

2019 SUSTAINABLE DEVELOPMENT REPORT





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MORE INFORMATION

This Sustainable Development Report is published as part of a suite of reports by Mediclinic International plc (the “**Company**” or “**Mediclinic**”) in respect of the financial year ended 31 March 2019, all of which are available on the Company’s website at <https://investor.mediclinic.com/results-centre/results-and-reports>.

[2019 Annual Report and Financial Statements](#)

[2019 Clinical Services Report](#)

[2019 Sustainable Development Report](#)

[2019 Notice of Annual General Meeting](#)

This report was approved by the Clinical Performance and Sustainability Committee on 17 May 2019.

GLOSSARY

Capitalised terms used in this report are defined in the Glossary on page 71.

CONTACT US

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



**“SEIZING OPPORTUNITIES
SHOULD BE DONE IN A
SUSTAINABLE AND
RESPONSIBLE MANNER TO
ENSURE THAT COMPANIES,
AS GOOD CORPORATE
CITIZENS, ARE IN THE LONG
TERM ABLE TO MAINTAIN A
POSITIVE IMPACT NOT ONLY
ON THEIR CLIENTS, BUT
ALSO ON THE INDUSTRY, ON
THE PLANET, AND ON THEIR
EMPLOYEES, PARTNERS AND
SURROUNDING
COMMUNITIES.”**

Dr Ronnie van der Merwe
Chief Executive Officer

INTRODUCTION

The rapidly changing healthcare environment offers an abundance of opportunities for companies that are poised and ready to adapt to evolving regulatory requirements and unique client needs. Seizing such opportunities should, however, be done in a sustainable and responsible manner to ensure that companies, as good corporate citizens, are in the long term able to maintain a positive impact not only on their clients, but also on the industry, on the planet, and on their employees, partners and surrounding communities.

Guided by its purpose of enhancing the quality of life, Mediclinic is refining its strategic goals to address current industry challenges and ensure sustainability through the best use of its exceptional knowledge base and world-class infrastructure. During the year, the Group remained committed to creating value for all stakeholders by following a holistic approach that, in the context of our purpose, balances financial returns with our ethical responsibility toward its clients, its employees and the planet.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)

The Clinical Performance and Sustainability Committee, a Board sub-committee, is responsible for the annual review of the Group's material sustainability issues, in accordance with the Group's Sustainable Development Policy. To avoid duplication, a summary of our quality healthcare services and how we create shareholder value can be found in the **2019 Annual Report**; our clinical services are reviewed in detail in the **2019 Clinical Services Report**. As such, this Sustainable Development Report mainly focuses on our relationship with stakeholders and the following three sustainability areas: our people, our planet and our commitment to ethical, responsible corporate citizenship.

ACHIEVEMENTS

Throughout this report, you will find details relating to achievements made during the year. However, I would like to highlight a few points of specific interest.

Employee engagement is key to our pursuit of ensuring a diverse, performance-driven and collaborative culture which attracts talent and leverages on competencies across all divisions. I am proud to report that the overall participation rate in the annual *Your Voice* employee engagement programme increased to 82% (2018: 77%), considerably higher than the Healthcare overall peer participation rate of 78%. Engagement scores also increased Group wide, with the ratio of Engaged to Actively Disengaged employees improving significantly. I would like to commend the efforts of our dedicated human resources departments and line managers whose team work contributed greatly to this improvement through their continuous entrenchment of measurable action planning.

The installation of heat pumps at Hirslanden Klinik Belair and AndreasKlinik significantly reduced energy consumption at these facilities. More details are available in the Our Planet feature on page 42. In addition, photovoltaic installations at seven Mediclinic Southern Africa hospitals helped increase renewable energy generated by 81.61% to 795 015kWh (2018: 437 765kWh), with another six photovoltaic installations under

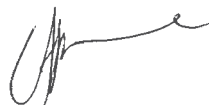
construction, and planning and commissioning of additional future installations in progress.

The Group is not only committed to employee development and training across all its divisions, but also provides financial and other necessary support toward advancing healthcare education and research. The Department of Health in Abu Dhabi approved research licences for all Mediclinic hospitals in this region with 29 active projects, 45% of which are conducted in collaboration with Mohammed Bin Rashid University of Medicine and Health Sciences ("**MBRUHS**"). Mediclinic Middle East also supports various training initiatives in partnership with MBRUHS, Al-Jalila Children's Hospital Paediatric Residency Programme and the Fatima College of Health Sciences. We feel privileged to be able to contribute to the future availability of healthcare skills by providing training opportunities to these students.

OUTLOOK

In July 2018, the Financial Reporting Council published an amended United Kingdom ("**UK**") Corporate Governance Code which expands on its corporate culture, stakeholder engagement and sustainability requirements. The Company welcomes these new requirements, which will apply to Mediclinic in the 2020 financial year, and under the guidance of the Board and its sub-committees are reviewing any actions needed.

In closing, I am proud in the knowledge that Mediclinic is trusted to create value, not only for our shareholders, stakeholders and employees, but also in our industry and our communities. The Group is actively positioning itself to sustainably increase this value in the longer term by aligning its goals to the evolving healthcare industry. I look forward to the Company's positive and productive impact in the year ahead.



Dr Ronnie van der Merwe
Chief Executive Officer

REPORT OVERVIEW

AWARDS AND ACCOLADES SUMMARY FOR THE REPORTING PERIOD

Group



A constituent of FTSE4Good*,

an index that recognises the performance of companies demonstrating strong environmental, social and governance (“ESG”) practices.

* FTSE Russell (the trading name of FTSE International Ltd and Frank Russell Company) confirms that Mediclinic has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



A constituent of FTSE/JSE Responsible Investment Index,

an index that recognises such companies listed on the JSE Ltd that meet the required FTSE Russell ESG rating.

Achieved Global B List status from the Climate Disclosure Project (“CDP”) for water conservation and climate change actions.

Hirslanden

Ranked second in the healthcare sector

among more than 500 enterprises in Switzerland and Liechtenstein by Best Recruiters, an independent recruitment study.

17 out of its 18 hospitals are registered as CO₂-reduced businesses

by the Energy Agency of the Swiss Private Sector on behalf of the Swiss Federal Office of Energy, and were awarded with CO₂ & kWh-reduced certificates.

Hirslanden Klinik Stephanshorn certified by the Network of Corporate Health Management with the quality label

“Friendly Work Space”, based on the recommendations of Health Promotion Switzerland.

REPORT OVERVIEW (CONTINUED)

AWARDS AND ACCOLADES SUMMARY FOR THE REPORTING PERIOD (CONTINUED)

Mediclinic Southern Africa

Brand Finance®

Mediclinic Southern Africa brand **ranked 14th in the Top 20 Brand South Africa rankings for 2018**, being the top South African healthcare provider for five years in succession according to Brand Finance and Brand Africa.

Mediclinic Midstream received the **Khanyisa Service Excellence Award in the category: Private Acute Care Hospitals** from the Gauteng Department of Health.



Aliné Hall (Clinical Quality Specialist: Mother and Child) was recognised by The Forum for Professional Nurse Leaders

in the category of individuals who have excelled in their individual endeavours and contributed to nursing leadership.



Dr Melanie Stander (Emergency Medicine Manager) received the Dr Cristina Costin International Emergency Medicine Award

by the American Academy of Emergency Medicine, an award which honours a female emergency physician who has made a significant and sustained impact on the development of emergency medicine in her country.

Three hospitals included in Discovery Health's Top 20 Private Hospitals in South Africa 2018, based on the results of patient surveys.

Mediclinic Middle East

Mediclinic City Hospital was named the **winner of the Healthcare Innovation Award by Dubai Healthcare City Authority**, acknowledging the hospital's work in Robotic Knee Surgery which saw two patients undergo partial and total knee replacements using a robotic system for the first time in the Middle East.

Mediclinic Middle East was awarded **Superbrand status by the UAE Superbrands Council for 2019**, in addition to **awards received in 2015, 2016 and 2018**.

REPORT OVERVIEW (CONTINUED)

SCOPE

This report provides stakeholders with an overview of the most important sustainability initiatives of each of Mediclinic's divisions in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates ("UAE") (collectively, the "Group") for the year ended 31 March 2019, except where stated otherwise. Most of the environmental data, for example, is reported on in respect of the 2018 calendar year.

Mediclinic reports on its material issues per division, as this is the level at which the sustainability initiatives are implemented and performance data is collected. Group-level information and initiatives are also included, where such information is available.

This report does not cover Mediclinic's 29.9% interest in the Spire Healthcare Group plc, a leading private healthcare group listed on the London Stock Exchange and based in the UK.

REPORTING GUIDELINES

Mediclinic reports in accordance with the core option of the Sustainability Reporting Standards developed by the Global Reporting Initiative ("GRI Standards"). The [GRI Standards Disclosure Index](#), which identifies the location of the standard disclosures, is published on the Company's website at www.mediclinic.com.

NON-FINANCIAL INFORMATION STATEMENT

The Company is required to include a non-financial information statement in its annual strategic report, in accordance with the Companies, Partnerships and Groups (Accounts and Non-financial Reporting) Regulations 2016. The regulations implemented the European Union Non-financial Reporting Directive 2014/95/EU which requires disclosure of information about policies, risks and outcomes regarding:

- employee matters – refer to our Material issue 1: Developing an engaged and productive workforce;
- environmental matters – refer to our Material issue 2: Minimising environmental impact; and
- social, human rights, as well as anti-corruption and anti-bribery matters – refer to our Material issue 3: Being an ethical and responsible corporate citizen.

The Company's Non-financial Information Statement appears on page 100 of the [2019 Annual Report and Financial Statements](#).

PERFORMANCE DATA

In some instances, figures in the 2018 Sustainable Development Report differ from figures in the 2019 Sustainable Development Report where additional information was subsequently obtained or where, in certain instances, the inclusion and exclusion criteria changed.

CORPORATE OVERVIEW

AT A GLANCE

To enhance the quality of life.

Mediclinic is focused on providing specialist-orientated, multi-disciplinary 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 patients, medical practitioners, funders and regulators of healthcare in each of its markets.

UNITED KINGDOM

29.9% investment in Spire Healthcare Group plc.

For more information, please refer to page 38 of the [2019 Annual Report](#) and visit: www.spirehealthcare.co.uk

SWITZERLAND

With continuing regulatory changes during the year in Switzerland, Hirslanden is adapting to the evolving outpatient environment while delivering ongoing cost management and efficiency savings which, along with seasonal benefits, delivered an improved second-half financial performance.

For more information, please refer to page 62 of the [2019 Annual Report](#) and visit: www.hirslanden.ch

UNITED ARAB EMIRATES

The new Mediclinic Parkview Hospital in Dubai was successfully opened in September 2018, six months ahead of the original schedule. Revenue and EBITDA growth achieved during the year are expected to continue over the medium term as the benefits from investments support the operational delivery of the division.

For more information, please refer to page 71 of the [2019 Annual Report](#) and visit: www.mediclinic.ae

SOUTHERN AFRICA

Mediclinic's continued strategic focus to invest across the continuum of care resulted in the expansion of the division's sub-acute hospital, day case and outpatient clinics during the year. The investment in the Intercare group, completed in November 2018, supported revenue and patient growth with a strong operational focus delivering broadly stable EBITDA margins.

For more information, please refer to page 67 or visit: www.mediclinic.co.za
www.mhr.co.za
www.er24.co.za

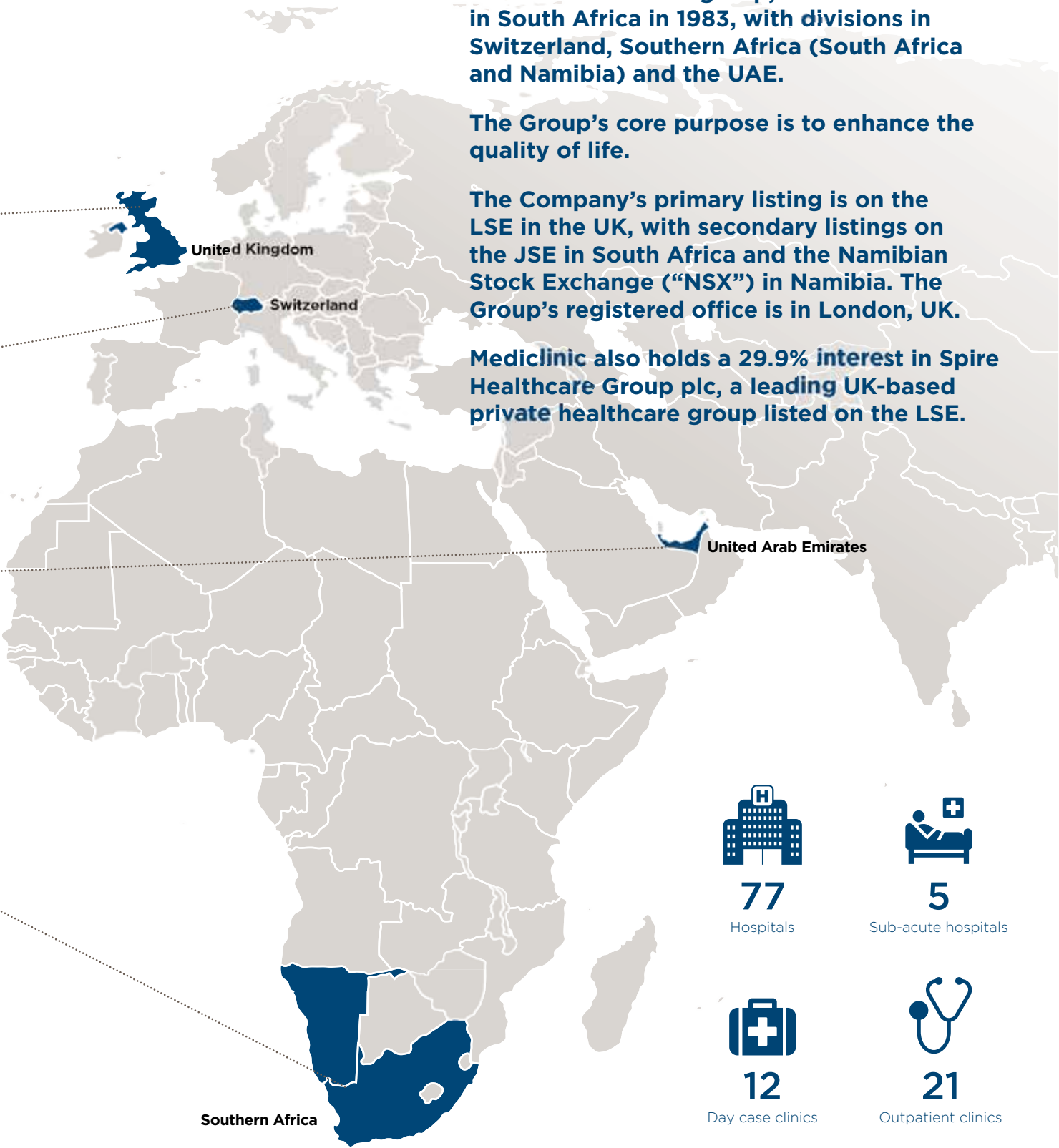
About Mediclinic

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 UAE.

The Group's core purpose is to enhance the quality of life.

The Company's primary listing is on the LSE in the UK, with secondary listings on the JSE in South Africa and the Namibian Stock Exchange ("NSX") in Namibia. The Group's registered office is in London, UK.

Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a leading UK-based private healthcare group listed on the LSE.









AT A GLANCE (CONTINUED)

“WE ARE ADAPTING THE BUSINESS TO ADDRESS THE CHANGING LANDSCAPE AND TO CAPITALISE ON GROWING OPPORTUNITIES IN THE GLOBAL HEALTHCARE SERVICES SECTOR.”

Dr Ronnie van der Merwe
Chief Executive Officer



77 HOSPITALS 	12 DAY CASE CLINICS 	11 359 INPATIENT BEDS 
Switzerland 18	Switzerland 2	Switzerland 1 916
Southern Africa 52	Southern Africa 8	Southern Africa 8 517
South Africa 49	UAE 2	UAE 926
Namibia 3		
UAE 7		
5 SUB-ACUTE HOSPITALS 	21 OUTPATIENT CLINICS 	445 THEATRES 
Southern Africa 5	Switzerland 3	Switzerland 112
	UAE 18	Southern Africa 296
		UAE 37

32 398 EMPLOYEES

	Permanent	Full-time equivalents
Switzerland	10 442	8 303
Southern Africa	15 804	19 646 (including agency employees)
UAE	6 152	6 152

EMPLOYEE ENGAGEMENT (MAXIMUM SCORE OF 5)	CONTROLLABLE EMPLOYEE TURNOVER	PATIENT EXPERIENCE
Switzerland 4.01	Switzerland 6.9%	Switzerland 87.6%
Southern Africa 3.94	Southern Africa 7.6%	Southern Africa 82.2%
UAE 4.02	UAE 6.7%	UAE 85.6%

Refer to page 85 of the **2019 Annual Report** for more information.

Refer to page 80 of the **2019 Annual Report** for more information.

Refer to page 43 of the **2019 Annual Report** for more information.

Refer to the **Investments in Subsidiaries, Associates and Joint Ventures** annexed to the consolidated annual financial statements for more information on the Group's ownership structure.

