

## **MEDICLINIC INTERNATIONAL PLC**

### **MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2019**

#### **Introduction**

This statement is issued by Mediclinic International plc (the “**Company**” or “**Mediclinic**”) in respect of the financial year ended 31 March 2019 (“**FY19**”) and marks the fourth statement issued by the Company.

This statement confirms Mediclinic’s continued commitment to prevent modern slavery and human trafficking in the workplace, as well as its supply chain, and sets out the steps the Company has taken to prevent any form of such practices, in its business, or indirectly through its supply chain. During FY19, Mediclinic developed and implemented supplementary measures to strengthen its position in monitoring slavery and human trafficking activities. No material incidents of modern slavery, human trafficking or any violation of human rights were observed or reported on throughout Mediclinic and its subsidiaries (the “**Group**”).

#### **Our business**

Mediclinic, with its primary listing on the London Stock Exchange (“**LSE**”), is an international private healthcare group with divisions in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. Mediclinic is focused on providing specialist-orientated, multi-disciplinary services across the continuum of care. The Group’s core purpose is to enhance the quality of life by providing comprehensive, high-quality healthcare services in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by patients, medical practitioners and funders of healthcare in each of its markets. For further information on the Mediclinic business and its divisions, visit [www.mediclinic.com](http://www.mediclinic.com).

#### **Ethical foundation and policies**

Ethical behaviour is a fundamental guiding principle and management continuously focus on establishing a culture of responsibility, fairness, honesty, accountability and transparency across the Group. Our stakeholders, which include our employees, patients, supporting medical practitioners, shareholders, suppliers, society and community, healthcare funders and government, rightfully expect that the Group stands for honesty and integrity in all its decisions and actions. The Company’s commitment to sound ethical relations with all its stakeholders forms part of the Group’s values and is of fundamental importance.

Mediclinic’s [Code of Business Conduct and Ethics](#) (the “**Ethics Code**”) specifically prohibits, in relation to employees, child, forced and/or compulsory labour. It also confirms the Group’s commitment to treat employees fairly, with respect to their human rights and dignity. The Ethics Code further provides, that suppliers (and other business advisors and associates), as far as practical and reasonably possible, are evaluated on human rights prior to procurement or other agreements and uphold the same ethical standards as Mediclinic. The Ethics Code also confirms that the Group shall act in accordance with all applicable legislation of the jurisdictions in which it conducts business. As part of its responsibility to respect human rights, the Ethics Code confirms its commitment to circumvent, and not contribute, to any indirect adverse human rights impact that is directly linked to the Group’s operations or services by our suppliers or other business relations.

#### **Training and overview of our KPIs**

The Mediclinic Board of Directors (the “**Board**”), as well as all relevant employees, particularly employees managing the supply chain across the Group, have been informed about the regulatory requirements to ensure an understanding of the risks, the Group’s position on slavery and human trafficking, to manage those risks accordingly and to further stay abreast of global developments in this regard. This information forms part of the induction programme for all new Board members and relevant employees. Recognising that the greatest risk lies within the supply chain, awareness training is scheduled on an annual basis with all procurement business units within the Group as well as new

recruits in order to make employees and suppliers aware of the reality of modern slavery and to provide sufficient means to combat any such activities they might encounter.

## Recruitment

During the period, human resource employees were informed of and requested to assist in the elimination of human trafficking and any form of modern slavery within human resource practices by sharing this information with their teams to create further awareness in the workplace and by reporting any such instances. Awareness has been created among line managers of the importance of this reality, especially in the Group's hiring practices.

## Supply chain management

The reporting period saw a focus on the continued development of the monitoring of Mediclinic's supply chain, which consists of a diverse group of local and international suppliers. For Mediclinic to deliver its services and continuously improve its patients' experience, it is dependent on a large number of diverse suppliers that form an integral part of the Group's ability to provide quality healthcare. The Group relies on its suppliers to deliver superior products and services that conform to the Mediclinic values and standards. The suppliers are engaged to appreciate the Company's expectations and expected to adhere to the Group's applicable policies.

Several criteria play a role in selecting suppliers, *inter alia*, compliance with relevant labour legislation such as health and safety legislation, compliance with applicable local and international standards, the stability of the organisation and the reputation of the relevant equipment brand. Once selected, monthly review of global contracts are performed to track performance.

Other factors that were considered in selecting new suppliers or reviewing the contractual relationship with existing suppliers during the reporting period, are:

- the values of key suppliers which must be aligned to those of Mediclinic, including their views on human rights;
- ethical behavior, transparency and compliance which forms the cornerstone of the relationships with suppliers;
- suppliers must have the same approach towards transparency as Mediclinic;
- long-term relationships are built with suppliers based on mutual trust and respect; and
- all procurement is effected in support of the creation and maintenance of a safe and legally compliant environment.

In Southern Africa, the broad-based black economic empowerment status of a supplier is a key consideration in the selection process.

Due to the geographic diversity of the Group's operations and the potential for cost saving and improved efficiency, Mediclinic drives international procurement initiatives with the aim of unlocking synergies and implementing standardisation for the greater benefit of the Group. Medical Innovations (Pty) Ltd ("**Medical Innovations**"), a wholly owned South African subsidiary of the Company, was established to attend to the innovation, purchasing and distribution of medical supplies and related products. It achieved the internationally accepted ISO 13485:2016<sup>1</sup> certification during 2016, which remains valid. The certification audit was performed and awarded by BSI, an organisation based in the United Kingdom. Formal agreements with critical suppliers as well as supplier selection evaluation is a key focus area in the ISO certification process. Medical Innovations complies with all local regulations and is registered with the South African Health Products Regulatory Authority to import and export medical devices and consumable products.

