<p>Initiative 1 Custom billing meters are being installed in all the hospitals. These meters are critical to ensuring that a proper baseline is established for measuring, verifying and reporting on energy reductions.</p> <p>Initiative 2 Netcare engaged the services of an energy services company to replace all downlighters with LED energy saving lights in hospitals.</p> <p>Initiative 3 Light occupancy sensors were installed in Netcare's Sandton head office building during July 2012. A decrease in electricity consumption has been achieved.</p>	<p>Initiative 1 The project is currently in progress and installation at all Netcare hospitals will be completed by April 2013.</p> <p>Initiative 2 This project was initiated in November 2012 and is envisaged to be completed in April 2013. The project is subsidised by Eskom and will result in a reduction in electricity demand by 881 kilowatts and carbon emissions by 2 512 tonnes CO₂e (carbon dioxide equivalent). Plans are currently underway to replace all Hospital, Medicross, Prime Cure and administration building lighting with energy saving light bulbs.</p> <p>Initiative 3 Light occupancy sensors will likely be implemented in other facilities in 2014 or 2015.</p>
<p>Roll out a waste recycling initiative across Netcare SA.</p>	<p>Netcare initiated a recycling programme for the head office building in September 2011. The recycling campaign was well received by Netcare staff with various staff members bringing their recyclable material from home to be recycled at work. Hospitals have been encouraged to do the same. This initiative has resulted in a 138% increase in recycled waste from 2011 discussed under "Waste reduction".</p>	<p>Various proposals were put forward to hospitals from different service providers and we are looking to increase the number of facilities that are recycling their waste in 2013. It is expected that there will be a decrease in landfill waste and an increase in recycled waste.</p>
<p>Incorporate green design principles into all new facilities.</p>	<p>Netcare submitted the Netcare Waterfall City Hospital as a Green Building Design initiative to the Eskom eta Awards and the Nedbank Corporate Sustainability Awards. Netcare is committed to ensuring that all new buildings continue to incorporate green design principles.</p>	<p>Renovations that are planned at existing facilities will also incorporate environmental management initiatives.</p>
<p>Roll out an awareness campaign, which will include a focus on climate change.</p>	<p>We have started planning for the campaign. The first stage will be to publish a newsletter.</p>	<p>The first newsletter is to be published in February 2013.</p>

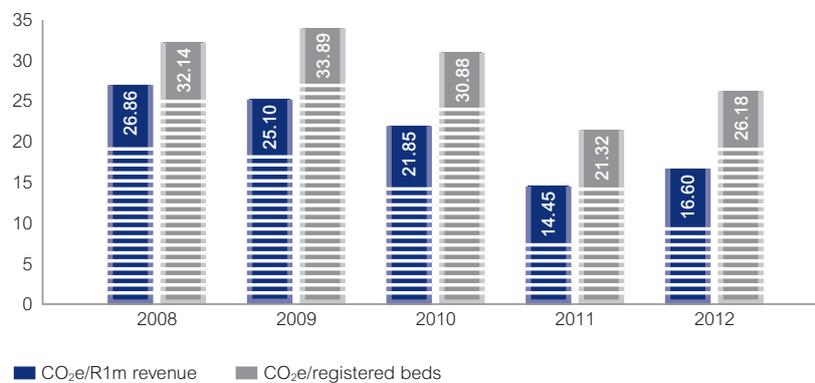
Carbon footprint¹

Metric tonnes	2012	2011	% change
Carbon emissions²			
Direct (Scope 1) ³	41 931	34 156	22.8
Indirect (Scope 2) ⁴	197 513	156 758	26.0
Indirect (Scope 3) ⁵	3 016	2 092	44.2
Total emissions CO₂e	242 460	193 006	25.6

Carbon emissions

	2012	2011	2010	2009	2008
Total CO ₂ e (tonnes)	242 460	193 006	274 041	296 987	278 901
Tonnes CO ₂ e/Rm revenue	16.60	14.45	21.85	25.10	26.86
Tonnes CO ₂ e/registered beds	26.18	21.32	30.88	33.89	32.14

Carbon emissions



¹ The figures refer to the Hospital division, Primary Care, Head Office and Human Resources Shared Service Centre.

² Carbon emissions are reported as per the GHG Protocol.

³ Scope 1 emissions are as defined in the GHG Protocol and include all "direct" emissions from greenhouse gas sources such as combustion facilities. This includes emissions from gases used (nitrous oxide, carbon dioxide, LPG, natural gas) as well as emissions from diesel, petrol and Jet A1 usage.

⁴ Scope 2 emissions are indirectly incurred through the consumption of electricity, heating and cooling, commonly referred to as "purchased electricity".