CORPORATE OVERVIEW (CONTINUED)

BUSINESS MODEL

PURPOSE

Mediclinic's purpose is to

**ENHANCE
THE QUALITY
OF LIFE.**

VISION

**TO BE PREFERRED
LOCALLY AND
RESPECTED
INTERNATIONALLY**

**We will be preferred
locally for:**

- delivering excellent patient care;
- ensuring aligned relationships with doctor communities;
- being an employer of choice, appointing and retaining competent staff;
- building constructive relationships with all stakeholders; and
- being a valued member of the community.

**We will be respected
internationally for:**

- delivering measurable quality clinical outcomes;
- continuing to grow as a successful international healthcare group;
- enforcing good corporate governance; and
- acting as a responsible corporate citizen.

**Our relentless focus
on patient needs will
create long-term
shareholder value and
establish Mediclinic as
a leader in the global
healthcare industry.**

OUR ASSETS AND RESOURCES

Strong financial position

Mediclinic has a strong financial profile, underpinned by an extensive property portfolio. The Group has good access to capital, a disciplined capital allocation approach and invests for growth.

See the **Financial Review** on page 29 of the **2019 Annual Report** for more information.

Facilities and technology

The Group provides high-quality healthcare facilities and continuously invests in the expansion and maintenance of these facilities, as well as in new technology.

See the **Divisional Reviews** from page 62 of the **2019 Annual Report** for more information.

Engaged employees

The Group employs more than 32 000 employees. Mediclinic believes that client experience depends highly on interaction with its employees; those working with and for the Group are highly valued. Fair labour practices are followed and competitive remuneration, training and development opportunities are offered. Continuous investment in the training and development of employees creates a highly trained, client-oriented workforce and talent pipeline.

The Group's overall employee engagement grand mean score, as measured by the Gallup® Employee Engagement Profile survey, increased meaningfully in all divisions during the 2018 survey. The improvement in the central themes indicated a positive return on the resources invested in supporting initiatives and this approach will be continued based on the most recent results. The participation rate also increased from 77% in the previous financial year to 82% in this reporting period.

See the **Sustainable development overview** on page 76 of the **2019 Annual Report** for more information.

Operational expertise

Mediclinic has an experienced Board and management team. The Group's clinical expertise is a critical element of its business, enabling it to provide quality healthcare services. Deep operational expertise delivers a seamless patient experience, underpinned by high-quality nursing care.

See the **Clinical services overview** on page 41 of the **2019 Annual Report** for more information.

Sound relationships

Mediclinic is committed to ensuring a high standard of ethics, social responsibility, accountability, cooperation and transparency. The Group maintains excellent relationships with key stakeholders through regular engagement with employees, funders, patients, supporting medical practitioners, suppliers, government and communities.

Any initiative to improve the quality of clinical care needs the support and engagement of the treating medical practitioners. For this reason, the Group openly acknowledges its supporting medical practitioners as a key stakeholder and is actively involved with various programmes to engage with them.

See the **Corporate Governance Statement** on page 114 of the **2019 Annual Report** for more information.

Responsible environmental management

The Group is committed to efficient energy use in all its facilities and continuously strives to reduce water consumption and carbon emissions, with an increasing number of its facilities certified to the ISO 14001 standard.

See the **Sustainable development overview** on page 76 of the **2019 Annual Report** for more information.

OUR STRATEGY TO DELIVER VALUE

2019 STRATEGIC OBJECTIVES

Putting Patients First

Patients are at the core of everything Mediclinic does. The Group strives to deliver superior clinical performance through efficient structures, processes and outcomes, in accordance with its clinical performance framework.

Improving efficiencies

By using the Group's combined international capacity and effective collaboration, it is able to achieve efficiencies through the principles of simplification, standardisation and centralisation.

Continuing to grow

Mediclinic has a record of investing in carefully selected capital projects and has demonstrated the ability to integrate and extract value from acquisitions and expansions of existing facilities.

Adapting to a changing business environment

By positioning itself to effectively respond to changes in the business environment, the Group is able to minimise its risk exposure.

KEY STRATEGY ENABLERS

- Invest in employees
- Invest in ICT
- Invest in analytics

See **Our strategy, goals and progress** on page 18 for of the **2019 Annual Report** more information.

RISK MANAGEMENT

The Group has established an integrated and effective risk management framework wherein important and emerging risks are identified, assessed and managed. The framework is aligned to and supports the Group's strategy.

See **Risk management, principal risks and uncertainties** on page 55 of the **2019 Annual Report** for more information.

WHAT WE DELIVER

Mediclinic's business model is aimed at delivering quality healthcare services, in particular, and at sustaining growth and creating value for its stakeholders, in general.

Quality healthcare services

During the year, the clinical performance across the Group made good progress and several patient safety and clinical effectiveness indicators showed improvement. In addition, many initiatives in support of clinical performance and quality improvement were launched and completed.

See the **Clinical services overview** on page 41 of the **2019 Annual Report** for more information.

Shareholder value

Mediclinic seeks to deliver sustainable long-term shareholder value through return on invested capital. While recent profitability has challenged the achievement of appropriate returns, the invested capital of the Group remains underpinned by a philosophy of property ownership.

The Company's diligent approach to financial management across the Group presents Mediclinic with medium-term sustainability and flexibility to invest in incremental growth propositions across the continuum of care; manage the level of debt to covenants across all divisions; and improve shareholders returns.

See the **Financial Review** on page 29 of the **2019 Annual Report** for more information.

GOVERNANCE OF SUSTAINABLE DEVELOPMENT

MANAGEMENT APPROACH

Mediclinic takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistent high-quality healthcare services. To deliver on these priorities, the Group upholds the highest standards of governance and ethical behaviour across its divisions; invests significant time and resources in recruiting and retaining skilled employees; places considerable value on investing in its facilities and equipment; and respects the communities and environment in the areas in which it operates.

Mediclinic is committed to being a responsible corporate citizen. This commitment is reflected in its business strategy, which focuses not only on maintaining its financial performance, but also on managing its social and environmental impacts and conducting its business fairly and ethically to ensure that the business operates on a long-term, sustainable foundation.

The Group aims to embed high ethical standards and responsible business practices in the Company through its corporate values, principles and policies. The Group's Code of Business Conduct and Ethics (the "**Ethics Code**"), Sustainable Development Policy and Group Environmental Policy codify Mediclinic's commitment to conducting business responsibly and sets out its approach to managing its resources in a sustainable manner.

The Group's policies are available in the governance section of the Company's website at www.mediclinic.com

These policies are reviewed annually by the Clinical Performance and Sustainability Committee, with recommendations to the Board as part of the Company's annual policy review process.

Effective risk management remains a key aspect in the management approach. The objective is to establish an integrated and effective risk management framework within the Group where significant and emerging risks are identified, quantified and effectively managed.

Compliance with all relevant legislation, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored continuously. Given the large volume of legislative and regulatory requirements applicable to the Group in each of the jurisdictions in which it operates, as well as various industry standards that the

divisions should (or choose to) comply with, regulatory compliance risk is an integral risk management focus area across the Group.

Satisfactory progress was made against the three-year compliance monitoring programme that was developed. No major findings or weaknesses were identified.

The assurance of regulatory compliance risk depends on risk and control self-assessments. There is an ongoing drive to increase the independent assurance of key compliance risks. This will be achieved by efficiently applying the combined assurance approach.

Comprehensive information on the Group's risk management approach, principal risks and uncertainties, and compliance management is included in the report on **Risk management, principal risks and uncertainties** in the [2019 Annual Report](#).

GOVERNANCE STRUCTURES

The Clinical Performance and Sustainability Committee assists the Board of Directors in ensuring that the Group is and remains a responsible corporate citizen by monitoring the sustainable development and performance of the Group. The Clinical Performance and Sustainability Committee reports on its role, composition and activities during the year under review in the [2019 Annual Report](#).

Additionally, the Clinical Performance and Sustainability Committee assists the Board in promoting a culture of excellence in patient safety, quality of care and patient experience by, *inter alia*, monitoring the clinical performance of the Group. Comprehensive information on the Group's clinical performance is included in the [2019 Annual Report](#) and the [2019 Clinical Services Report](#) respectively.

As part of its role to oversee audit, internal control and risk management, the Audit and Risk Committee is responsible for reviewing the principal risks of the Group, including those related to material sustainability issues. The Audit and Risk Committee ensures that a combined assurance model is applied to provide a synchronised approach to all assurance activities. The Audit and Risk Committee reports on its role, composition and activities during the year under review in the [2019 Annual Report](#).

The Chief Corporate Services Officer, Mr Gert Hattingh, is the most senior executive manager responsible for coordinating sustainable development throughout the Group.

STAKEHOLDER ENGAGEMENT

Mediclinic's commitment to stakeholders to conduct its business in a responsible and sustainable manner, and to respond to stakeholder needs, is entrenched in the Group's values and supported by the Ethics Code.

Mediclinic's key stakeholders are those groups who have a material impact on, or are materially affected by, Mediclinic and its operations, including: patients, medical practitioners, employees and trade unions, suppliers, healthcare funders, government and authorities, industry associations, investors, the community and the media. The Group's key stakeholders, methods of engagement, topics discussed or concerns raised are outlined in the following pages. The Board's engagement with stakeholders is also reported on in the **Corporate Governance Statement** in the [2019 Annual Report](#).

Mediclinic is committed to (a) publicly reporting on its sustainability performance; (b) remaining accountable to

its stakeholders; and (c) communicating with them regularly and effectively. Efficient communication with stakeholders remains fundamental in maintaining Mediclinic's corporate reputation as a trusted and respected provider of healthcare services in each of its divisions and in positioning itself as a leading international private healthcare services group.

Various means of communication are used to engage with stakeholders, which serve as an impact assessment to assess stakeholders' needs and effectively respond to those needs. Stakeholders' legitimate expectations have been taken into account in setting the Group's key sustainability priorities, as reported on throughout this report. The Group continues to improve its use of online communication with its stakeholders by way of its corporate website and webcasting.

STAKEHOLDER ENGAGEMENT (CONTINUED)

PATIENTS

The well-being of the Group's patients forms the foundation of the business with Mediclinic's core purpose being to enhance the quality of life of patients. This is achieved by providing comprehensive high-quality services in such a way that the Group is regarded as the most respected and trusted provider of healthcare by patients, medical practitioners and funders of healthcare in each of its markets.

KEY TOPICS AND CONCERNS

- Delivery of quality, safe and cost-effective healthcare
- Best possible clinical outcomes
- Striving to offer facilities and technology of an international standard
- Ensuring the best possible patient experience
- Respecting the needs and satisfaction levels of patients
- Access to facilities and affordability of healthcare
- Health awareness and information
- Patient and family engagement before, during and after treatment
- Personal data privacy

METHODS OF ENGAGEMENT

• Patient Experience Index surveys

Mediclinic benchmarks and publicly reports on patient experience at divisional level through Press Ganey®, an internationally recognised leading provider of patient experience measurement for healthcare organisation across the continuum of care. Patients are surveyed after discharge and this valuable feedback helps Mediclinic better understand patient needs and adapt care services accordingly. The survey includes focused priorities to ensure quality improvement initiatives in appropriate areas. A medical practice survey is conducted in Mediclinic Middle East day case clinics and outpatient clinics.

More than 75 000 patient surveys were collected during the financial year. In addition, Hirslanden must comply with the survey of the Swiss National Association for Quality Development ANQ. Refer to **Figures 1 and 2**.

More information on patient experience can be found in the **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com.

- **Systematic patient rounds during hospital stay**
- **24-hour helplines** for medical and facility enquiries linked to health campaigns
- **Health awareness days** with free health checks
- **Brochures** with hospital-specific information
- **Websites and blogs offering health-related information**
- **Comprehensive integrated social media** – Facebook, Twitter, LinkedIn and YouTube
- **Client alliance programmes** aimed at increasing the value-added offering to patients, such as *Hirslanden Baby*, *Hirslanden Healthline*, *Hirslanden Privé* and *Hirslanden Préférence* in Switzerland; and *Mediclinic Baby* and *Mediclinic Prime* in Southern Africa
- Hospital magazines with health-related information, such as the *Mediclinic Family magazine* in Southern Africa
- New websites for Mediclinic International plc, Hirslanden as well as ER24, built on a new and engaging digital web platform in order to enhance the customer digital journey, share content and make use of synergies across the Group

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Putting *Patients First* is a key strategic objective for the Group. To this end, Mediclinic continues to invest in its people, clinical facilities and technology. The Group's international scale enables it to unlock further value by promoting collaboration and best practice, extracting operational synergies and delivering cost efficiencies through global procurement. See the **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com.
- The Group contributes toward a sustainable healthcare system with improved access and affordability through continuously focusing on efficiencies and cost-effectiveness; conducting tariff negotiations with funders in a fair and transparent manner; expanding facilities based on need; pursuing joint initiatives with government; and actively participating in healthcare reform.
- Patient experience programmes have been introduced focusing on elements such as improved caregiver empathy and communication, food service processes aimed at enhancing the patient experience and safety, as well as effective management of complaints in accordance with patient rights and service recovery goals.
- A Group Data Privacy project, launched during 2017, continues in force to improve privacy and data protection measures and ensure compliance with applicable data privacy legislation.
- Health information is communicated to patients in various ways, such as the 24-hour helpline, health awareness days, assisting the South African Department of Health on diabetes and heart and stroke campaigns.

STAKEHOLDER ENGAGEMENT (CONTINUED)

PATIENTS (continued)

FIGURE 1: INPATIENT PATIENT EXPERIENCE INDEX (overall mean score)*

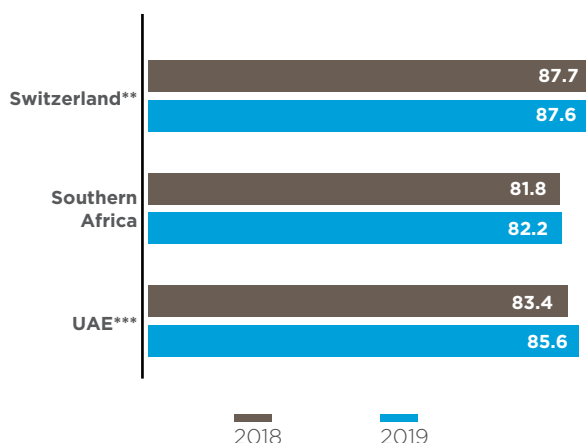
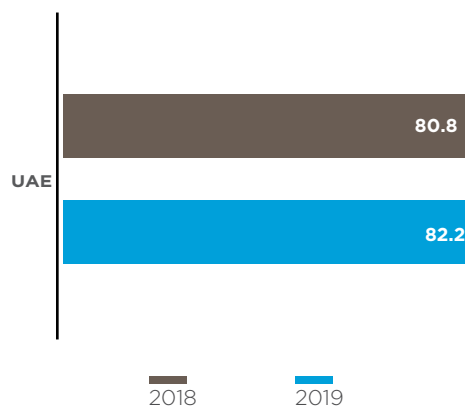


FIGURE 2: MEDICLINIC MIDDLE EAST OUTPATIENT CLINICS PATIENT EXPERIENCE INDEX (overall mean score)***



Notes:

* Standard questions only. The statistics for the reporting period for Switzerland does not include Clinique des Grangettes.

** Two questions were accidentally removed from the standard question section in relation to Switzerland. Mediclinic Middle East also has one standard question which has been omitted.

*** The medical practice survey measures the patient experience with providers at a medical practice site including offering single-specialty and multi-specialty care services. The type of care experienced might be primary or specialty care. The survey is implemented at Mediclinic Middle East outpatient clinics, with the day case clinics to follow.

MEDICAL PRACTITIONERS

Any initiative to improve the quality of clinical care needs the support and engagement of the treating medical practitioners. For this reason, the Group is actively involved with various programmes to engage with its supporting medical practitioners. Medical practitioner-specific compacts are being established in each division. This entails an agreement between Mediclinic and a specific medical practitioner that illustrates the mutually beneficial expectations and commitments that the parties agree upon to enable a specific hospital to move toward a shared goal.

KEY TOPICS AND CONCERNS

- Quality of and access to facilities and equipment
- Patient safety
- Quality nursing care
- Technology of international standard
- Involvement in strategic clinical issues
- Recruitment, monitoring and retention of skilled medical practitioners
- Continuing medical education of employed and affiliated medical practitioners
- Impact of new Electronic Health Record ("EHR") at Hirslanden and Mediclinic Middle East

STAKEHOLDER ENGAGEMENT (CONTINUED)

MEDICAL PRACTITIONERS (continued)

METHODS OF ENGAGEMENT

- **Regular meetings** with medical practitioners
- **Participation in hospital clinical committees**
- **Continuous professional education events**
- **Electronic newsletters**
- **Elaborated medical practitioners' engagement concept** with various networking and know-how exchange events in Switzerland on national and local level
- **Dedicated medical practitioner portals** in Switzerland and Southern Africa, with continuous professional education and patient demographics functionality being piloted
- **Medical practitioner participation in hospital management** through the boards of various hospital subsidiary companies in Southern Africa
- **Launch of Healthcare Innovation Award** at Mediclinic Middle East
- Bi-annual medical practitioner **engagement events** in all three regions at Mediclinic Middle East

RESPONSE TO STAKEHOLDER EXPECTATIONS

- A referral network model is in place where Group representatives meet regularly with medical practitioners and their employees to discuss their needs and build the relationship between the hospital and the supporting specialists, as well as between the supporting specialists and the referring general practitioner.
- The continued focus on clinical quality, provision and maintenance of high-quality hospital infrastructure, excellent patient and medical practitioner satisfaction levels, employee development and training to maintain and improve quality service delivery, support of external training institutions, and employee recruitment and retention are elements of the key priorities set by the Group. Refer to **Material Issue 1: Developing an engaged and productive workforce** on page 24, as well as the **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com.

