

MEDICLINIC INTERNATIONAL PLC

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2018

Introduction

This statement is issued by Mediclinic International plc (“**Mediclinic**” or the “**Company**”) in respect of the financial year ended 31 March 2018 (“**FY18**”) and follows on the previously published Modern Slavery and Human Trafficking Statement¹ in respect of the financial year ended 31 March 2017, available on the Mediclinic International plc website at: www.mediclinic.com.

This statement sets out the steps Mediclinic has taken to prevent any form of modern slavery and human trafficking, which includes any direct form of forced labour or child labour in its business, or indirectly through its supply chain. During FY18, Mediclinic has implemented additional measures to strengthen its position in monitoring slavery and human trafficking activities, in order to ensure that it is not taking place in its supply chain. During FY18, no material incidents of modern slavery, human trafficking or any violation of human rights were observed or reported on throughout the Group.

Our business

Mediclinic, with its primary listing on the London Stock Exchange (“**LSE**”), is an international private healthcare group with three operating divisions in Switzerland (Hirslanden), Southern Africa (South Africa and Namibia) and the United Arab Emirates, collectively the Mediclinic group (the “**Group**”). Mediclinic is focused on providing acute care, specialist-orientated, multi-disciplinary healthcare services, the core purpose being to enhance the quality of life of patients 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, doctors and funders of healthcare in each of its markets. For further information on the Mediclinic business and its operating divisions, visit www.mediclinic.com.

Ethical foundation and policies

Ethical behaviour is a fundamental guiding principle and management continually focuses on establishing a culture of responsibility, fairness, honesty, accountability and transparency across the Group. Our stakeholders, which include our employees, patients, supporting doctors, 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. Sound ethical relations with all our stakeholders are of fundamental importance to us, which commitment is embodied in the Group’s values.

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 live up to the same ethical standards as Mediclinic. The Ethics Code also confirms that the Group shall act in accordance with all applicable laws of the jurisdictions in which it conducts business. As part of our responsibility to respect human rights, the Ethics Code confirms our commitment to avoid 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.

Supply chain management

The area of focus during FY18 was to expand on the monitoring of the supply chain, which is shaped by a diverse group of local and international suppliers. For Mediclinic to deliver its services, it is dependent on a large range of suppliers, who form an integral part of the Group’s ability to provide quality hospital care. The Group relies on its suppliers to deliver products and services of the highest quality in line with the Mediclinic values and standards setting out clear expectations, which includes adhering to current company policies.

¹ In terms of Section 54 of the UK Modern Slavery Act of 2015, Mediclinic International plc is required to publish an annual statement confirming the steps it has taken to ensure that slavery and human trafficking or related activities is not taking place within any of its business operations or in any of its supply chains.

Various criteria play a role in selecting suppliers, such as:

- compliance with the relevant labour legislation, including health and safety laws and regulations applicable in the country in which they operate;
- compliance with applicable international and local quality standards;
- compliance with appropriate specifications suited for the Group's markets;
- stability of the organisation and the relevant equipment brand;
- quality and cost-effective solutions;
- support network; and
- technical advice and training philosophy.

Other factors taken into account when new suppliers are considered and / when existing suppliers are reviewed are:

- the values of key suppliers must be aligned to those of Mediclinic, including its views on human rights;
- ethical behavior, transparency and compliance which forms the cornerstone of the relationships with suppliers;
- key 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 done 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 also considered in the selection process.

Due to the geographic spread of the Group's operations and the potential for cost savings, less administration and improved efficiency, Mediclinic has initiated international procurement initiatives with the aim of unlocking synergies and implementing standardisation for the greater benefit of the Group. Medical Innovations, the group purchasing organisation registered in South Africa, achieved the internationally accepted ISO 13485:2016² certification during 2016. 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.

The Company selects manufacturers that have a proven track record with factories mainly situated in China, India and Malaysia. Certain supplier premises which are located in geographic areas considered as high risk areas for modern slavery and human trafficking are physically inspected and audited by Mediclinic employees before any procurement contracts are concluded.

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

- ISO 9000 and / or ISO 13485 quality management certification;
- relevant ISO certification of the products offered;
- CE³ and/or FDA⁴ certification; and
- compliance to all relevant local regulations, including applicable labour laws.

Developing and implementing a Supply Chain Charter, which outlines the Mediclinic values and principles encoding Mediclinic's commitment in conducting business ethically, with integrity and further to that, encoding the company's stance on modern slavery and human trafficking, is underway.

Due diligence and risk assessment

Mediclinic has subscribed to the Thomson Reuters *World Check* risk management solution tool to perform screening on the top 25 global surgical and top 15 global capital suppliers, which represents

² 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.

³ 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.

⁴ 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.

about 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 Mediclinic supplier be recorded. To date, no alerts were received through the screening process.

A due diligence questionnaire was sent to key suppliers of the company to pro-actively assess risks relating to, *inter alia*, human rights, to improve transparency, create awareness and provide further insight on the reality of modern slavery and human trafficking. Positive responses were received from our multi-national suppliers indicating their initiatives to eliminate all risks relating to human rights in their company as well as their supply chain.

Specific focus was placed on geographic areas which are considered as high risk areas and supplier assessment audits were performed on all key suppliers of consumable products from whom Mediclinic imports directly. Representatives of the Mediclinic procurement department visited selected factories situated in high risk areas during FY18 in order to assess the operations of six key manufacturers. These representatives have been provided with the necessary information on the reality of modern slavery and related activities, have been informed on how to identify signs of worker exploitation as well as the reporting thereof. We also approached our linen suppliers to raise their awareness and to confirm that their sources of imported raw cotton material have been audited. No pro-active steps were taken towards the suppliers as they all met the required standards to the representative's best knowledge and belief.

Mediclinic aspires to encourage its suppliers to conform to the international trend of eliminating human trafficking and 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 practices in this regard. Staff members 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.

Training and overview of our KPI's

The Board as well as all relevant employees, especially employees managing the supply chain across the Group, are 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, training will be scheduled on an annual basis with all procurement business units within the Company as well as new recruits in order to make employees as well as suppliers aware of the reality of modern slavery and to provide sufficient means to combat any such activities they come across.

Moving forward

Mediclinic does not tolerate any form of human rights violation and is committed to continuously ensure that no form of slavery or human trafficking in the supply chain or in any part of the business is taking place. We recognise the responsibility to eliminate illegal practices concerning human rights and further recognise the need to respond to the reality of modern slavery. 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.

Objectives for the next financial year:

- develop a Supply Chain Charter, which encodes, *inter alia*, the current Mediclinic supply chain principles, supplier selection, the due diligence process and compliance to all relevant legislation and regulations relating to modern slavery and human trafficking, training of procurement staff and guidelines on reporting any incidents of modern slavery and human trafficking within the supply chain;
- increase awareness within the Group and provide the necessary training to key staff members on the reality of modern slavery and human trafficking and to provide training on recognising and most importantly reporting such incidents and preventing modern slavery and human trafficking activities within its supply chain; and
- continue to actively consider trends and current practices on preventing modern slavery and human trafficking as well as recommendations developed by the government.

Approved by the Board of Mediclinic International plc on 23 May 2018.



Dr Edwin Hertzog
Chairman