

MEDICLINIC INTERNATIONAL PLC

# MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2020

ZERO TOLERANCE FOR SLAVERY,  
SERVITUDE, FORCED LABOUR  
AND HUMAN TRAFFICKING

## INTRODUCTION

This statement is issued by Mediclinic International plc (the '**Company**' or '**Mediclinic**') in respect of the financial year ended 31 March 2020 ('**FY20**') and marks the fifth statement issued by the Company.

This statement confirms Mediclinic's continued commitment to preventing 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. No material incidents of modern slavery, human trafficking or any violation of human rights were observed or reported on throughout Mediclinic or its subsidiaries (the '**Group**').

## BUSINESS OVERVIEW



Mediclinic is an international private healthcare services group, established in South Africa in 1983, with divisions in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. The Group's core purpose is to enhance the quality of life.

Its vision is to be the partner of choice that people trust for all their healthcare needs.

Mediclinic is focused on providing specialist-orientated, multidisciplinary services across the continuum of care in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by all stakeholders in each of its markets.

The Company's primary listing is on the London Stock Exchange ('LSE') in the United Kingdom, with secondary listings

on the JSE Ltd in South Africa and the Namibian Stock Exchange in Namibia.

Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a leading private healthcare group based in the United Kingdom ('UK') and listed on the LSE.

For further information on the Mediclinic business and its divisions, visit [www.mediclinic.com](http://www.mediclinic.com).

## APPROACH



## 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. Its stakeholders – being clients, communities, employees and potential applicants, governments and authorities, healthcare insurers, industry associations, industry partners, investors, media, medical practitioners and suppliers – 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 treating employees fairly, with respect for 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

their approach to human rights prior to the conclusion of procurement or related agreements, and are required to uphold equivalent ethical standards as Mediclinic. The Ethics Code further 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 and protect 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 its suppliers or industry associates.

## TRAINING AND OVERVIEW OF KEY AREAS

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 requirement to ensure an understanding of the risks and 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 ensure employees and suppliers are aware of the reality of modern slavery and to provide sufficient means to combat any such activities they may encounter.

### RECRUITMENT

Human resource employees are cognisant of human trafficking and other forms of modern slavery and assist in the elimination thereof within human resource practices by sharing this information with their teams to create further awareness in the workplace and by reporting any practices in this regard. Awareness of the importance of this reality has been created among line managers, especially in the Group's hiring practices.

### SUPPLY CHAIN MANAGEMENT

For Mediclinic to deliver its services and continuously improve the experience of its clients, it is dependent on a range of diverse

suppliers. The Group requires its suppliers to support the elimination of human trafficking and modern slavery and to exercise due diligence in their operations as well as in their supply chains. The Group relies on its suppliers to deliver superior products and services that conform to the Mediclinic standards and values. 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, continuous reviews of global contracts are carried out to track performance.

Other factors considered when selecting new suppliers or reviewing the contractual relationship with existing suppliers include:

- their company values;
- ethical behaviour and compliance;
- transparency;
- mutual trust and respect; and
- a safe and legally compliant environment.

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. In 2016, it achieved the internationally accepted ISO 13485:2016<sup>1</sup> certification, which is audited annually by an external auditor from BSI, an organisation based in the UK, to maintain its certification. Formal agreements with critical suppliers as well as supplier selection evaluation are key focus areas 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 reputable manufacturers, with factories predominantly situated in East Asia. Certain supplier premises located in geographic areas that are considered high-risk for instances of modern slavery and human trafficking are physically visited, inspected and audited by Mediclinic, prior to procurement contracts being concluded.

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

- 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

#### Notes:

<sup>1</sup> ISO 13485:2016 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.

<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 the FDA containing information about the product's regulatory or marketing status. All aspects of manufacturing are considered in this process, including labour practices.

- labour legislation; and
- new technologies introduced to the Group must be supported by credible health technology assessments.

The Group Supply Chain Risk Management Policy has been developed and is in the process of being implemented across all divisions. 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 legislation in all jurisdictions in which the Group operates.

During global procurement meetings where the senior procurement team members from all divisions are present, the supply chain is assessed and training provided to increase awareness and identify potential areas of risk.

### **DUE DILIGENCE AND RISK ASSESSMENT**

Mediclinic has subscribed to Refinitiv World Check Risk Intelligence to perform screening in respect of the top 25 global surgical and top 15 global capital suppliers, which represent approximately 65% of the total Group procurement spend in these categories. This database screens suppliers and provides alerts should any information regarding undesirable business practices of a supplier be recorded. To date, no alerts were received through this screening process.

A due diligence questionnaire forms part of the onboarding process with new suppliers and was also sent to

a selection of historical suppliers of the Company during the reporting period, to proactively assess risks relating to, *inter alia*, human rights, transparency and awareness, aimed at establishing further insight into the reality of modern slavery and human trafficking. Positive responses were received from multinational 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 six 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. Modern slavery and sustainability are standing agenda points in meetings with all key suppliers. No steps against suppliers were required as they all met the requisite standards to the representatives' reasonable knowledge and belief.

Should certain suppliers require training on modern slavery and human trafficking, assistance and guidance will be provided in order for the suppliers to improve 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.

### **COVID-19**

Throughout the pandemic, the safety of employees, doctors, allied

healthcare providers and patients is of utmost importance. Continuous education and training are being provided to employees, doctors and allied healthcare providers to ensure they stay informed about how they should protect themselves and others.

Health and safety policies and procedures govern the health, safety and cleanliness of all Mediclinic facilities. Additional infection prevention and control measures and protocols have been implemented to ensure a safe working environment. Social distancing is endorsed throughout the Group, with work-from-home arrangements enabled for qualifying employees.

Working hours are determined by operational requirements per division and per facility. Management has ensured continued support for all frontline staff and recruitment practices are maintained. Overtime is managed collaboratively by the Human Resources function, line managers and employees in order to actively reduce excessive working hours, especially for nursing and clinical personnel.

The demand for personal protective equipment increased as a direct result of COVID-19, resulting in, in very few instances, new suppliers being contracted. However, Mediclinic maintained its supplier selection criteria and onboarding processes in this regard. Verification factory visits were conducted in-person by a local agent.

Refer to the **2020 Annual Report** of the Company for more information on the Group's emergency preparedness, available at [annualreport.mediclinic.com](https://annualreport.mediclinic.com).

## 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 or related exploitation 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.

The Group's anonymous [toll-free ethics lines](#), which are managed by an independent service provider, are available to all employees, suppliers and third parties 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.

Objectives for the next financial year:

- monitoring the implementation of all aspects of the Group Supply Chain Risk Management Policy across the Group by way of internal audits;
- continuing with the Group's annual due diligence questionnaire to suppliers to proactively 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;
- promoting awareness within the divisions and providing the

necessary training to key staff members on the reality of modern slavery and human trafficking as well as recognising and, most importantly, reporting such incidents; and

- considering trends, current practices and recommendations developed by governments on preventing modern slavery and human trafficking.

Approved by the Board on 1 June 2020.



**Dr Edwin Hertzog**  
Non-executive Chair of the Board