EMPLOYEES AND TRADE UNIONS

The Group's employees are a highly valued asset; their trust and respect are paramount to Mediclinic's success. Acknowledging and responding to employee needs through effective communication and sound relations are vital components of being regarded as an employer of choice among existing and prospective employees and important in maintaining an engaged and loyal workforce. The Group aims to achieve a common awareness of the financial and economic factors affecting the performance of the Company among employees.

KEY TOPICS AND CONCERNS

- Employee training and development
- Recognition and competitive remuneration
- Acknowledgement of employee behavioural contribution
- Freedom of association
- Ethical leadership
- Fair working conditions
- Recruitment and retention of skilled employees
- Shortage of nurses and skilled employees

STAKEHOLDER ENGAGEMENT (CONTINUED)

EMPLOYEES AND TRADE UNIONS (continued)

METHODS OF ENGAGEMENT

- **Annual *Your Voice* employee engagement surveys** through Gallup®, an internationally recognised service provider
- **Internal communication audits**, as required
- **Intranet and social media** – Facebook, Twitter, LinkedIn and YouTube
- Newsflashes and **regular electronic updates** to the Group
- **Regular employee performance reviews**
- **Leadership video conferences and roadshows**
- **Employee wellness programmes**
- **Formal recognition system**
- **Locality forum meetings** to address employee concerns
- **Regular communication** by the divisional CEOs
- **Employee magazines and newsletters**, such as *Our World* in Southern Africa and *Apropos* in Switzerland
- **Nominated NED for Workforce Engagement**

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Employee recruitment and retention, employee development and training, remuneration, and employee satisfaction and engagement are all elements of the material sustainability issues of the Group. See **Material Issue 1: Developing an engaged and productive workforce** on page 24.
- Market-related salaries and benefits are offered to employees based on the principles of internal equity, external equity and affordability.
- *Your Voice* employee engagement surveys across all divisions to measure levels of engagement; identify gaps at a departmental level; and support line managers to implement action plans to address concerns.

SUPPLIERS

Mediclinic believes in building long-term relationships with suitable suppliers and establishing relationships of mutual trust and respect. The Group relies on its suppliers to deliver products and services of the highest quality in line with Company standards, in order to enable Mediclinic to provide quality healthcare services.

KEY TOPICS AND CONCERNS

- Supply Chain Risk Management Policy
- Product quality
- Cost-effectiveness
- Product liability insurance
- Availability of products and services and the ability to provide support
- Compliance with applicable regulatory requirements and quality standards
- Fair and transparent negotiations
- Timely payments
- Appropriate technology relevant to each division or facility (Health Technology Assessments are required for high-value investments or for implementation of new technologies – refer to the **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com)
- Training of employees and users
- Broad-based black economic empowerment (“B-BBEE”) discussions on improvement of supplier scorecard (in Southern Africa)

STAKEHOLDER ENGAGEMENT (CONTINUED)

SUPPLIERS (continued)

METHODS OF ENGAGEMENT

- **Regular meetings** with suppliers
- **Regular business reviews** with top suppliers
- **Strategic quarterly review** with top 30 suppliers (in Southern Africa)
- **Monthly review of global contracts** to track performance
- **Contract negotiations and management** post-signature
- **Electronic product approval processes for existing suppliers** (in Southern Africa)
- **Product demonstrations and evaluations** and training on product specifications
- **Visits to local and international trade fairs**
- **Visits to and inspection of supplier and manufacturer facilities**
- **Annual Modern Slavery Act questionnaire** to suppliers

RESPONSE TO STAKEHOLDER EXPECTATIONS

- The Group is focused on streamlining and centralising its procurement processes to improve efficiency and cost-effectiveness.
- Formal procurement processes apply to tenders, contracting and preferred supplier agreements.
- Mediclinic's international procurement initiatives aim to unlock synergies and to implement standardisation for the greater benefit of the Group.
- A Group Purchasing Organisation ("GPO") supports global sourcing and unlocking more cost-effective supply chains through direct imports of selected surgical and consumable products.
- The Group continues to implement its strategy to rationalise the number of suppliers to enable growth with selected key partners and thereby strengthen negotiations.
- Product and supplier selection is guided by, *inter alia*, the provisions of the UK Modern Slavery Act 2015. The Company conducts business mainly with major international suppliers, who are also publicly committed to protecting human rights. None of the Group's services is seasonal and, as such, the risk of modern slavery or human trafficking exists. Although the Group is confident that the risk is minimal, key manufacturing facilities are visited regularly to verify compliance. A link to the Company's Modern Slavery and Human Trafficking Statement can be found on the home page of the Company's website at www.mediclinic.com.

HEALTHCARE FUNDERS

All role players in healthcare funding, such as the medical insurance companies and schemes, administrators and managed care companies, play a key role in Mediclinic's business, with privately insured patients remaining the Group's largest client base.

KEY TOPICS AND CONCERNS

- Quality of care delivered in hospitals and the patient experience
- Integrated clinical services
- Efficient cost management of healthcare
- Hospital network arrangements, which limit the patients' choice of hospitals in exchange for a reduced tariff from the hospitals
- Healthcare provider price regulation in Switzerland and the UAE with diagnostic-related groupings ("DRGs") in Dubai to be implemented in 2019
- Pay-for-quality penalties planned by both the Abu Dhabi and Dubai authorities
- Health Information Exchange in Abu Dhabi was given highest priority by regulators
- Regulated eHealth initiatives

STAKEHOLDER ENGAGEMENT (CONTINUED)

HEALTHCARE FUNDERS (continued)

METHODS OF ENGAGEMENT

- **Regular meetings** regarding possible cost savings, clinical quality and healthcare delivery improvements
- **Annual tariff negotiations**
- **Regular meetings**
- **Participation in conferences and seminars**
- Hirslanden maintains good relationships with government bodies; several employees are **members of cantonal parliaments** and are regularly **represented on ad hoc expert boards**
- Mediclinic Southern Africa is **represented on a number of industry bodies** such as South African Nursing Council, South African Pharmacy Council, as well as through Hospital Association of South Africa ("HASA") on the Presidential Health Summit
- CEO of Mediclinic Middle East is a member of the Department of Health's **strategic advisory board in Abu Dhabi**
- Mediclinic Middle East is represented by senior management on **several established industry committees** on clinical quality and price regulation in both Dubai and Abu Dhabi

RESPONSE TO STAKEHOLDER EXPECTATIONS

- The **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com provides a detailed overview of the Group's clinical governance and performance.
- Transforming from an infrastructure provider to a healthcare systems provider is a key strategic objective for the Group. See **Our strategy, goals and progress** included in the **2019 Annual Report** and the **2019 Clinical Services Report** available on the Company's website at www.mediclinic.com.
- Tariff negotiations with funders are conducted in a transparent and fair manner.
- In terms of quality and patient safety, Mediclinic shares relevant studies and information to address healthcare funder concerns.
- *Care Expert* is an integrated care product in Mediclinic Southern Africa that drives value by further optimising overall hospital efficiency and clinical quality. This aims to align healthcare providers more closely and transform from a fee-for-service environment to a value-based model of care. Hip and knee replacement surgeries are the first of the *Care Expert* products that have been successfully contracted with an increased number of key stakeholders who have agreed to participate, and who saw an increased benefit in the coordination of care in the reporting period.
- Mediclinic Middle East established a Clinical Utilisation Committee in September 2016 under the leadership of the Chief Clinical Officer. This committee monitors utilisation trends by medical practitioners against peer benchmarks, both proactively and in response to queries by funders. The success of the committee's work during the reporting period is evidenced by positive feedback from both the Abu Dhabi regulators and Daman, the most active funder in engaging providers in such matters.
- Over the past few years, both the Abu Dhabi and Dubai regulators have introduced quality measures and key performance indicators ("KPIs"), which will in time be linked to reimbursement.
- Establishing criteria for Centres of Excellence in Abu Dhabi is a further initiative currently in progress by the regulator to ensure minimum case volumes per unit, and Mediclinic Middle East is actively involved in the consultation process.
- The year under review has seen many regulatory developments, particularly regarding tariffs. An overview of the regulatory environment of each division is provided in the **Divisional Reviews** included in the **2019 Annual Report**.
- No financial assistance was received from government by any of the Group's divisions.
- Political donations are prohibited in terms of the Ethics Code, unless pre-approved by the Board or Group Executive Committee. Hirslanden did, however, effect payments to a number of political parties, institutions and associations in Switzerland involved in certain political campaigns that were of interest to the business. Contributing to political campaigns through third-party contributions is a common official and standard practice in Switzerland. These contributions are not considered political payments as contemplated in Part 14 of the UK Companies Act, as they are not made to the political parties within the scope of such act. Refer to the **Corporate Governance Statement** in the **2019 Annual Report**.
- Mediclinic Southern Africa is assisting the national Department of Health with several initiatives, including the development of staffing norms and standards for nursing education to improve the preparation of nursing students for independent clinical practice.
- Mediclinic Southern Africa is engaging in and actively assessing all publications related to the South African Competition Commission's ongoing Health Market Inquiry to encourage consideration of appropriate and accurate information that can be used to analysing the cost and competitive dynamics of private healthcare in South Africa. The inquiry is expected to publish recommendations in the third quarter of 2019.
- All available information pertaining to the South African government's planned implementation of a National Health Insurance to provide healthcare to all citizens in an equitable manner is monitored closely. Mediclinic has made submissions to the Department of Health in response to the National Insurance Bill and the Medical Schemes Amendment Bill published in June 2018.

STAKEHOLDER ENGAGEMENT (CONTINUED)

GOVERNMENT AND AUTHORITIES

Mediclinic's business model relies on total compliance with all legislative and regulatory requirements. The Group engages at all levels of government as part of normal business practices.

In Switzerland, key government bodies include the federal and cantonal government and healthcare authorities.

In Southern Africa, key government bodies include the national and provincial Departments of Health, the Department of Higher Education and Training, the South African Nursing Council, Council for Medical Schemes, the Health Professions Council of South Africa, South African Pharmacy Council, Parliamentary Portfolio Committee and the national and provincial Departments of Environmental Affairs.

In the UAE, key government bodies include the Ministry of Health, Dubai Healthcare City, Dubai Health Authority, Department of Health Abu Dhabi, Occupational Safety and Health Centre of Abu Dhabi, Abu Dhabi Centre of Waste Management, Ministry of Climate Change and Environment, Environmental Agency of Abu Dhabi and the Nursing and Midwifery Council.

KEY TOPICS AND CONCERNS

- Cost of private healthcare and regulation of private healthcare tariffs
- Compliance with various healthcare legislation and regulations
- Addressing skills shortage
- Collaborative initiatives, such as day case surgery initiatives in Switzerland
- Regulatory reform relating to hospital planning, highly specialised medicine and health insurance in Switzerland
- National Health Insurance in South Africa
- Medical Schemes Amendment bill in South Africa
- Competition Commission Health Market Inquiry in South Africa
- Regulated eHealth initiatives in the UAE
- Pay-for-quality initiatives in the UAE
- Health Information Exchange in Abu Dhabi was given highest priority by regulators

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Mediclinic has made itself available to participate in the relevant forthcoming working groups, tasked with refining the concepts and implementation structures outlined in the NHI White Paper. Mediclinic continues to support the underlying principle of universal healthcare coverage.
- Mediclinic Southern Africa participates in the Presidential Health Summit through HASA.
- Mediclinic Southern Africa, through HASA, participated in the Public Private Growth Initiative with the aim of identifying collaborative opportunities between the private sector and government to grow the economy across various sectors.
- Mediclinic Southern Africa participates in working groups through various associations to develop health technology regulations relating to the management of healthcare.
- Mediclinic Southern Africa expressed a commitment to partnering with the government to ensure greater access to quality healthcare for all, realised through the corporate social responsibility ("CSR") initiatives completed in 2017–2019.
- During the year, Mediclinic Middle East management team members were invited to join strategic, clinical quality and price regulation committees. The CEO of Mediclinic Middle East, was appointed to the Department of Health's strategic advisory board in Abu Dhabi.
- In response to the launch of the Health Information Exchange initiative by the Abu Dhabi government, Mediclinic Middle East has changed its EHR roll-out plan to ensure that Abu Dhabi units will be compliant.

STAKEHOLDER ENGAGEMENT (CONTINUED)

INDUSTRY ASSOCIATIONS

Engagement with key stakeholders via an industry body could in certain instances be more effective than individual representation. Mediclinic leverages these associations to ensure its active participation in national conversations.

Hirslanden is an active member of *Privatkliniken Schweiz* ("PKS"), the association of Swiss private hospitals, as well as *H+ Die Spitäler der Schweiz* ("H+"), the hospital association for public and private hospitals in Switzerland. Two senior Hirslanden management members serve on the board of PKS, one of which is a member of the board committee. The Hirslanden CEO serves on the executive board of *Herzchirurgie* Hirslanden Bern AG and is a member of the foundation board of the Swiss Osteopathy Science Foundation. The Hirslanden Chief Clinical Officer serves on the quality committee for Acute Medicine of ANQ. Hirslanden's Head of Public Affairs is a member of the specialist group for healthcare politics of *Economiesuisse* and serves on the board of the Alliance for Liberal Healthcare.

Mediclinic Southern Africa is a member of HASA, with two representatives serving on its board. HASA is an industry association that represents the collective interests of the more than 200 private hospitals, thereby representing over 70% of the private hospital industry in South Africa. Mediclinic Southern Africa's Chief Marketing Officer serves as the chairman of HASA.

Members of the infrastructure team also belong to the South African Federation of Hospital Engineering ("SAFHE") and the Clinical Engineering Association of South Africa. SAFHE consist of eight members, with four of these members being Mediclinic employees. Mediclinic Southern Africa's Environmental Systems Manager serves as the current president of SAFHE.

There are no relevant industry associations in the UAE.

KEY TOPICS AND CONCERNS

- Legislation and regulation affecting the healthcare industry as a whole
- Informing the public regarding challenges facing private healthcare
- Day case surgery initiatives in Switzerland
- Decline of the share of privately insured patients in Switzerland
- Minimum quotas for basic insured patients in Switzerland
- Swiss Financial Market Supervisory Authority involvement in supplementary insurance contracts
- Regulations on medical equipment in Switzerland
- Minimum case numbers for physicians in Switzerland

METHODS OF ENGAGEMENT

- **Membership of industry associations and representation on governing bodies**
- **Participation in research commissioned by associations**
- **Participation in conferences**

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Through industry association membership in Switzerland, Hirslanden plays an active role in shaping the Swiss hospital industry as well as associated legislation and regulation.
- HASA regularly commissions research, which ensures that the information communicated to the public is accurate and thoroughly investigated by credible independent specialists.

STAKEHOLDER ENGAGEMENT (CONTINUED)

INVESTORS

Mediclinic's persistent focus on patient needs and expectations will create long-term value for its shareholders as the owners and providers of equity capital to the business. The Group is accountable to its stakeholders, and reporting to shareholders and the public is aimed at providing a clear understanding of the Company's financial, economic, social and environmental performance, both positive and negative.

Responsibility for shareholder relations rests with the Chairman of the Board, CEO, Chief Financial Officer, Senior Independent Director and Head of Investor Relations. Collectively, they ensure that there is effective, regular and clear communication with shareholders on matters including operational and financial performance, regulatory changes, governance and strategy. In addition, they are responsible for ensuring that the Board understands the views of shareholders on matters such as governance and strategy. The Board is supported by the Company's corporate brokers, with whom it is in continuous dialogue.

KEY TOPICS AND CONCERNS

- Financial performance of the Company and factors affecting financial performance (in Switzerland this is based on the impact of increased regulatory hurdles like reduction in outpatient tariff and mandatory day case procedures)
- Continued growth and financial sustainability
- Responsible investment proposition
- Clear and transparent reporting
- Competent leadership with ethical culture

METHODS OF ENGAGEMENT

- **Financial results reporting**, results presentations
- **Announcements** on the Regulatory News Service of the London Stock Exchange and the Stock Exchange News Service of the JSE Ltd
- **Corporate website**
- **Analyst meetings**
- **Shareholder meetings**
- **Investor roadshows and conferences**

RESPONSE TO STAKEHOLDER EXPECTATIONS

- The Company offers a responsible investment proposition. Refer to the **Investment Case** included in the [2019 Annual Report](#).
- Solid financial position. Refer to the **Financial Review** included in the [2019 Annual Report](#).
- Ethical leadership. Refer to the report on ethics and compliance in the **Corporate Governance Statement** included in the [2019 Annual Report](#).
- Remgro Ltd, as a principal shareholder, is represented on the Company's Board of Directors in terms of a Relationship Agreement. Refer to the **Corporate Governance Statement** included in the [2019 Annual Report](#).
- Refer to the shareholder engagement section in the **Corporate Governance Statement** included in the [2019 Annual Report](#).

STAKEHOLDER ENGAGEMENT (CONTINUED)

COMMUNITY

Mediclinic is committed to growing its established relations with the communities within which it operates and follows an approach of mutual understanding, trust and reliability. Significant investments are made annually toward healthcare and education in these communities.