The Group selects manufacturers that have a proven track record, with their factories predominantly situated in China, India and Malaysia. Certain suppliers' premises, located in geographic areas that are considered high risk areas for instances of modern slavery and human trafficking, are physically visited, inspected and audited by Mediclinic employees, prior to procurement contracts being concluded.

Currently the majority of the supply chain is required to conform to the following supply chain criteria:

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<sup>1</sup> ISO13485:2016 specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements. This certification process has a specific section relating to supplier selection and contracting.

- ISO 9000 and/or ISO 13485 quality management certification;
- relevant ISO certification of the products utilised;
- CE<sup>2</sup> and/or FDA<sup>3</sup> certification;
- compliance to all relevant local regulations, including applicable labour legislation; and
- new technologies introduced to the Group must be supported by credible health technology assessments.

A new Group Supply Chain Risk Management Policy is now operational. The purpose of this policy is to ensure that the Group maintains a reliable supply chain, and that reputable service providers and safe products are utilised in all of its facilities. It provides the framework to identify, assess, and mitigate supply chain risks, and to ensure compliance with all applicable regulations and laws in all jurisdictions in which it operates.

### **Due diligence and risk assessment**

Mediclinic has subscribed to the Thomson Reuters *World Check* risk management solution tool to perform screening in respect of the top 25 global surgical and top 15 global capital suppliers, which represents approximately 70% of the total Group procurement spend in these categories. This tool assists the procurement team by screening suppliers and providing alerts should any information regarding undesirable business practices of a supplier be recorded. To date, no alerts were received through this screening process.

A revised and updated due diligence questionnaire was sent to key suppliers of the Company during the reporting period, to pro-actively assess risks relating to, *inter alia*, human rights, transparency and awareness, aimed at establishing further insight into the veracity of modern slavery and human trafficking. Positive responses were received from our multi-national suppliers indicating their initiatives to eliminate all risks relating to violations of human rights in their organisation, as well as their supply chain.

Representatives of the Group procurement department visited the factories of five key manufacturers situated in high-risk jurisdictions during the reporting period, in order to assess the operations. These representatives were equipped with the requisite information pertaining to modern slavery and related activities, the identification of signs of worker exploitation and the manner in which to report any such instances. The Group also engaged its linen suppliers to raise their awareness on these aspects and to confirm that their sources of imported raw cotton material have been audited. No steps were required to be taken towards suppliers as they all met the required standards to the representatives' reasonable knowledge and belief.

Mediclinic encourages its suppliers to conform to the international trend of eliminating human trafficking and modern slavery. Should certain suppliers require training on modern slavery and human trafficking, assistance and guidance will be provided in order for the suppliers to improve their related practices. Mediclinic employees that are involved in the purchasing of equipment or consumables are also bound to strict ethical principles ensuring that a high standard of integrity is maintained in the Group's supplier relationships. During a global procurement meeting where the senior procurement team members from all divisions were present, the current supply chain was assessed and training was provided to increase awareness and identify potential areas of risk.

### **Moving forward**

Mediclinic does not tolerate any form of human rights violations and is committed to continuously ensuring that no form of modern slavery or human trafficking occurs in any part of its operations. It recognises the responsibility to eliminate illegal practices that encroach and infringe upon human rights, as well as the need to respond to the reality of modern slavery.

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<sup>2</sup> CE marking is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area ("EEA"). The CE marking is also found on products sold outside the EEA that are manufactured in, or designed to be sold in, the EEA. Manufacturing standards and labour practices are considered in this certification process.

<sup>3</sup> Companies exporting products from the United States are often asked by foreign customers or foreign governments to supply a certificate for products regulated by the Food and Drug Administration ("FDA"). The certificate is prepared by FDA containing information about the product's regulatory or marketing status. All aspects of manufacturing are considered in this process, including labour practices.

The Group's anonymous [toll-free ethics lines](#), which are managed by an independent service provider, are available to all employees, suppliers or any third party who wish to report a concern that requires further investigation. All reports are dealt with in a non-discriminatory and confidential manner. Any form of retaliation against an employee or other person making a report in good faith will not be tolerated by the Group.

Objectives for the next financial year:

- the implementation of all aspects of the Group Supply Chain Policy, across the Group, will be monitored by way of performing internal audits;
- an annual due diligence questionnaire is sent to key suppliers of the Group to pro-actively assess risks relating to, *inter alia*, human rights violations and to improve transparency, create awareness and provide further insight into the reality of modern slavery and human trafficking. This questionnaire will also form part of the minimum criteria during the on-boarding of new suppliers;
- continue to promote awareness within the divisions and provide the necessary training to key staff members on the reality of modern slavery and human trafficking and recognising and, most importantly, reporting such incidents, and continue actively to consider trends and current practices on preventing modern slavery and human trafficking as well as recommendations developed by governments.

Approved by the Board on 22 May 2019.



**Dr Edwin Hertzog**  
*Non-executive Chairman*