⁵ Scope 3 emissions are indirectly caused through services provided on behalf of a company. Air travel and the incineration of medical waste are regarded as the most common source of Scope 3 emissions.

Energy and carbon management

Total energy usage increased from 719 727 gigajoules (GJ) in the prior year to 1 010 310 GJ in 2012.

The Hospital division accounts for 94% of Netcare SA's electricity consumption. The increase in consumption is primarily due to increased activity with a 2.3% increase in registered beds, a 1.6% increase in admissions and a 2.8% increase in patient days.

The Hospital division, being the core of our operations, remains a key focus area for energy saving.

For the Hospital division only, Scope 1 emissions increased 24% and Scope 2 emissions increased 29% year-on-year. The increase in emissions is partly attributable to the increase in operational activity, as well as to renovations and extensions throughout the year and the addition of the new Netcare Waterfall City Hospital. The Primary Care division experienced a 12% decrease in Scope 1 and Scope 2 emissions collectively from the prior year.

The measurement of emissions will be improved in future for monitoring and reporting purposes.

Netcare has not reported on any refrigerant gases. Reporting on Scope 3 emissions is restricted to waste incineration.

Normalised emissions are reported in tonnes of CO₂e per R1 million generated in revenue and tonnes CO₂e per registered bed. Despite a 26% increase in carbon emissions from the prior year, there has been a 13% decrease in carbon emissions since 2008 from 278 901 tonnes in 2008 to 242 460 tonnes in 2012.

Netcare has participated in the Carbon Disclosure Project for the third year, scoring a commendable 84 in 2012.

The minimum denominator range for disclosure is applicable to Netcare which has a maximum possible score of 130.5. A result of 84 represents 84% of 130.5.

ENVIRONMENTAL REPORT: SA (continued)

Waste

Tonnes	2012	2011	% change
Offsite incineration	3 429	2 379	44.1
Recycled waste	515	216	138.4
Landfill waste	107 391	118 000	(9.0)

Scope 1 reduction will continue to be a focus area at Netcare. With the appointment of the new Energy Manager (discussed later), there will be focused effort on energy management allowing Netcare to accurately measure, establish a baseline and meet targets for reduction.

Opportunities for further reductions

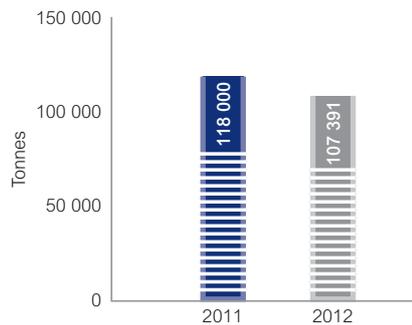
- To reduce energy consumed by HVAC and water heating, Netcare will be embarking on a project to optimise the hot water and HVAC systems at all hospitals by installing automatic building management systems that can optimise energy usage. We anticipate that this system will be implemented at 19 hospitals in 2013. An annual energy saving of 1 231 630 kilowatt hours is expected which could reduce carbon emissions by as much as 1 219 tonnes CO₂e.
- We will be replacing geysers at Medicross, Prime Cure and administration buildings with solar or heat pump equivalents.

Waste reduction

Netcare has continued with its waste management programme which has resulted in significant improvements over the previous year. Waste management procedures at facilities are continuously reviewed to minimise risk and identify further opportunities for waste reduction.

Data on waste management has been collated for the Hospital division only; however, we expect to improve data collection for our SA operations in 2013.

Landfill waste



Tonnes of waste recycled should improve substantially compared to landfill waste in 2013, due to recycling initiatives being driven in our SA operations.

Waste incineration increased by 44% from 2011. The incineration of medical waste represents the Scope 3 emissions in Netcare's carbon footprint. Medical waste is expected to decrease as a result of heightened awareness and training on separation and handling at source.

Opportunities for reductions

- Our ultimate goal is to recycle 100% of waste generated by our facilities. We anticipate that the amount of waste recycled will increase by 10% in 2013 with landfill material decreasing by the same amount. A reporting framework will be implemented for accurate capturing of data which is required for measuring and monitoring our progress toward this goal.
- Policies and procedures for disposal of medical waste will be reviewed to identify areas for improvement and

to align these to best practices. Staff training on the separation and handling of medical waste is a key focus area, which should result in a decrease in medical waste and a subsequent increase in general waste, which will decrease our Scope 3 (incineration) emissions.

Water usage

Total water withdrawal increased from 1 914 653 kilolitres in 2011 to 2 509 711 kilolitres in 2012. The Hospital division accounts for 93% of Netcare SA's water withdrawal. Water withdrawal by hospitals increased 36% from the prior year, despite efforts to reduce withdrawal. The increased withdrawal is attributable to the increased operational activity at hospitals.