KEY TOPICS AND CONCERNS

- Development and upliftment of communities within which the Group operates
- Health awareness
- Improving public healthcare training in South Africa
- Assisting the provincial Department of Health in addressing surgical backlogs in South Africa

METHODS OF ENGAGEMENT

- Leveraging **CSR initiatives** for corporate sponsorships and donations
- Supporting **employee volunteer initiatives**
- Participation at national level in terms of **health training and education**
- Collaboration with provincial Department of Health to develop **public private initiatives** and joint ventures in South Africa
- Actively participating in the Public Health Enhancement Fund in South Africa

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Refer to **Material Issue 1: Developing an engaged and productive workforce** (in particular relating to training and development) on page 24; and **Material Issue 3: Being an ethical and responsible corporate citizen** on page 53.
- Various healthcare awareness campaigns are hosted throughout the year.
- A Memorandum of Understanding was entered into with provincial Department of Health to assist with alleviating the surgical backlogs in South Africa. To date more than 200 surgical procedures have been performed.

MEDIA

The media acts as an intermediary between Mediclinic and its stakeholders on company and industry developments, and assists to position Mediclinic as the opinion leader in private healthcare.

KEY TOPICS AND CONCERNS

- Access to accurate information
- Response to media enquiries

METHODS OF ENGAGEMENT

- **Media releases**
- **Press conferences**
- **Interviews and responses to media enquiries**
- **Paid advertisements**
- Monitoring of industry-related news and **proactive response**
- **Social media** – Facebook, Twitter, LinkedIn and YouTube
- The *Future of Healthcare* **blog**

RESPONSE TO STAKEHOLDER EXPECTATIONS

- Dedicated communication strategies have been developed for major industry affairs issues.
- During the reporting period, a range of active media events were held during the reporting period by each division.
- The blogsite, *The Future of Healthcare*, which is an integral part of the Mediclinic Southern Africa's social media strategy, is actively used to present expertise in this division's facilities. The blogsite contains media statements and other material pertaining to the National Health Insurance, innovation and other healthcare-related issues. It also serves to inform the media of innovative treatments and procedures that take place at the division's hospitals and clinics.



OUR MATERIAL ISSUES

MATERIALITY ASSESSMENT

Mediclinic has various economic, social and environmental responsibilities, including creating employment opportunities; training and developing employees; using of natural resources responsibly; investing in local communities; and promoting black economic empowerment in South Africa.

In terms of the Group Sustainable Development Policy, the Clinical Performance and Sustainability Committee annually reviews the Group's material sustainability issues. This is done to ensure that management initiatives are directed at those sustainable development issues that are most significant to the business, and which directly affect the Group's ability to create value for its key stakeholders. The assessment is informed by following considerations:

- whether the Group's prior year sustainability focus areas are still relevant;
- Mediclinic's environmental, social and governance impacts/risks, taking into account the views, concerns and legitimate expectations of stakeholders (as set out in the Stakeholder Engagement section on page 10) and those impacts which the Company can influence or control;

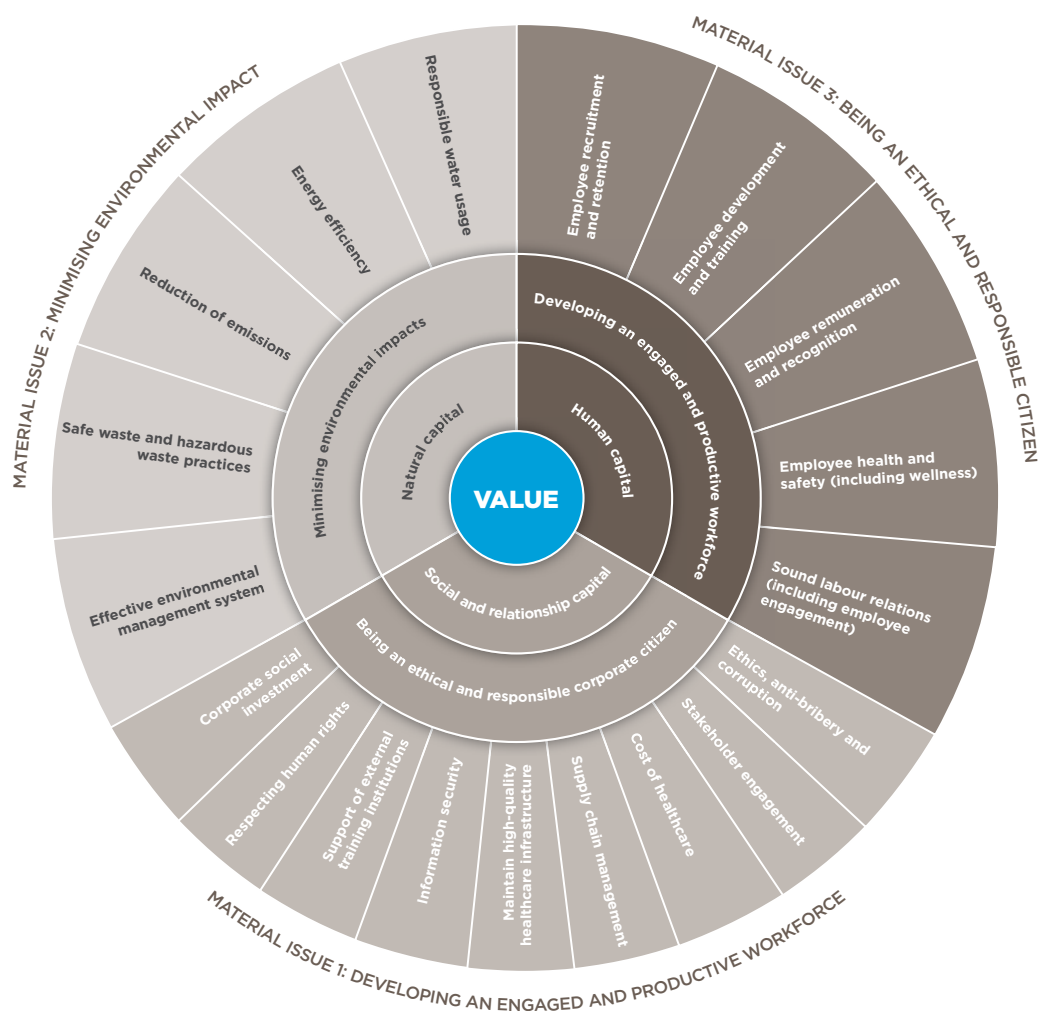
- Mediclinic's dependency on the six capitals (financial, manufactured, human, intellectual, social and relationship, and natural capital);
- the guidance on determining materiality contained in the GRI Standards;
- the Sustainability Accounting Standards Board materiality map for healthcare;
- regulatory requirements/developments relating to non-financial reporting;
- information needs of indices and sustainability assessments by investor groups; and
- sustainability megatrends (e.g. poverty and inequality; environmental degradation and climate change; technological innovation; demography) and global initiatives, such as the UN Global Compact Principles and the 17 United Nations Sustainable Development Goals.

The materiality assessment identified the following three material issues, as illustrated in **Figure 3**, which constitute the focus of this report:

- developing an engaged and productive workforce;
- minimising environmental impact; and
- being an ethical and responsible corporate citizen.

OUR MATERIAL ISSUES (CONTINUED)

FIGURE 3: MATERIALITY ASSESSMENT MATRIX



Mediclinic's shareholders, patients and employees are key to its sustainability. Relationships with these stakeholders inform how the Group manages strategy, performance and risks. The link between the Group's three material sustainability issues and the Group's strategy is indicated in this report. The Group's strategic priorities in the year under review, which are further detailed in the **Our strategy, goals and progress** section of the [2019 Annual Report](#), are:

- putting *Patients First*;
- improving Group and operational efficiencies;
- pursuing attractive growth opportunities; and
- leveraging the Group's international scale; while
- continuing to invest in employees, information and communications technology and analytics.

OUR MATERIAL ISSUES (CONTINUED)

MATERIAL ISSUE 1: DEVELOPING AN ENGAGED AND PRODUCTIVE WORKFORCE

HIGHLIGHTS

- Embedding of world-class workforce optimisation initiatives and the integration of these principles in the relevant business processes in accordance with the agreed workforce plan
- Continued investment in training and skills development to maintain and improve quality service delivery
- Entrenching the employee engagement survey and embedding follow up actions across the Group
- Continued people management development for line managers
- Ongoing implementation of a standardised human resources information and communication technology ("ICT") system

WHY THIS IS IMPORTANT TO THE BUSINESS

Employee engagement is a vital aspect that is essential to the overall success of the business. It is also fundamental to employee retention and for creating a dynamic working environment. The attraction of suitably qualified healthcare professionals is essential in delivering the Group's *Patients First* strategy. The Group aims to provide a working environment with a supporting culture where employees can thrive and be emotionally committed to Mediclinic's goals. These initiatives include engagement, corporate health and wellness, continuous development, mentoring and coaching. It requires a long-term focus and genuine transformation of practices to be successful. These initiatives will be continued and expanded to create a diverse and inclusive environment that enables the optimal performance of employees.

Workforce optimisation has been a key focus for the year, especially in the clinical environment. Continued focus on workforce planning and forecasting will ensure that the goal of operational efficiency is achieved as required in order to deliver on the *Patients First* strategy.

LINK TO STRATEGY

- Invest in employees
- Improve safe, quality clinical care
- Improve patient experience
- Improve efficiency

KEY STAKEHOLDERS

- Employees and trade unions
- Medical practitioners
- Patients

KEY PERFORMANCE INDICATORS

CONTROLLABLE EMPLOYEE TURNOVER RATE*			EMPLOYEE ENGAGEMENT (GRAND MEAN SCORE - MAXIMUM SCORE OF 5)			TRAINING SPEND AS APPROXIMATE PERCENTAGE OF PAYROLL		
Switzerland	6.9% (2018: 8.7%)	↓	Group	3.98 (2018: 3.88)	↑	Switzerland	4.6% (2018: 4.6%)	→
Southern Africa	7.6% (2018: 7.2%)	↑	Switzerland	4.01 (2018: 3.93)	↑	Southern Africa	3.7% (2018: 3.5%)	↑
UAE	6.7% (2018: 10.3%)	↓	Southern Africa	3.94 (2018: 3.85)	↑	UAE	0.1% (2018: 0.2%)	↓
* Refer to page 28 for more on the increase in the turnover rate			UAE	4.02 (2018: 3.86)	↑			

OUR MATERIAL ISSUES (CONTINUED)

RISKS TO THE BUSINESS

- Inability to recruit healthcare practitioners to meet business demand
- Poor clinical outcomes and services
- Medical malpractice liability
- Reputational damage
- Delayed new nursing qualifications framework, causing a gap in the education pipeline in Southern Africa
- Ageing nursing workforce with decreasing entrants to profession
- Employee engagement and wellness
- Fraud and ethics failures

MITIGATION OF RISKS

- Extensive training and skills development programmes
- Governance of suitable selection processes with a focus on skills assessments, employment references and verification of credentials

- Targeted sourcing and recruitment initiatives, with a strong focus on agile sourcing techniques to ensure that the best fit candidate talent is channelled to appropriate vacancies, supported by a seamless hiring process
- A proactive international recruitment programme supplementing anticipated medium-term skills gaps
- Tailored retention strategies, supporting the retention of priority audiences within each business unit
- Succession planning and/or career management initiatives within scarce skills disciplines, to ensure the proactive development of high-performing employees with the potential to fulfil supervisory and leadership roles
- Monitoring of medical practitioner satisfaction through continuous dialogue
- Deployment of integrated talent strategies in support of core business areas
- Monitoring of employee engagement and satisfaction through a standardised process and structured, systematic action planning



OUR PEOPLE – MEDICLINIC MIDDLE EAST

The Mediclinic Middle East Employee Wellness Programme (the “**Programme**”) offers comprehensive health and wellness services tailored to individual and organisational needs, taking into account the specific challenges in the current economic and social environment.

The Programme, which was launched in January 2018, is aimed at encouraging a culture of physical, mental, social and financial wellness, the benefits of which will also ultimately filter through to the quality of service provided patients and their families. A comprehensive wellness strategy will improve credibility as a leading healthcare organisation when dealing with regulators and insurers and simultaneously set an example for the industry, which is currently nascent in terms of corporate wellness.

In June 2017, an initial workgroup consisting of representatives across various functions and business units was tasked with investigating and recommending a wellness solution for employees based on the vision of senior leadership.



One of the wellness education sessions featured a healthy cooking demonstration.

OFFERING EMPLOYEES ACCESS TO COMPREHENSIVE EMPLOYEE WELLNESS SERVICES IS A NATURAL PROGRESSION OF EMPLOYMENT BENEFITS, ESPECIALLY GIVEN THE LEADING ROLE MEDICLINIC PLAYS IN INTERNATIONAL HEALTHCARE. THE BENEFITS OF SUCH A PROGRAMME IS SURE TO ULTIMATELY FILTER THROUGH TO THE QUALITY OF SERVICE OFFERED TO PATIENTS AND THEIR FAMILIES.

The workgroup evolved into a Wellness Committee which considered design principles relevant to the region, as well as international best practice, such as:

Sustainability

Wellness is not an isolated state, but rather the result of a habit of healthy living. Programmes should be aimed at continuous reinforcement to ensure sustainable change in behaviour for the long term.

Individuality

Wellness initiatives should be tailored to the needs of employees. As such, the employees own the initiatives and clearly understand the benefits; they are also given the opportunity to provide input.

Participation

Great care must be taken to ensure that employees do not feel forced to participate. Mandatory programmes may increase the stress levels of employees, which will be contrary to the intended objective.

Leadership commitment and support

The senior leadership should clearly communicate their vision and strategy for the promotion of health; they should actively support the initiatives and continuously support and, where possible, participate in health education.

A health culture

Business decisions that affect everyday activities should be made in alignment with wellness goals to reinforce the division's commitment to creating a health-conscious culture.

OWNING WELLNESS

With research in hand, the Wellness Committee proposed a tailored wellness programme for Mediclinic Middle East employees. The following benefits are offered under the Programme:

- **discounted health packages** for all employees;
- **special offers, including fitness and leisure packages;**
- a **dedicated wellness room at the corporate office** equipped with games, wellness equipment and relaxation areas;
- **monthly wellness education sessions** covering topics such as managing stress, mindfulness, healthy food preparation, yoga and financial management;
- **employee sporting events**, such as soccer, cricket, volleyball and basketball;
- **corporate funding sponsorships** for individuals or teams participating in an external, accredited sporting event if certain criteria are met; and
- **participation in fitness and health challenges.**

Wellness surveys will be conducted annually. The feedback will be used to improve benefits and to ensure that activities align with the programme's vision of offering employee-friendly benefits that can be adopted and owned by the workforce.



OUR MATERIAL ISSUES (CONTINUED)

POLICY, APPROACH AND PERFORMANCE

Mediclinic's human capital is strongly supported by policies and best-practice guidelines and is governed to ensure compliance to achieve global best practice and to minimise possible risks as mentioned above.

The human resources strategy focuses on harmonising and embedding enhanced human resources processes and practices throughout the Group. This is achieved by standardising processes where possible, sharing best practice and integrating systems. In this way, the human resources function is positioned as an enabling partner that can deliver visible, credible and value-adding services to the business.

Employee recruitment and retention

All divisions are experiencing challenges regarding the global shortage of healthcare professionals, specifically specialist nurses and clinicians. Proactive strategies and action plans are continuously deployed to address the shortages within each of the divisions to ensure a consistent supply of applicants to fill critical vacancies. These strategies are regularly reviewed to ensure alignment with organisational requirements and industry challenges. This is supported by a highly tailored focus on employer branding to position each division as the preferred employer in the relevant geographies where we do business. The Group constantly and actively monitors industry and external talent-pool trends. This allows it to proactively amend its strategy to mitigate the risks in the competitive healthcare labour market.

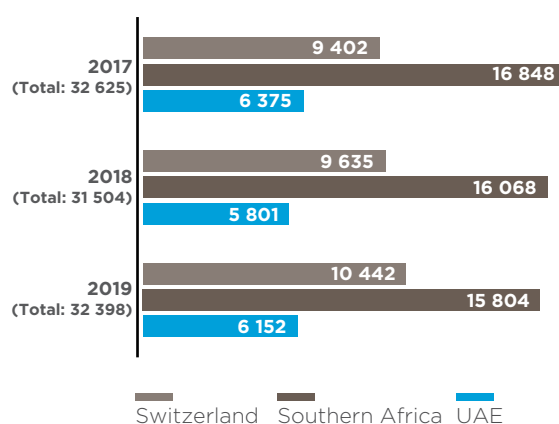
To address the challenges of attracting and retaining scarce skills, specific strategies are formulated to support the needs of the areas that are under pressure due to a limited talent supply in their local market. These strategies will be entrenched and further refined to align to the current priorities emerging from the existing workforce plan. This includes a continued focus on the training of healthcare professionals in relevant divisions, revised onboarding programmes, as well as pro-active talent pool management. Special emphasis is also placed on building sustainable and positive relationships with candidates with critical talent. Other additional initiatives include continuous targeted internships, on-the-job training, student placements, career planning and development.

The alignment of recruitment and selection processes across divisions remains a key focus. This includes exploring the benefits of standardisation of generic

elements and the sharing of best practices. Planning also commenced for the implementation of an international enterprise resource planning ("ERP") system, supporting the recruitment and employer branding process during the course of 2019 and 2020. This supports the move to an integrated and digitalised human resources landscape, with an emphasis on data analytics to inform key human capital decisions. This will provide the Group with tools to identify international and local trends and mitigate potential risks proactively. The *Your Voice* employee engagement survey results are scrutinised for generic themes and used to address themes that affect the retention of the workforce.

The Group's workforce composition is provided in **Figure 4**. The Controllable Employee Turnover rate is provided on page 24, indicating a decrease in Switzerland and Mediclinic Middle East, but a slight increase (in certain instances) in Mediclinic Southern Africa. Although not a significant increase, the reasons for employee turnover are monitored in a rigorous manner and themes are proactively addressed to minimise the loss of employees. With the ever-increasing shortage of skilled employees, we are experiencing increased competition in the market place. As a result, emphasis is placed on retention and effective utilisation of available skills. The Group has various measures in place with the aim to be regarded as an employer of choice: regular engagement, offering attractive working conditions (e.g. flexible employment contracts for part-time employees in Switzerland), career development, a consistent performance management system and fair remuneration practices. The divisions' turnover rate by age group and gender, new appointments versus employment terminations and return to work after maternity leave are provided in **Figures 5 to 10**.

FIGURE 4: WORKFORCE COMPOSITION



OUR MATERIAL ISSUES (CONTINUED)

FIGURE 5: WORKFORCE COMPOSITION BY GENDER

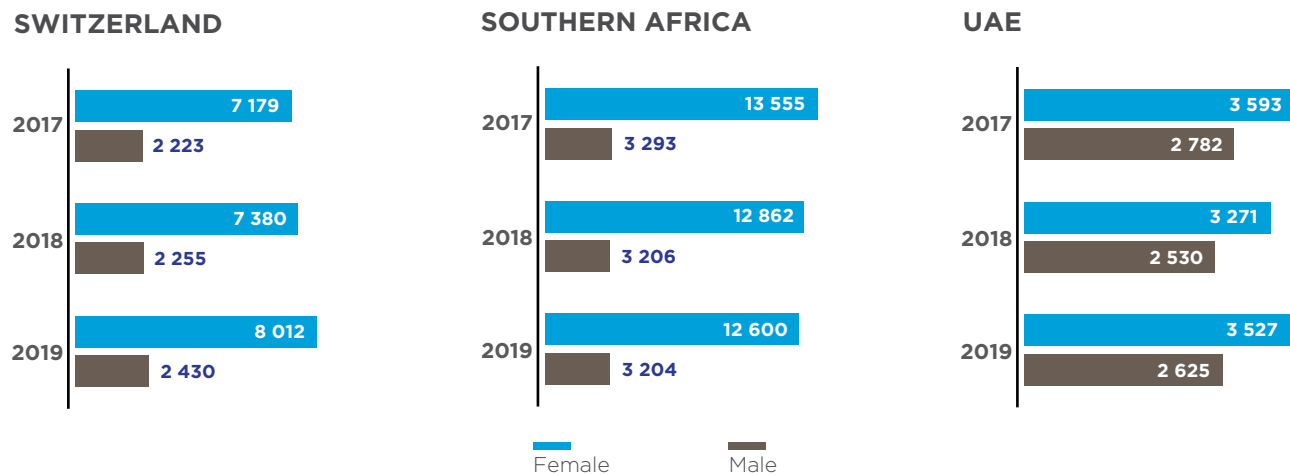
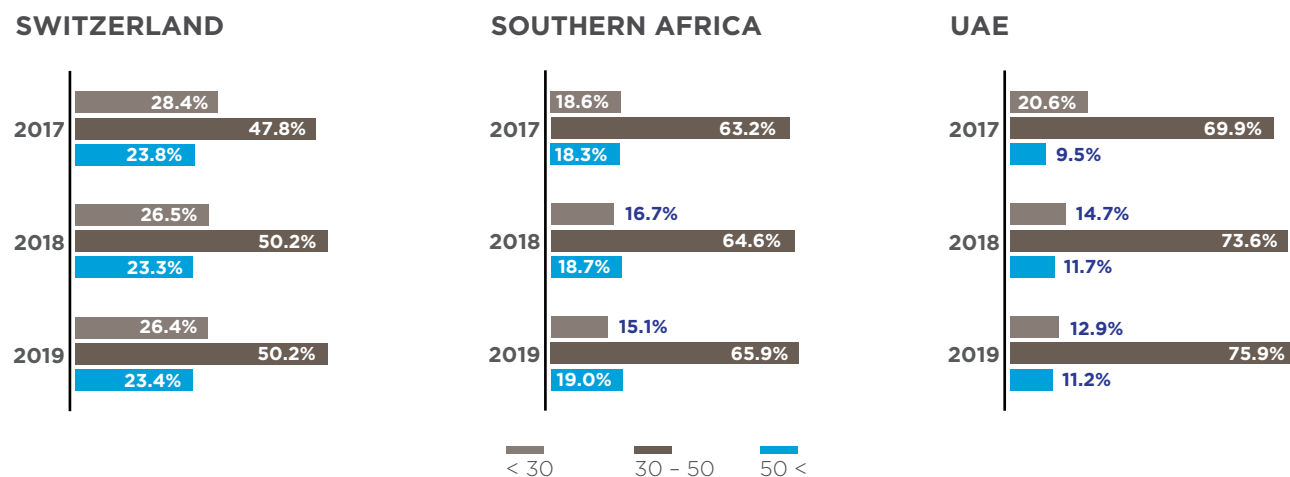


FIGURE 6: WORKFORCE COMPOSITION BY AGE



Notes

¹ Mediclinic International plc has one employee based in the United Kingdom.

² The increase in Hirslanden employees from 2018 to 2019 was influenced by the acquisition of Clinique des Grangettes, effective October 2018.

³ The increase in Mediclinic Middle East employees from 2018 to 2019 was largely attributable to overall business growth.

OUR MATERIAL ISSUES (CONTINUED)

FIGURE 7: CONTROLLABLE EMPLOYEE TURNOVER RATE BY AGE

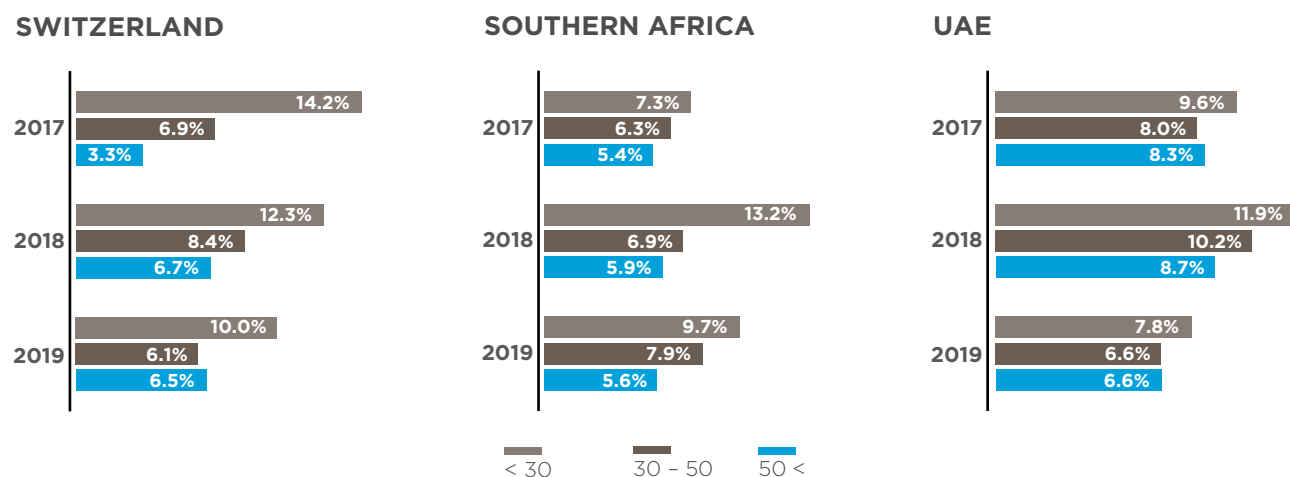
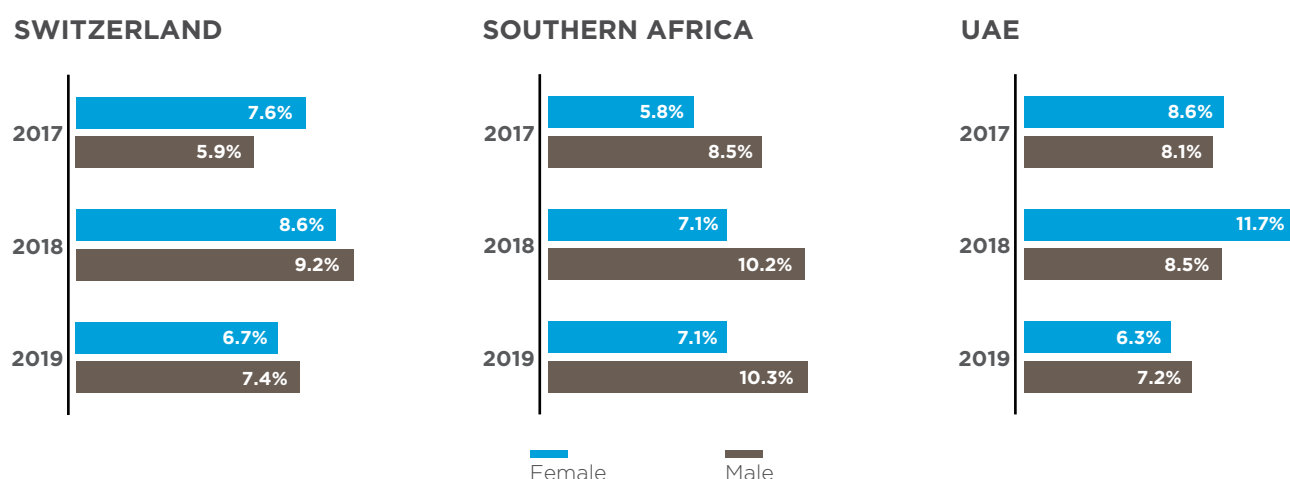


FIGURE 8: CONTROLLABLE EMPLOYEE TURNOVER RATE BY GENDER



* The 2017 age split of Mediclinic Middle East excluded the Al Noor employees.

FIGURE 9: NEW APPOINTMENT VS EMPLOYMENT TERMINATIONS*

	2017	2018	2019
Switzerland			
New appointments	1 454	1 254	1 767
Employment terminations	1 038	1 479	1 670
Southern Africa			
New appointments	2 179	1 909	2 073
Employment terminations	1 065	1 278	1 143
UAE			
New appointments	772	525	1 164
Employment terminations	534	597	791

* Employment termination figures are based on Controllable Employee Turnover as opposed to total turnover.

OUR MATERIAL ISSUES (CONTINUED)

FIGURE 10: RETURN TO WORK AFTER MATERNITY LEAVE RETENTION RATES

		2018			2019	
	Number of employees on maternity leave	Number of employees that returned to work	Retention rate	Number of employees on maternity leave	Number of employees that returned to work	Retention rate
Switzerland	372	not reported	not reported	342	not reported	not reported
Southern Africa	706	671	95.0%	613	593	97.0%
UAE	198	189	95.5%	232	229	98.71%

Local hiring

The Group is committed to providing employment and development opportunities to citizens of the country in which the business unit is located, and employment of foreign nationals will only be considered where no suitable local candidates with permanent residence can be found. International sourcing therefore becomes a viable alternative where all alternatives have been exhausted and a talent gap still exists.

Due to the unique circumstances that apply in each of the divisions, the Group does not have a uniform approach toward local hiring, mainly driven by language requirements. Hirslanden's local recruitment strategy focusses on the DACH region, which includes professionals from Germany, Austria and Switzerland, and furthermore on the Netherlands, Spain and France (especially for the hospitals in Lausanne and Geneva). In addition, the Swiss government only allows a limited number of international employment and sourcing opportunities outside of the European Union ("EU").

In Mediclinic Southern Africa, the training of nurses is directed at the local population and also leads to employment on qualification. Local employment is advanced and monitored through the Employment Equity (Affirmative Action) plan which is submitted and reported to the South African government's Department of Labour. Through the preferential procurement section of B-BBEE, the B-BBEE status of suppliers are monitored and considered. In Mediclinic Southern Africa a proactive international recruitment programme is in place to mitigate the skills shortage risk in the medium to longer term. This programme currently supplements the local supply of nurses with 315 nurses from India. In terms of Mediclinic Southern Africa's policy governing the employment of non-South African permanent residents within its areas of operation, the employment of non-South African permanent residents is only considered for critical skills candidates where a South African permanent resident cannot be sourced following external advertising.

The majority of employees at Mediclinic Middle East are expatriates and the workforce represents 82 nationalities. However, Mediclinic Middle East supports the government's Emiratisation programme, which aims to see its citizens employed in a meaningful and efficient manner. Mediclinic Middle East started its Emiratisation campaign in 2007, which defines the hiring and further development of Emirati citizens. However, attracting UAE nationals to work in the private healthcare sector has been a challenge, mostly due to salary expectations, especially in the administrative categories. The Emiratisation strategy contains specific goals per business unit based on a percentage of the workforce.

Mediclinic Middle East's strategy is therefore to focus on training and education. This division has been involved in numerous career events arranged by the UAE Ministry of Human Resources and Emiratisation ("MOHRE"), which are specifically geared toward helping Emiratis find suitable employment in the private sector. Mediclinic Middle East has also started to build relationships with key Emirati universities such as the Higher Colleges of Technology, further strengthening commitment to developing Emirati talent. Mediclinic Middle East is also working with Emirati universities to find Emirati students whom it can sponsor for the duration of their studies (in life sciences and business-focused disciplines), after which Mediclinic Middle East will guarantee employment.

One UAE national also serves on the Mediclinic Middle East senior management team, which consists of nine members.

Training and skills development

The Group continues to invest considerably in training and skills development to maintain employee engagement and improve the quality of service delivery. The Group's commitment to providing quality care for its patients can only be ensured if its employees have suitable, evolving skillsets. This is achieved through the many learning initiatives provided by the Group each year.

OUR MATERIAL ISSUES (CONTINUED)

Performance management

A consistent performance management system is applied throughout the Group, which enables it to identify and manage the training needs of individual employees, and to discuss career development. Performance tracking discussions take place on a continuous basis throughout the Group. The Group is committed to optimising the quality of these discussions where expectations regarding performance and development are shared and personal development plans are compiled accordingly. These discussions also provide the opportunity to translate the organisational strategic goals into individual employee objectives, activities and deliverables.

The impact of an effective performance management system on an engaged workforce is undeniable and special emphasis is placed on this as a core theme in the engagement strategy for 2019/2020.

In the previous reporting period, Mediclinic Middle East rolled out a robust Physician Performance Appraisal process utilising multiple sources of qualitative and quantitative measures (clinical indicators, peer reviews and patient experience feedback) to evaluate the overall performance of physicians in a standardised manner throughout the company. This process supports clinical quality, positive patient experience and personal development of physicians, which will ultimately lead to physician engagement. Mediclinic Middle East has been continuously monitoring the benefits of this process since its launch. It was decided to make certain amendments to the process initially implemented following the implementation of new health- recording systems at Mediclinic Middle East that changed the way data was collected. As such, lower completion rates were reported. Mediclinic Middle East strongly believes in the benefit of this process for physicians and the company and an almost identical process is being rolled out for nursing employees in the UAE.

Succession planning, career management, diversity and inclusion

Succession planning and related leadership development remains vital to the organisation. The talent pipeline to Group and divisional key positions is reviewed on an annual basis and strengthened through a well-structured process under the guidance of the Nomination Committee and the divisional talent review committees. Successors are supported with tailored development plans and progress is monitored to ensure the readiness of the pipeline through proactive development.

An internationally standardised process is followed with local adaptation to support divisional challenges. There is a continued focus on the sharing of best practices to the benefit of all divisions. This process will be enabled during

2019 and 2020 when an international talent management system is implemented as part of the deployment of the international human resources ERP. This will equip the relevant committees and line managers with better tools to identify and develop talent toward key roles. The additional functionality will also give employees greater access to career opportunities and enable them to indicate their aspiration to these.

The diversity of the workforce and related internal talent pools remains a key consideration. A diversity and inclusion strategy was agreed upon that is currently being deployed to guide the Group toward the achievement of the stipulated goals. This includes testing the workforce perceptions and exploring these through various initiatives that can be considered to ensure a sustainable and optimal workforce reaping the benefits from a truly diverse and inclusive organisation. Progress in this regard is actively monitored on a regular basis by the Group and divisional executive teams and reported annually to the Nomination Committee, which monitors progress holistically.

Training

Switzerland

Hirslanden provides a range of training programmes across the employee continuum. Hirslanden invested approximately 4.6% (2018: 4.6%) of payroll in education and training during the period under review. This figure does not include on-the-job training. More than 944 apprentices (federal certificate, higher college, college or graduate students) received formal training across 16 professions, predominantly as junior medical practitioners and in healthcare professions. Nurse training positions are also offered at Hirslanden hospitals, in compliance with local regulations.

The identification of leadership potential and the development of leadership skills remain focus areas. In-house leadership and management courses were attended by 258 (2018: 306) management employees, who attended 23 leadership training interventions. In addition to this, Hirslanden arranged mandatory leadership training for all senior managers to prepare them for the modifications that come with the Hirslanden 2020 strategy, a programme that focusses on promoting a culture of teamwork.

Southern Africa

Mediclinic Southern Africa, invested approximately 3.7% (2018: 3.5%) of payroll in training and development during the financial period. Altogether 24 478 (2018: 28 674) structured learning interventions were recorded (**Figure 11**). This figure does not include informal on-the-job training. The total amount of company time spent on employee development training, including knowledge, behaviour and skills, is 256 751 hours (2018: 237 008), which is an average of 16 hours per employee.

OUR MATERIAL ISSUES (CONTINUED)

Figure 12 reflects the number of students who completed formal courses presented by Mediclinic Southern Africa during the 2018 academic year. Students for the qualifications provided are recruited from local communities and employment is offered on completion of the qualification. All figures provided include ER24 employees.