The source of water withdrawal is municipal water supplies and other utilities.

The total volume of recycled water used will be monitored and reported in future.

Water withdrawal



■ Hospital division 93%
■ Other 7%

Opportunities for further reductions

- Installation of low flow restrictors and low flow showerheads at all facilities.
- Investigation into renal care water recycling.
- Autoclave control optimisation to reduce water and electricity usage.
- Autoclave water recycling investigation.

Looking ahead

With the official publishing of the Netcare Environmental Policy in September 2012, Netcare has reinforced its commitment to reducing the negative impact its operations may have on the environment. Netcare will continue to adhere to its commitment to responsible organisational growth. The Company endeavours to achieve this as follows:

- An environmental awareness newsletter is proposed which we are looking to publish in February 2013. The aim of the newsletter is to

create awareness of the Group's environmental impact which will encourage responsible behaviour by staff and reduce consumption of electricity and water. This newsletter will also be used as a platform to report on initiatives and to show results of initiatives already implemented. The targeted savings for 2013 from the awareness campaign is a 2.5% reduction in total electricity consumption for the year. Higher savings will be targeted in subsequent years with a target to ultimately achieve 15% electricity savings through anticipated behavioural changes.

- An Energy Manager (qualified Electrical Engineer and Certified Energy Manager) will commence employment with Netcare in January 2013 to focus our efforts to optimise energy usage and to reduce Netcare's environmental impact.
- We will acquire and develop data collection and verification software which will allow for Scope 1 and

Scope 2 carbon emission data to be collected and verified. This will result in completeness and consistency of data and a greater degree of assurance.

- Scope 3 carbon emissions will be reviewed and further KPIs will be developed. A system to collect travel information will also be implemented.



ENVIRONMENTAL REPORT: SA (continued)



CKR CONSULTING ENGINEERS

Pretoria

engineering excellence

Our Ref: JD: NETCARE121114

14 November 2012

Netcare Limited

76 Maude Street, corner West Street
Sandton
2196

Att: *Me. Nirvishee Juggath*

E-mail: Nirvishee.Juggath@netcare.co.za

Re: NETCARE: CARBON FOOTPRINT: SCOPE 1, 2 & 3 EMISSION REPORTING: AUDITING and EVALUATING the PROCESS, INFORMATION and CALCULATIONS for the FINANCIAL YEAR OCTOBER 2011 to SEPTEMBER 2012

1. We hereby confirm that our Mr. Johan Durand audited the above Scope 1, 2 & 3 Emissions Report during November 2012 and certify as follows.
2. The process followed is summarised in the following:
 - a. The source data was evaluated and found sufficient to provide accurate outcomes based on the following:
 - i. Where data is incomplete, it was extrapolated to cover a full 12 month period.
 - ii. The major contributing items are comprehensive and accurate and the missing information should have a marginal impact on accuracy due to the process of extrapolation.
 - b. The conversion factors were verified and deemed as appropriate.
 - c. The conversions and calculations were verified and the results reported are deemed representative.
3. The International Standard on Assurance Engagements (ISAE) 3000 was applied and the type of verification is described as "Limited Assurance – Qualified" and we state as follows:
 - a. The assurance engagement is of a reduced engagement level.
 - b. The engagement was aiming to have the process audited by an independent third party to establish the following:
 - Relevance
 - Identity problem areas.
 - Provide a level of confidence in the collected and reported data.
 - c. The engagement was not formalized in terms of assurance levels, standards, scope of work, etc.
 - d. CKR's engagement was not to question the Netcare process, but to use the information on face value and determining from that basis a level of confidence in representing Netcare's Carbon impacts.

CKR CONSULTING ENGINEERS (PTY) LTD REG NO: 1996/013666/07
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B Popovic Pr Eng BSc Eng (Elec) G Olivier Nat Dip Eng (Elec) A Moloi
Alternate Director: R. Lloyd Pr Eng BSc Eng (Elec) MIEE CERT ENG



- e. The process followed was:
- i. No data as collected was tested as that was excluded from the process and deemed audited by Netcare.
 - ii. The data presented was persuasive to lead to a conclusion.
 - iii. Non-availability of data was extrapolated from other, similar or previous data available and accepted based on the fact that Netcare has an intimate knowledge of each site and that assumptions will be 80% accurate.
 - iv. This 20% "inaccuracy" was then applied to the full data set to establish an impact on the complete report to establish a confidence level.
- f. CKR are not professional Accountants, but Consulting Engineers, hence could be deemed subject matter specialists.
4. To our best knowledge we found that the figures presented are representative of Netcare's Carbon Footprint and should provide a confidence level of greater than 90%. Hence, we are comfortable in stating that the reported data within the scope of the exercise is free from material discrepancy.