FIGURE 11: MEDICLINIC SOUTHERN AFRICA TRAINING INTERVENTIONS

TRAINING CATEGORY	NUMBER OF TRAINING INTERVENTIONS	
	2018	2019
Top management	14	10
Senior management	22	39
Professionally qualified and mid-management	1 402	925
Skilled technical and academically qualified	15 302	12 471
Semi-skilled	11 555	10 657
Unskilled	379	376
Total	28 674	24 478

FIGURE 12: MEDICLINIC SOUTHERN AFRICA COURSE COMPLETED (PER ACADEMIC YEAR)

	2017	2018
Basic nursing courses	285	201
Post-basic nursing courses	42	37
Other courses in various disciplines	859	1 004

Mediclinic Southern Africa's training and development function is registered as a Private Higher Education Institution. It continues to offer a Diploma in General Nursing Science, a Diploma in Operating Department Assistance, a Diploma in Emergency Medical Care and an Advanced Diploma in Health Services Management and Leadership. The Enrolled Nursing programme has been phased out and new nursing qualifications will be implemented in future once Mediclinic has obtained the required accreditation from the South African Nursing Council.

Fifteen employees showing potential were registered for Mediclinic Southern Africa's Advanced Diploma in Health Services Management and Leadership Programme.

Mediclinic Southern Africa provides bursaries to nursing, pharmacist and paramedic students at higher education institutions throughout the country. Employment is offered to these recipients on completion of their studies.

Medical practitioner training is supported in Mediclinic Southern Africa by the provision of bursaries for medical

practitioners doing specialist studies, and provision of placement opportunities for undergraduate medical students in some of our hospitals.

Priority focus areas for this division for the coming period are to:

- implement the new nursing qualifications;
- continue its support of the Nursing Odyssey Programme;
- continue to address the needs of transformation;
- develop new models that will improve the availability of skilled healthcare professionals; and
- investigate and implement further opportunities for leadership development

In support of the broader Corporate Social Investment ("CSI") strategy the Mediclinic Southern Africa training department provided First Aid training at some schools during the year. Some of the trainers also assisted at initiatives supporting career opportunities at schools and universities.

Figure 13 depicts that Mediclinic Southern Africa provided funding in the form of bursaries and payment of courses to the value of R 3 612 811.38 (2018: R2 143 426), funding of posts at medical schools to the value of R 9 631 418 (2018: R5 239 456) and supported the Public Health Enhancement Fund to the value of R5 000 000, during the reporting period.

FIGURE 13: MEDICLINIC SOUTHERN AFRICA FUNDING TO EDUCATIONAL INSTITUTIONS

Bursaries and payment for courses	R3 612 811.38
PHEF	R5 000 000
Funding of posts at medical schools	R9 631 418
TOTAL	R18 244 299.38

UAE

At Mediclinic Middle East, 20 738 (2018: 22 979) training interventions were recorded during the period under review at a cost of AED1.92m. This represents an investment of approximately 0.13% (2018: 0.2%) of payroll in training and skills development.

The year's training implementation focused mainly on the implementation of the EHR in Dubai. A total of 302 training sessions on various modules were organised mainly for Mediclinic Ibn Battuta and Mediclinic Parkview Hospital, the first facilities to go live with the EHR in August and September 2018.

The 128 training sessions consisted of mandatory life-support courses, nursing/clinical education courses, general training, soft skills and systems training as part of the onboarding training for Mediclinic Parkview Hospital.

OUR MATERIAL ISSUES (CONTINUED)

Of the 20 738 recorded training attendance for 2018–2019, approximately 81% of attendees were from the newly opened hospital.

Employee remuneration, recognition and benefits

Remuneration and benefits

The Group remunerates employees in a manner that supports the achievement of the Group's vision and strategic objectives, while attracting and retaining scarce skills and rewarding high levels of performance. This is achieved through establishing remuneration practices that are fair, reasonable and market-related while at the same time maintaining an appropriate balance between employee and shareholder interests. To encourage a performance-driven organisation, the Group rewards employees for achieving strategic objectives as well as performance targets. Benefits to employees may include participation in a retirement fund and a medical aid scheme. The Group further covers the liability insurance for medical employee and other employees where liability insurance is required. Managers who are eligible to receive variable remuneration receive short-term incentives and senior management receive a combination of short and long-term incentives.

The Group's management remuneration structures consist of a fixed as well as a variable component:

- Fixed component: guaranteed base salary and benefits.
- Variable component: short-term and long-term incentives.

Employee benefits and the value they add to the overall employment proposition are key factors in attracting and retaining proficient employees. Details of benefits offered to permanent employees per division are included in

Figure 14. Various additional benefits are offered to employees throughout the Group with regional differences due to market demand and regulatory circumstances.

The Group offers membership to a defined contribution fund for the benefit of its Mediclinic Southern Africa employees, as well as a defined benefit fund for its Hirslanden employees, the assets of which are held in separate trustee-administered funds and in terms whereof the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contribution to these plans is charged to the income statement in the year to which they relate. In Southern Africa, the employee contribution ranges between 5% and 7.5%, while the employer contribution ranges between 6% and 9%. In Switzerland, the employee contribution ranges from 8.5% to 13.75%, while the employer contribution ranges between 10% and 16.25%. The retirement benefits of employees of Mediclinic Middle East are regulated and thereby limited by federal legislation to the provision of severance pay calculated according to a specified formula. Employees who are UAE nationals are entitled to enrol in the national pension scheme. A total contribution of 20% of the pensionable salary is required for every UAE national employed in the company, with the employee contributing 5%, the employer 12.5% and the government 2.5%.

The Group strives to create a pleasant working environment by offering, *inter alia*, family-friendly benefits. Mediclinic Southern Africa and Hirslanden offer flexi-time to certain employee categories. Some facilities have childcare facilities and maternity benefits that exceed the minimum statutory requirements.

FIGURE 14: BENEFITS OFFERED TO PERMANENT EMPLOYEES

BENEFIT DESCRIPTION	SWITZERLAND	SOUTHERN AFRICA	UAE
Retirement fund (which includes life and disability insurance, funeral cover and pension-backed home loans)	✓	✓	n/a*
Medical aid scheme, insurance	✓	✓	✓
Performance-related incentives and bonuses	✓	✓	✓
Nursing bonus for nursing staff and retention bonus for pharmacists (applicable in Southern Africa due to local shortage)	n/a	✓	n/a
Indemnity cover/liability insurance for nursing/medical employees	✓	✓	✓

* The retirement benefits offered to employees of Mediclinic Middle East are governed by legislation, as reported herein. Mediclinic Middle East offers death and disability cover to all its employees.

OUR MATERIAL ISSUES (CONTINUED)

The Group continuously strives to ensure that all its employees are informed of their benefits. This information is communicated to employees via the intranet, employee newsletters, employee consultation meetings and various other forms of communication media referred to in the section of this report dealing with engagement with employees on page 38.

Employee health and safety

The Group recognises the role it has to play toward employee wellness. It believes in promoting employee health and reducing absenteeism. The Group is committed to supporting the overall well-being of employees and recognises the importance of employee wellness in the workplace and building a more caring culture for its employees by applying sound wellness practices.

Health and safety policies and procedures are in place across the Group to ensure a safe working environment for the Group's employees, patients and visitors. The health and safety of the Group's employees are critical and contribute to the sustainability of quality care to patients. The programmes and procedures differ within the various business units to mitigate health and safety risks.

Employee wellness

Hirslanden employees are entitled to 16 weeks maternity leave commencing at the date of birth or, earliest two weeks, before the date of birth. The legal requirement in Switzerland is 14 weeks. Various Hirslanden hospitals offer fitness facilities for their employees and work from home arrangements are permitted if in agreement with the employees' line manager.

Mediclinic Southern Africa has re-engineered its employee wellness strategy focussing on various dimensions, in response to the results of the *Your Voice* employee engagement survey. The division has implemented numerous wellness initiatives that includes employee wellness days with internal and external wellness stakeholders, a follow-up 12 week wellness plan to self-monitor progress, flexibility to work from home, onsite health/nutrition initiatives and support through stress management information and training.

The maternity and paternity leave policy provide additional days of leave in excess of the legally required minimum.

The division's Employee Wellness Programme places emphasis on occupational health and safety, employee health management and employee social wellness management.

- Occupational health and safety: In selected hospitals, INCON Health, the company's wellness service provider, offers a comprehensive administration service regarding all aspects of the Compensation for Occupational

Injuries and Diseases Act ("**COIDA**"). INCON Health further provides these hospitals with full support regarding the administration process, required documentation and correspondence with the Compensation Commissioner in terms of all COIDA claims. The implementation of occupational health clinics will continue in 2019 with the objective of having an Occupational health clinic at all Mediclinic hospitals in Southern Africa by December 2019.

- Employee physical health management: Wellness policies are in place to support employees through various employee health management programmes. The division supports employee health by way of a dedicated medical Employee Assistance Programme ("**EAP**") conducting health promotion activities, early identification of health problems, referral to outside wellness services, support to employees affected by ill health and assisting employees during times of rehabilitation.
- Employee social wellness management: All employees have access to a dedicated social EAP. The company's social EAP includes a free helpline and provides employees with a confidential counselling service to address personal or work-related problems directly with a social worker or referred specialist.
- Executive Health Resilience Care Programme: This programme focuses on health risk stratification and health enhancement with the objective of long-term well-being, productivity and vitality.

Highlighting our commitment to workplace health and wellness MCSA has employed an Occupational Medicine Specialist who took up the position of Corporate health and Wellness Manager for Mediclinic Southern Africa in January 2019. In addition, a corporate wellness committee has been established with the objective of understanding our employee healthcare needs and designing targeted strategies around those needs.

Focused tuberculosis risk assessments are conducted on a regularly basis to determine relative associated risks. Workplace tuberculosis policies are in place and cover aspects ranging from infection prevention control measures to employees who are diagnosed with tuberculosis. Those employees are continuously supported and reintegrated back into work after treatment. Tuberculosis awareness drives are held annually.

During December 2018, Mediclinic Southern Africa embarked on its annual disability awareness drive to support disabled employees. Individuals with disabilities represent 1.15% of Mediclinic workforce. This programme aims to demonstrate our commitment to an inclusive workforce and enhances collaboration with employees with disabilities.

OUR MATERIAL ISSUES (CONTINUED)

During the reporting period, Mediclinic Middle East implemented a robust Employee Wellness strategy aimed at addressing the mental, physical, social and financial well-being of its employees. This is supported by continued education and awareness about well-being and is prominently supported and endorsed by executive leadership.

Health and safety committees

Hirlanden's health and safety processes, covering all facilities, are managed by the respective human resources departments. These departments are responsible for enforcing all legal regulations regarding employer healthcare and safety by means of suitable measures at group level and locally in hospitals. Hirlanden complies with the guidelines of the EKAS, the Swiss coordination agency for workplace safety. Specific procedures to ensure safety at work include the review of all employees for sufficient protection against Hepatitis B, with vaccinations sponsored by Hirlanden. Annual flu vaccinations are also offered to all employees. Due to the high risk of infections, accidents with surgical knives or needles are reported on with high priority and analysed periodically.

Hirlanden complies with the Guide to Regulation 3 of the Swiss Labour Law ("**the Guide**") that provides standards for room climate within the workplace. The Guide includes topics such as air composition, ratio between outside and inside air, room temperature and humidity.

All Mediclinic Southern Africa's facilities have health and safety committees, which represent all the employees in the facilities, with joint management-worker representation. The committees have over 75% workforce representation.

Mediclinic Middle East is fully committed to employee health and safety ("**EHS**"), with all facilities working to ensure EHS standards with support from the corporate EHS department, which safeguards the effective

implementation of Occupational Safety and Health Management Systems ("**OSHMS**") standards, and ensures compliance to all applicable federal and local EHS legislation and regulations.

The Corporate Wellness programme, which focuses on employee well-being, was introduced in 2018 and covers topics including occupational health and safety ("**OHS**"), employee engagement and stress management, amongst other things.

Mediclinic Middle East is also committed to the health and safety of vendors and contractors and has started a process to include EHS topics as a mandatory section for contractors' selection and performance evaluation. In addition, EHS clauses and requirements have been added to the contracts for all Mediclinic Middle East facilities.

The OSHMS standardisation process is ongoing, and has recently shown good results in Abu Dhabi and Al Ain during audits and inspections by the Department of Health and Civil Defence etc. OSHMS initiatives have been introduced in Dubai facilities through the building of EHS resources, training and awareness programmes for OHS representatives and the update of health and safety policies.

At Mediclinic Middle East, the EHS strategy has been developed to ensure a constant, continued improvement in EHS practices and compliance by identifying strengths and weaknesses and opportunities and threats, categorising the priorities and forming action plans to ensure continuous improvement in the OHS culture.

Continued importance is placed on OHS education and various training workshops and awareness campaigns are held throughout the year, including occupational health screening, surveillance and monitoring, and health and safety and environmental sustainability initiatives.

OUR MATERIAL ISSUES (CONTINUED)

Injuries and absenteeism

The Group's statistics on injuries and absenteeism are provided in **Figure 15**.

FIGURE 15: INJURIES AND ABSENTEEISM

	Switzerland**		Southern Africa		UAE	
	2018	2019	2018	2019	2018	2019
Total workforce at year-end	9 635	10 442	16 068	15 804	5 801	6 152
Total work-related injuries	634	555	919	Not available	18	0
Absenteeism due to injuries (business days and including the day of the injury)*	Not available	Not available	Not available	4 570	14	0
Occupational diseases	0	0	Not available	Not available	0	0
Work-related fatalities	0	0	Not available	Not available	0	0
Total absenteeism due to injuries and sickness (hours)*/**	580 175	744 374	154 970	148 163	15 091	16 283
Total absenteeism rate (actual days lost, expressed as a percentage of total days scheduled to be worked by the workforce during the reporting period)	3.9%	4.27%	2.9%	2.9%	1.0%	0.74%

* Hirslanden does not measure absenteeism due to work-related injuries only.

** Total absenteeism due to injuries and sickness as reported for the UAE is measured and reported on in days.

HIV/AIDS

Proper management of sharp injuries and safety procedures are applied at all three divisions to protect employees. With the low prevalence and risk of HIV/AIDS in Switzerland and the UAE, the Group's HIV/AIDS initiatives are focused on its operations in Southern Africa, which is regarded as a high-risk area.

Mediclinic Southern Africa's HIV/AIDS programme consists of the following elements, as stated in the Group's HIV/AIDS policy:

- education on HIV/AIDS combined with awareness programmes;
- voluntary counselling and testing;
- prevention of HIV infection and reinfection;
- early intervention for reported exposure;
- access to appropriate treatment and monitoring; and
- continuous support through the dedicated employee assistance programme.

Mediclinic continues with its HIV/AIDS peer counselling courses and HIV/AIDS awareness programmes that are presented at locality level. All new employees employed at hospitals with health clinics undergo pre-induction and orientation lectures on HIV/AIDS awareness, safe treating

of wounds, handling needle stick injuries, discarding needles and cleaning blood spillages.

Free HIV/AIDS testing and counselling are offered to all employees and access to antiretroviral drugs is managed as a public private partnership with the Department of Health and certain medical insurance companies and schemes.

Employee engagement and labour relations

Labour relations

The Group believes in building sound long-term relations with its employees and employee representatives, which supports its goal of being the employer of choice in the healthcare industry. This is measured by the *Your Voice* employee engagement survey and continuous assessment of the Group's employment conditions.

The Group respects and complies with the labour legislation in the countries in which it operates and ensures that the internal policies and procedures are evaluated regularly to accommodate continual amendments to relevant legislation. The employee relations policies of the divisions, which deal with matters relating to misconduct, incapacity of employees and the disciplinary and grievance

OUR MATERIAL ISSUES (CONTINUED)

procedures, are communicated to new employees as part of their onboarding process. These policies are also available to all employees to ensure that they are aware of the avenues to put forward grievances, should they have the need to.

Overall Mediclinic Southern Africa's trade union membership has decreased. Union membership in South Africa is currently at 9.71% (2018: 10.3%) and in Namibia it is at 13.40% (2018: 12.50%). The Namibian trade unions are still lacking collective bargaining rights despite an increase in union membership as they do not meet the legislated thresholds for bargaining rights e.g. 50% plus one members of the bargaining unit.

Mediclinic Southern Africa, including the Namibian hospitals has recognition agreements with all trade unions that have sufficient representation. These agreements stipulate the threshold levels with reference to recognition and collective bargaining rights.

Due to the significant decrease in the representation profile relating to the threshold for collective bargaining rights, Mediclinic Southern Africa will only conduct salary negotiations at two of its hospitals respectively during 2019 as opposed to the five hospitals during the 2018 period. During February 2019 an additional three unions in South Africa have been withdrawn in terms of its collective bargaining rights resulting in no salary negotiations for the 2019/2020 financial period.

Trade unions are not permitted in the UAE by legislation and therefore there is no trade union membership among Mediclinic Middle East employees.

Mediclinic has a formalised policy and guidelines to be implemented in the event of any workplace disruption through strikes or other industrial action to ensure that minimal disruption takes place at a locality. Many hospitals have little or no union representation and an elected workplace forum meets with management on a regular basis to ensure sound labour relations at hospital level.

The minimum notice period for significant operational changes, as provided in the employment contracts, is:

- one month in Southern Africa;
- three months in Switzerland; and
- in the UAE, three months for medical practitioners, nurses and other clinical employees and managers, and two months for administrative employees.

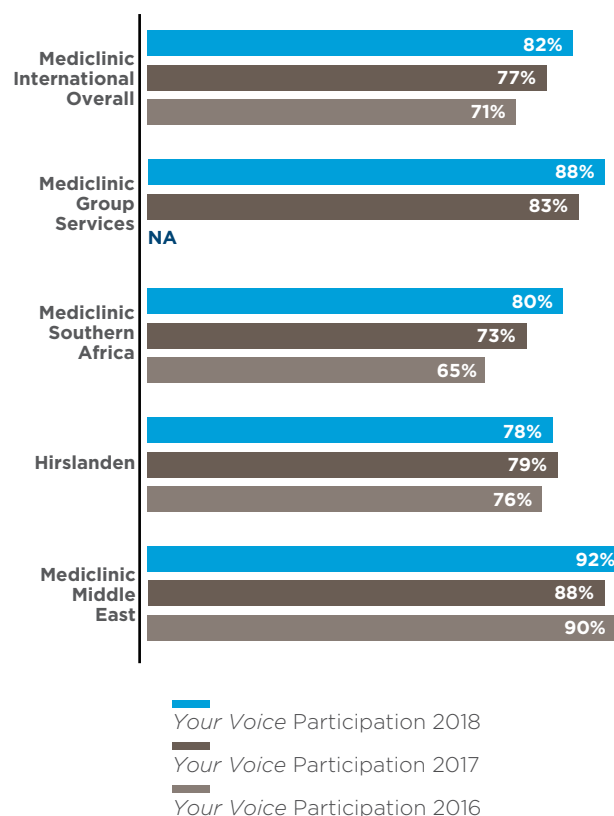
Employee engagement

Since 2015, Mediclinic, in partnership with Gallup®, have annually administered the *Your Voice* employee engagement survey across all divisions to measure the levels of employee engagement, identify gaps at a departmental level and support line managers in developing action plans to address engagement concerns.

In the last survey, the Group achieved an 82% (2017: 77%) participation rate and 45% (2017: 40%) of employees showed high levels of engagement. A breakdown of employee participation in the survey by division and employee engagement for the Group is illustrated in **Figures 16 and 17**.

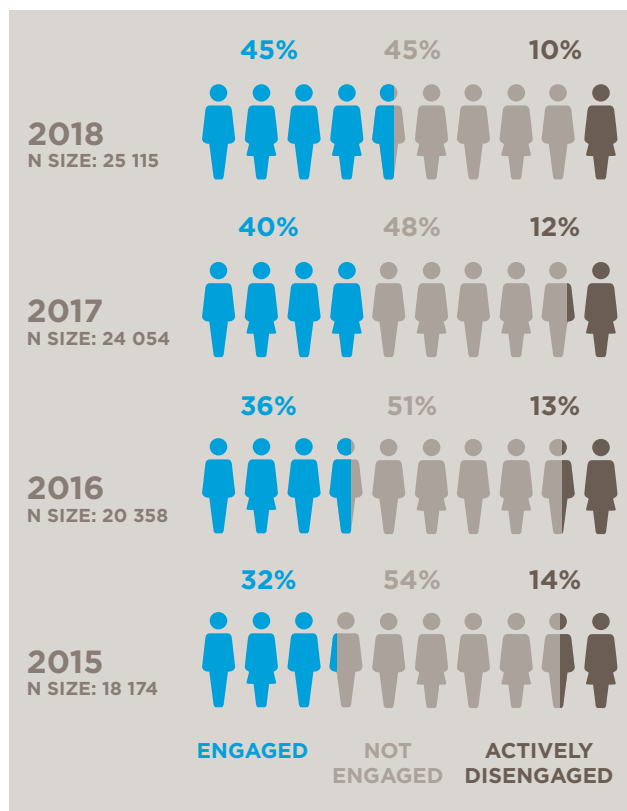
FIGURE 16: YOUR VOICE EMPLOYEE ENGAGEMENT PARTICIPATION RATE

MEDICLINIC DIVISIONS



OUR MATERIAL ISSUES (CONTINUED)

FIGURE 17: YOUR VOICE EMPLOYEE ENGAGEMENT INDEX



The 2019 *Your Voice* survey identified principal strengths and opportunities in terms of the employee engagement levels of Mediclinic. Mediclinic Southern Africa performs well on the basic engagement needs of employees whilst Hirslanden and Mediclinic Middle East performs well on the Management Support and Teamwork levels of the Gallup® engagement hierarchy (Figure 18) respectively.

FIGURE 18: GALLUP® EMPLOYEE ENGAGEMENT HIERARCHY



Engagement themes that showed the most improvement in the Group included recognition and quality employee performance progress discussions, which align with previously identified focus areas. Mediclinic Southern Africa and Mediclinic Middle East implemented an employee recognition initiative, which has a positive impact on the culture of recognition in the business. Showing employees that they are cared for and that their opinion matters remain opportunities that will receive attention in the forthcoming year.

With the introduction of a Centre of Excellence for Employee Engagement across the divisions, line managers will be supported by a clear strategy emphasising more sophisticated action planning and objective setting within their teams.

Following the fourth administration of the *Your Voice* employee engagement survey in November 2018, there was a significant increase in the results of the Group scores compared to the previous administrations.

The majority of business units, departments and teams showed an improved level of employee engagement compared to the previous years that is visible across all divisions.

The current trajectory should place Mediclinic above the 50th percentile when compared to the Gallup® database in 2021. It is notable that the majority of benchmarked companies that are included in the Gallup® database have already been working with Gallup® for many years and therefore the progress shown by the Group can be considered on par.

All teams have a solid internal baseline and measures have been taken to significantly improve scores with targeted engagement themes in each division. Training and support of line managers are crucial, and specific measures are implemented to guide the annual roll-out process to ensure that focused actions are taken in all departments to address engagement concerns. Clear guidelines regarding the interpretation of survey questions and terminology were implemented to ensure an improved understanding of the Gallup® philosophy.

OUR MATERIAL ISSUES (CONTINUED)

MATERIAL ISSUE 2: MINIMISING ENVIRONMENTAL IMPACT*

* This section does not include data pertaining to Clinique des Grangettes.

HIGHLIGHTS

- Geothermal probes more than 250m below ground produce cooling and heat energy via a heat pumps at Hirslanden. As a result, Hirslanden Klinik Belair and Hirslanden AndreasKlinik Cham Zug facilities used up to 90% less gas than the previous year and thus emitted considerably less carbon dioxide.
- Total consumption and intensity per bed day sold for energy decreased at Hirslanden.
- Total consumption and intensity per bed day sold for energy and water decreased in Mediclinic Southern Africa, with Mediclinic Middle East consumption remaining stable.
- Waste diverted from landfill increased by 23% because of uncontaminated food waste being recovered as a nutrient or for composting by some Mediclinic Southern Africa hospitals.

KEY PERFORMANCE INDICATORS

Unless indicated to the contrary, all environmental data reported is per calendar year. This is to ensure the accuracy of the data reported and to align the reporting to the annual submission of reports to the CDP.

TOTAL CO ₂ EMISSIONS (KG/BED DAY)			ENERGY CONSUMPTION (GJ/BED DAY) (PER CALENDAR YEAR)			WATER USAGE (kℓ/BED DAY) (PER CALENDAR YEAR)		
Switzerland	11.7kg (CDP 2018: 12kg)	↓	Switzerland	0.450GJ (2017: 0.458GJ/bed day)	↓	Switzerland	0.680kℓ (2017: 0.649kℓ)	↑
Southern Africa	106kg (CDP 2017: 112kg)	↓	Southern Africa	0.325GJ (2017: 0.327GJ/bed day)	↓	Southern Africa	0.555kℓ (2017: 0.594kℓ)	↓
UAE*	376kg (CDP 2018: 220kg)	↑	UAE*	1.278GJ (2017: 1.202GJ/bed day)	↑	UAE*	1.640kℓ (2017: 1.523kℓ)	↑

WASTE RECYCLED (PER CALENDAR YEAR)

Switzerland	284 tonnes (2017: 586 tonnes)	↓
Southern Africa	1 229 tonnes (2017: 1 202 tonnes)	↑
UAE	208 tonnes (2017: 194 tonnes)	↑

* The intensity measures of CO₂ emissions, water usage and energy consumption per bed day are not appropriate for the UAE, and not comparable with that of Southern Africa and Switzerland, as the total emissions, water usage and energy consumption include only seven hospitals, two day case clinics and 18 outpatient. The extreme weather conditions in the UAE also negatively affects its energy and water consumption, which is being managed through various initiatives. Mediclinic Middle East has begun working toward a comprehensive energy and water use reduction plan for the year ahead to decrease overall consumption.

OUR MATERIAL ISSUES (CONTINUED)

WHY THIS IS IMPORTANT TO THE BUSINESS

Without natural resources, Mediclinic would not be able to provide a service to its patients. The Group remains committed to reducing its impact on the environment and is constantly investigating opportunities to this end. Using resources responsibly can also be a source of strategic advantage for the Group, allowing it to manage and contain its operating costs and ensure ongoing access to water and energy supplies.

The Group's main environmental impacts are the utilisation of resources, predominantly water and energy, electricity consumption, and the disposal of healthcare risk waste and healthcare general waste. During the year, water conservation and waste disposal were top priorities as per revised GRI Standards.

Regulatory changes, environmental constraints and climate change, including rising costs; reduced access to facilities; interruptions in service; and incidents of extreme weather events due to climate change could greatly affect operations. Additionally, climate change can lead to water shortages (especially in Southern Africa and the UAE), and weather-induced pandemics and disease outbreaks, which could cause high mortality rates.

During the period under review, there were no incidents of material non-compliance with any environmental legislation, regulations, accepted standards or codes applicable to the Group, with no significant fines imposed.

LINK TO STRATEGY

- Improve efficiencies

KEY STAKEHOLDERS

- Patients
- Employees and medical practitioners
- Suppliers
- Governments and authorities
- Community

RISKS TO THE BUSINESS

- Business interruptions due to water shortages
- Business interruption due to electricity supply
- Increased operational costs due to cost of electricity, water and healthcare risk waste
- Reputational damage
- Impact of Carbon Tax and Climate Change legislation

RISK MITIGATION

At Group level, the Board mandated both the Audit and Risk Committee and the Clinical Performance and Sustainability Committee to monitor the risk management process and systems of internal control of the Group, and to identify any opportunities for minimising environmental impact that may occur due to climate change. The objective of Group risk management is to establish an integrated and effective risk management framework within which important risks are identified, quantified, prioritised and managed to achieve an optimal risk/reward profile. The ERM Policy defines the risk management objectives, risk appetite and tolerance, methodology, process and responsibilities of the various risk management role players in the Group and is subject to annual review. The Clinical Performance and Sustainability Committee has the role of evaluating whether any risks or climate-related difficulties provide opportunities for minimising environmental impact within the Group. At asset or operational level, the Group has an Environmental Policy to identify aspects of business that could have a significant impact on the environment. All business divisions within the Group are required to implement environmental management systems such as the ISO 14001 standard and have it certified by an internationally recognised body.

OUR PLANET – HIRSLANDEN

AT THE HIRSLANDEN ANDREASKLINIK, A GEOTHERMAL HEAT PUMP CONTRIBUTES TO TEMPERATURE CONTROL BY PRODUCING HEAT AND COLD IN AN ENERGY-EFFICIENT, SUSTAINABLE AND ECONOMICAL MANNER. THE HEAT PUMP HAS BEEN SUPPLYING CO₂-FREE ENERGY FOR MORE THAN A YEAR.



SUSTAINABLE GROUND WORK FINDINGS AFTER ONE YEAR

- **90% less natural gas burned** in 2018, compared to 2017
- **Heating costs for natural gas decreased by CHF80 000** in 2018, compared to 2017
- **141mWh energy consumed in natural gas** in 2018, compared to 1 098mWh in 2017
- **Consumption of fossil energy for heating per full-time employee decreased to 675kWh/FTE** (full-time equivalent) at Hirslanden Andreasklinik, compared to the Hirslanden general average of 4 300kWh/FTE

The new heat pump is delivered via crane in April 2017.

Within the peaceful surroundings of Cham, the unmistakable architecture of Andreasklinik is easy to locate. The hospital is well known for its obstetrics and gynaecology expertise. But it is below this modern facility that its latest accomplishment provides an unseen but significant contribution to daily operations.

The installation of a heat pump at Andreasklinik in July 2017 has resulted in significantly reduced costs and energy consumption within only a year, with further room for optimisation. As part of the installation, 16 geothermal probes (also known as borehole heat exchangers) were installed at a depth of 250m, using approximately 17km of pipeline.

The heat pump has both hot and cold functionality, to a large extent replacing the existing gas heating and ensuring significantly lower CO₂ emissions. The saving in natural gas consumption is due to the fact that the heat pump is able to single-handedly meet the bulk of the energy requirements; cooling energy is simultaneously generated and used to cool the MRI machines, even in winter.

The new system replaced an existing chiller from 1995 and a corresponding re-cooler located on the roof. A gas heating system is still available to supplement the heat pump at peak times.

How does a heat pump work?

In principle, a heat pump works in the same way as a refrigerator, but inversely. While a refrigerator extracts heat from its interior and emits it to the outside, a heat pump extracts heat from the outside and emits it to the facility as heating energy.

In the case of Hirslanden Andreasklinik, soil is used as an environmental heat source. Heat from the geothermal probes feed an evaporator and is then transferred to the heat pump. As the refrigerant in the heat pump has a low boiling point, the soil temperature is sufficient to quickly cause it to reach a vaporous state. In the compressor, the steam is compressed and thus heated. In the condenser, the hot steam finally transfers its heat to the water circuit of the heating system.

The installed system offers both heating and cooling functionality. When cold is produced, heat is generated and *vice versa*.

In the cooling operation, the waste heat is transferred to the heating system whenever possible. In heat pump operation, the heat source from the geothermal probes is used. If no heat is required in cooling operation, the waste heat can be returned to the soil. This allows the geothermal probe field to regenerate or heat up again and ensures that the soil does not cool down completely and can be used sustainably to generate heat when needed.

OUR MATERIAL ISSUES (CONTINUED)

POLICY, APPROACH AND PERFORMANCE

Effective environmental management system

The Group Environmental Policy, available on the Company's website at www.mediclinic.com, aims to minimise Mediclinic's environmental impacts and guides the identification and management of all risks and opportunities relating to water use and recycling, energy use and conservation, emissions and climate change, and waste management and recycling. Mediclinic is committed to ensuring that its environmental management systems and practices are aligned with international best practices to safeguard its reputation and provide assurance regarding the environmental quality, safety and reliability of its processes and services.

The Group Environmental Policy, aimed at minimising Mediclinic's environmental impacts, requires each division to:

- identify and comply with relevant environmental legislation and regulations;
- identify and manage all risks and opportunities relating to the Group's impact on the environment with regard to water use and recycling, energy use and conservation, emissions and climate change, and waste management and recycling;
- define environmental management programmes to achieve continual improvement and create an environmental awareness among all employees - transitional risk/opportunity;
- set objectives and targets to prevent pollution and minimise the Group's environmental impact;
- encourage reduction, reuse and recycling of general waste;
- manage healthcare risk waste;
- nurse the use of resources; and
- identify and manage physical risk/opportunity.

A generic aspect register with baselines for healthcare risk waste, water, electricity, paper, hazardous waste, gases and climate change is captured in the Group's enterprise risk management ("ERM") software application, CURA.

Environmental impact assessments are performed for all new building projects when required by legislation. This is a comprehensive and continuous process, but will enable the Group to compile an accurate database to manage its biodiversity impact. No new building projects in the financial year required an environmental impact assessment. None of the facilities of Hirslanden and Mediclinic Middle East are owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Mediclinic engages with government, regulators, industry bodies and business partners on environmental policy matters that affect the business, including climate change. Contractors and vendors are also encouraged to implement environmental programmes and obtain certifications.

Switzerland

Hirslanden has committed itself to comply with the Swiss legislation concerning the environment, defines programmes to continuously improve environmental management and actively promotes its employees' environmental awareness. Furthermore, Hirslanden formulates targets to prevent environmental pollution and minimise the company's effect on the environment. Suppliers and service providers are encouraged to implement environmental programmes to further restrict negative impacts on the environment.

Hirslanden has an external efficiency statement concerning its environmental policies. The certification provides Hirslanden with a system to both record environmental performance and target processes with ecological and economic benefits.

The following measures are proposed to lower costs and improve sustainability:

- energy check-up at the enterprise;
- company-specific efficiency measures;
- concluding a target agreement;
- implementing the measures;
- annual monitoring; and
- EnAW Label "CO₂ & kWh reduced".

The improvement of energy as well as CO₂ indicators shows that the goal to substitute fossil energy sources and therefore reduce environmental impacts is being achieved. Even with the integration of Hirslanden Klinik Linde into the Group the CO₂ emissions could be reduced overall, thanks to the following measures:

- renewal of the cooling chillers and use of the generated waste heat for the heating system at Hirslanden Klinik Birshof;
- reduction of fossil energy sources and use of renewable energy by installation of a geothermal heat pump in Hirslanden AndreasKlinik Cham Zug with savings apparent after the first year of operation; and
- various modernisation and optimisation measures of energy generators in several hospitals.

Hirslanden Klinik Belair is ISO 14001:2015 certified by an external assurance provider.

The continuous improvement of Hirslanden's environmental performance is evidence of the division's commitment to

OUR MATERIAL ISSUES (CONTINUED)

responsible and sustainable business. In order to improve in the environmental management discipline, the Hirslanden Executive Committee has defined guidelines relating to concerns ranging from training and construction measures to the choice of suppliers.