Please do not hesitate to contact the undersigned should you require any further information.

Kind regards



FDJ Durand Pr Tech Eng
Certified Energy Manager
(CEM International Accreditation Number – 11053)

ENVIRONMENTAL REPORT: UK

Review of environmental and waste policies completed

Introduction

During 2012, our focus was to maintain the initiatives and programmes currently underway as part of our environmental management programme. We also initiated a review of our existing environmental and waste policies. This was the first year that we made payment to the United Kingdom (UK) Government as part of our obligations under the Carbon Reduction Commitment (CRC).

 **ONLINE** http://www.decc.gov.uk/en/content/cms/emissions/crc_efficiency/crc_efficiency.aspx

Environmental data reported is obtained from utilities and waste management service providers. Municipal procured utilities is estimated from annual utility costs and government retail price statistics.

Framework for environmental management

The formal environmental sub-committee continued to meet regularly during the year. Its activities included approving the scope of a revised

environmental policy and supporting a number of recommendations to revise waste management policy and mandate life-cycle costing for capital expenditure projects that could result in significant reduction in energy and water usage. These activities were further endorsed by the Group Corporate Social Responsibility Committee.

Progress on environmental initiatives

We continued to engage with our sites through our monthly online Green Webinars and other channels with a focus on waste management and energy consumption. The performance of our sites on these initiatives was presented back to the sites through monthly League Tables which culminated in the best overall performing site being awarded “Green Site of The Year” at our annual Night of the Stars event in November 2012.

Our measuring and reporting of consumption data continue to be communicated to management at each hospital through our intranet and Green Champion network. The data available

to each facility is further augmented by automatic monitoring and reporting (AMR) meters which provide additional electricity and gas usage information.

Environmental risk

Our primary financial risk related to environmental management is the impact of the UK Government’s CRC legislation. Under this, General Healthcare Group (GHG) was required to purchase carbon allowances at a cost of £571 000 to cover regulated emissions of 47 594 tonnes of CO₂e (carbon dioxide equivalent). The effective cost of the CRC is approximately 8% of energy costs.

The UK Government has consulted on a range of proposals to simplify the CRC and reduce associated administrative burdens. Although this is unlikely to reduce GHG’s financial liabilities in the short term, we will continue to evaluate energy-efficient technologies that can potentially mitigate future energy and carbon costs. We anticipate our liability for the 2013 financial year to be similar to that of 2012.



Energy and carbon management

The Group's overall energy consumption for the 2012 financial year is estimated at 147 188 megawatt hours (MWh), an increase of 3.2% over 2011. This increase is largely attributable to more data being available due to more sites being brought under corporate energy arrangements.

GHG's electricity consumption reduced by 1%, with four hospitals reducing their year-on-year consumption by more than 10% and three exceeding 15% savings. Notably, Sandringham Hospital reduced its electricity consumption by over a fifth (21.4%). We will continue with installing LED lighting over the next year, which is expected to reduce overall electricity consumption by a further 1% to 2%.

Total carbon emissions are estimated to have increased to 53 440 tonnes of CO₂e from 50 830 tonnes in 2011. The main driver for this reported increase is the increased number of sites for which robust data is now available.

Waste reduction

The percentage of general waste recycled has increased marginally from 43% to 44% during 2012. Waste recycling has improved due to ongoing awareness campaigns and site audits. Medical waste is disposed of by appropriately registered and permitted contractors. In the next financial year, we will focus on implementing updated guidance from government on managing medical waste, while continuing to encourage general waste recycling among our staff.

Water usage

Water supplies are not corporately procured which requires each site to make individual arrangements.

Withdrawal for the year was approximately 525 500m³. Withdrawal is calculated from the total cost and average supply cost across different regions of the UK.

During the year we continued to engage a specialist water services consultancy for our water supply and treatment. This arrangement is already delivering financial benefits from negotiations with suppliers, and has provided annual savings of £27 500 in addition to retrospective savings of £74 500 through a combination of tariff negotiations and leakage reduction.

Looking ahead

Our key environmental focus areas for the year ahead will be to:

- Finalise our environmental policy.
- Implement a revised waste management policy.
- Review current arrangements for non-clinical hazardous waste management, to identify opportunities for improving both environmental and financial performance.
- Develop key performance indicators for monitoring water consumption, based on the results of the review and benchmarking exercise of our existing water consumption and billing arrangements currently underway.



You're in safe hands

www.netcare.co.za

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