Southern Africa

Mediclinic Southern Africa is committed to ensuring that its environmental management systems and practices are aligned with international best practices to safeguard its reputation and provide assurance about the environmental quality, safety and reliability of Mediclinic's processes and services. The ISO 14001:2015 Environmental Management System encourages good management practices that limit the impact of industry on the environment and ensure legal compliance. The purpose of the system is to conserve resources, use them effectively and minimise waste. Categories managed in the environmental aspect register are the utilisation of resources and waste management, which include electricity, water, gases, paper, healthcare risk waste, hazardous waste and normal waste.

Currently, 44 of Mediclinic's 52 hospitals are ISO 14001 certified by an external assurance provider (British Standards Institute), as accredited by the United Kingdom Accreditation Services. Adhering to the system procedures and processes is expected to reduce the likelihood and magnitude of the risk. Mediclinic Southern Africa has transitioned from ISO 14001:2004 to the 2015 revision of the standard.

All the Group's hospitals are ISO 14001 trained, follow the same environmental management practices and are subject to annual internal audits. During the year, ISO 14001 gap audits were conducted at 43 Mediclinic Southern Africa hospitals, achieving an average score of 77%. Adhering to the system procedures and processes has a direct impact on consumption as well as the Group carbon emissions and is expected to reduce the likelihood and magnitude of the risk.

UAE

Mediclinic Middle East is acutely aware of its commitment to environmental sustainability and responsibilities. It undertakes significant efforts to minimise the effects of its operations on the environment and new projects have been designed to incorporate the latest environmental technology. Mediclinic Middle East is committed to complying with UAE legislation and regulations concerning the environment and issues related to climate change. It promotes employee awareness on environmental sustainability, waste reduction and energy saving. Furthermore, the division has formulated KPIs for

environmental sustainability and has included the development of environmental initiatives as part of its strategic objectives.

Mediclinic Middle East undertook a number of environmental initiatives and environmental events to further raise employees' awareness of difficulties such as global warming, energy saving, water usage and waste reduction. These have included the company-wide marking of Earth Hour on 30 March 2018 when all units turned off their lights for one hour, and internal competitions and awareness sessions organised by the Environmental Health and Safety Department in cooperation with unit marketing teams. It has initiated the EHS strategy, with the aim of obtaining ISO 14001 certification of all its facilities in the future, and will be implementing further energy-saving initiatives as part of Mediclinic Middle East's overall strategic objectives during next year.

Policies in place include hazardous material management, waste management, infection control and utility management. A waste recycling initiative was implemented in Abu Dhabi and Dubai hospitals.

The UAE government pays great attention to environmental land sustainability in all industrial and commercial sectors, and authorities are monitoring the compliance of facilities. Mediclinic Middle East is monitoring the implementation of all applicable regulations and conducts corporate EHS audits at all facilities annually.

Awareness programmes and participation in environmental world events take place with the intention to closely monitor performance and improve individual responsibilities toward environmentally sustainable practices.

Reduction of carbon emissions

The CDP is a global initiative measuring companies around the world, their reporting on greenhouse gas emissions and climate change strategies. It is regarded as a global leader in capturing and analysing data that record the business response to climate change, including management of risks and opportunities, absolute emissions levels, performance over time and governance. Participation and disclosure of the results are voluntary. The project was launched in South Africa in 2007 in partnership with the National Business Initiative, in which JSE-listed companies are measured. Mediclinic has participated in the project since 2008, initially only in respect of Mediclinic Southern Africa. Limited information on Mediclinic Middle East has also been included since 2010, although it still remains an initiative focusing mainly on Mediclinic Southern Africa's data. Mediclinic's

OUR MATERIAL ISSUES (CONTINUED)

CDP reports can be obtained on the CDP website at www.cdp.net, with the most recent reports also available on the Company's website at www.mediclinic.com.

Financial optimisation calculations are implemented. Rising electricity costs have been an incentive to reduce electricity consumption and resultant carbon emissions through investments in energy efficient equipment and alternative renewable energy sources.

With the assistance of external consultants, the divisions measure their carbon footprint using the Greenhouse Gas Protocol ("GHGP"). These measures include, in varying degrees:

- **Direct emissions (scope 1 emissions)**, Mediclinic Southern Africa-owned or -controlled equipment (stationary fuels); air-conditioning, refrigeration gas refills; anaesthetic and other gas consumption; ER24 emergency response vehicles; and fleet and pool vehicles (mobile fuels).
- **Indirect emissions from the consumption of purchased electricity (scope 2 emissions).**
- **Indirect emissions in the supply chain (scope 3 emissions)**, Mediclinic's business travel activities, its employee commuting, upstream and downstream third-party distribution, the consumption of office paper, electricity transmission and distribution losses (T&D) and waste.
- **Non-Kyoto Protocol greenhouse gas emissions** such as Freon, which is used in air-conditioning and refrigerant equipment. With the assistance of external consultants, these emissions data were converted into a carbon dioxide equivalent ("CO₂e") using recognised calculation methods, emission factors and stating assumptions made, where relevant.

The Group's main environmental impacts are the utilisation of resources and waste, which have a direct effect on carbon emissions. Items listed in the aspect register relating to regulatory compliance, water, electricity, healthcare risk waste, hazardous waste, organic food waste, waste to landfill paper usage, and gases not only could have a significant impact on the environment, but also informs strategy on climate change related risks and opportunities.

Switzerland

Strict legislation applies in Switzerland regarding NO_x and SO_x air emissions, with which Hirslanden complies. Each household and company is required to conduct an external audit of its heating system on a regular basis (approximately biannually) to measure air emissions.

Hirslanden has lowered its CO₂ emissions, currently 11.7kg per bed day, mainly due to the reduction of scope 2 emissions. The emissions decreased by 50% in 2018 to 415 tonnes (CDP 2017: 837 tonnes). The energy-efficiency measures are showing initial positive results (decarbonisation of heating, modernisation of generators, use of waste heat, operational optimisation).

FIGURE 19: TOTAL CARBON EMISSIONS (HIRSLANDEN) (PER CALENDAR YEAR)

	2014	2015	2016	2017	2018
Scope 1: Direct emissions (tonnes)	7 163	6 743	7 349	6 317	6 376
Scope 2: Indirect emissions from purchased electricity (tonnes)	419	389	389	837	415
Scope 3: Indirect emissions from supply chain, business travel and waste removal (tonnes)	102	102	84	n/a	n/a
TOTAL CO₂e (tonnes)	7 684	7 234	7 822	7 154	6 791
CO₂e/bed day (kg)	14	13	13	12	11.7
Intensity	↓	↓	↓	↓	↓

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Southern Africa

Figure 20 reflects the results of the Mediclinic Southern Africa's CDP ranking over the past six years.

FIGURE 20: RESULTS OF SOUTH AFRICAN CARBON DISCLOSURE PROJECT

CDP 2013	CDP 2014	CDP 2015	CDP 2016	CDP 2017	CDP 2018
Ranked joint second position in the Climate Disclosure Leadership Indices ("CDLI")	Ranked joint second position in the CDLI. Included in the Global A List for performance	Ranked joint second position in the CDLI	Ranked joint second position in the CDLI. Included in the Global A List for performance	Ranked joint second position in the CDLI	Ranked joint second position in the CDLI. Included in the Global A List for performance

Mediclinic Southern Africa's carbon footprint as reported in its 2018 and 2019 CDP reports is set out in **Figures 21 and 22**, evidencing that electricity is the main contributor to its carbon footprint. The total weight of CO₂e decreased from 112kg CO₂e/bed day in its 2018 CDP report to 106kg CO₂e/bed day in its 2019 CDP report (2018 calendar year data).

FIGURE 21: CARBON EMISSIONS BY ACTIVITY (MEDICLINIC SOUTHERN AFRICA)(CDP 2019)

METRIC TONNES OF CO₂E EMISSIONS

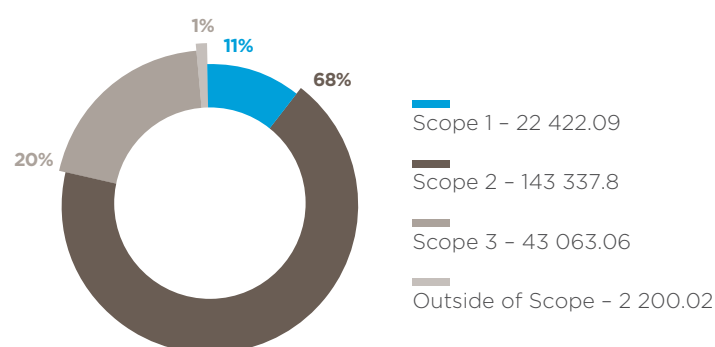


FIGURE 22: TOTAL CARBON EMISSIONS (MEDICLINIC SOUTHERN AFRICA)

ACTIVITY	2013/14 FINANCIAL YEAR (CDP 2014)	2014/15 FINANCIAL YEAR (CDP 2015)	2015/16 FINANCIAL YEAR (CDP 2016)	2016 CALENDAR YEAR (CDP 2017)	2017 CALENDAR YEAR	2018 CALENDAR YEAR
Scope 1: Direct emissions (tonnes)	21 869	22 999	23 841	24 687	24 193	22 422
Scope 2: Indirect emissions from purchased electricity (tonnes)	151 156	154 035	159 571	156 781	149 109	143 338
Scope 3: Indirect emissions from supply chain, business travel and waste removal (tonnes)	35 062	33 382	36 037	49 488	47 270	43 063
Non-Kyoto Protocol emissions	6 952	6 419	3 966	5 236	2 841	5 236
TOTAL CO₂e (tonnes)	215 039	216 834	223 415	236 192	223 413	214 059
CO₂e/full-time employee	13.567	13.326 ↓	13.273 ↓	14.026 ↑	13.680 ↓	13.279 ↓
CO₂e/square metreage	0.335	0.320 ↓	0.313 ↓	0.299 ↓	0.274 ↓	0.254 ↓
CO₂e/bed day (kg)	115	111 ↓	111 -	117 ↑	112 ↓	106 ↓

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Mediclinic Southern Africa has the following greenhouse gas emission reduction initiatives:

- **Compliance with regulatory requirements/standards:** All new equipment purchased makes use of refrigerants other than Freon or R22, which is being phased out in South Africa and Namibia.
- **Dedicated budget for energy efficiency:** The Natural Resources Committee measures the energy use within the Group to determine where savings can be achieved and it evaluates various new energy efficiency technologies. Lighting is in the process of being changed to LED fittings.
- **Dedicated budget for low-carbon product R&D:** The Natural Resources Committee investigates and implements solar photovoltaic ("PV") systems to generate renewable energy at hospitals.
- **Financial optimisation calculations:** Rising electricity costs have been an incentive to reduce electricity consumption and resultant carbon emissions through investments in energy efficient equipment and alternative renewable energy sources.

UAE

Mediclinic Middle East's carbon emissions are set out in **Figure 23**.

FIGURE 23: TOTAL CARBON EMISSIONS (MEDICLINIC MIDDLE EAST)

	2015/2016 FINANCIAL YEAR CDP 2016	2016/2017 FINANCIAL YEAR CDP 2017*	2018 CALENDAR YEAR CDP 2018**
Scope 1: Direct emissions (tonnes)	1 731	5 594	4 191
Scope 2: Indirect emissions from purchased electricity (tonnes)	12 148	19 892	38 371
Scope 3: Indirect emissions from supply chain, business travel and waste removal (tonnes)	3 464	4 722	7 656
Non-Kyoto Protocol emissions (tonnes)	621	3 476	3 561
TOTAL CO₂e (tonnes)	17 964	33 684	53 779
CO₂e/bed day (kg)*	226	220	376
Intensity	-	↓	↑

* Since CDP 2017, the Mediclinic Middle East figures include the Al Noor business, whereas in previous years it only included the Dubai business. These figures are therefore not directly comparable with those of previous years.

** Mediclinic Middle East figures are now based on calendar year 2018 rather than financial year. Data for 2018 includes acquisitions and the new Mediclinic Parkview Hospital, as well as additional data which was previously not collected such as air conditioning, additional business travel and third party vehicle consumption. The figures are therefore not directly comparable with those of previous years.

Energy efficiency

Electricity is the main contributor to the Group's carbon footprint. All of its divisions are taking steps to reduce their electricity consumption intensity through the adoption of the ISO 14001:2015 environmental management standard. This will lead to improved operational efficiency of technical installations, the introduction of various new energy-efficient and renewable technologies and changes in employee behaviour regarding energy use.

The direct and indirect energy consumption for the Group is illustrated in **Figure 24**. The main sources of direct energy consumption are gas/diesel oil, motor gasoline, liquefied petroleum gas and natural gas. Indirect energy sources refer to electricity consumption.

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FIGURE 24: DIRECT AND INDIRECT ENERGY CONSUMPTION (GIGAJOULES)

	SWITZERLAND		SOUTHERN AFRICA		UAE*	
Direct energy purchased						
2015		117 884		103 828		1 538
2016		128 701		102 563		12 199
2017		108 859		98 634		22 154
2018		108 957		115 820		33 499
Direct energy produced						
2015		113 (solar collectors)		424		0
2016		90 (solar collectors)		1 527		0
2017		98 (solar collectors)		1 576		0
2018		0 (solar collectors)		2 862		0
Indirect energy consumed						
2015		140 690		564 202		65 329
2016		140 597		553 055		113 730
2017		156 453		534 999		141 730
2018		149 650		538 395		154 813
Total energy consumption						
	GJ	GJ/bed day	GJ	GJ/bed day	GJ	GJ/bed day
2015	258 575	0.477	668 030	0.333	66 867	0.842
2016	269 299	0.474	655 618	0.327	125 929	0.991
2017	265 312	0.458	632 057	0.318	163 884	1.202
2018	258 608	0.450	645 679	0.325	188 312	1.278
Intensity		↓		↑		↑

* The intensity measures of energy consumption per bed day for the UAE are not comparable with that of Southern Africa and Switzerland, as the energy consumption include the consumption of the division's outpatient clinics (i.e. no bed days).

Switzerland

In 2018, the entire Hirslanden electricity supply (all 17 hospitals and the Corporate Office) was generated mainly from nuclear plants.

Altogether 17 of 18 Hirslanden hospitals are registered as CO₂-reduced businesses by the Energy Agency of the Swiss Private Sector ("EnAW") on behalf of the Swiss Federal Office of Energy. This achievement recognises the contracted commitment to reduce CO₂ emissions within operations. The implemented measures are being monitored annually.

Southern Africa

A reduction in the total electricity consumption in 2018 was noted compared to the previous reporting year. The two factors that contributed the most to this reduction were the drive in changing human behaviour via the ISO 14001:2015 Environmental Management System and the improvement of plant efficiencies and monitoring.

A decline in the total bed days sold was also a contributing factor.

The total electricity consumption in kilowatt hours ("kWh") for hospitals decreased from 149 752 104 kWh in the previous reporting year to 149 626 427kWh. This is a reduction of 125 677kWh.

The electricity consumption intensity, also calculated in kWh per bed day sold, has decreased from 75.27kWh/bed day sold the previous reporting year to 75.26 kWh/bed day sold. This calculation already takes into account the reduction in bed days sold. This is a decrease of 0.01% in kWh/bed day sold.

During the reporting year Mediclinic Southern Africa generated 795 015 kWh in renewable energy. This is an increase of 81.61% from the previous year's total of 437 765 kWh. These kilowatt hours generated is included in the total electricity consumption figures. Renewable energy is generated by photovoltaic (PV) installations at seven

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hospitals. Another six photovoltaic (PV) installations are under construction. Mediclinic Sandton installed additional solar panels to pre-heat water going to the heat pump while Mediclinic Durbanville replaced one heat pump with a 35 kW high efficiency heat pump. Mediclinic Stellenbosch also installed a ring main feed with a solar panel to reduce the number of geysers at the medical practitioners' consulting rooms. The planning and commissioning of additional future photovoltaic installations are in progress.

Mediclinic Southern Africa aims to meet the South African government's target of reducing carbon emissions by 34% by 2020 (compared to 2009). In the short term, the division plans to reduce Mediclinic's energy consumption on bed days sold by 3.09% per year. This will be done by drawing on leadership support to change internal behaviour that will lead to energy efficient practices being further adopted throughout the division.

Supervisory control and data acquisition ("SCADA") monitoring systems have been installed in the majority of the hospitals in Mediclinic Southern Africa. These systems continuously monitor the hospitals' electricity consumption. Three verification methods have been implemented to ensure the accuracy and reliability of the electricity data. The first method entails comparing the SCADA readings with the readings indicated on the electricity accounts from the local authority. The second method includes verification by internal parties from the

corporate office. The third method includes verification by two independent external parties using the ISO14064-3 greenhouse gas verification standard.

UAE

Energy consumption per bed day increased by 6.32% for the year. The increase is attributed to the opening of Mediclinic Parkview Hospital in Dubai which has not yet opened its full bed capacity, and two new clinics in Dubai. To minimise energy use, Mediclinic Middle East is actively changing all lighting to newer technology LED fittings, in line with the other divisions, and movement sensors for lighting are being installed. Air-conditioning chillers are being serviced more regularly to ensure maximum efficiency and are operated only according to external temperature and hospital occupancy. Furthermore, new buildings under construction will use solar panels for the heating of water and electricity generation. Shading devices to minimise the direct heating effects of the sun on the buildings are being installed, and sustainable materials that have a minimal impact on the environment are being used wherever possible.

Responsible water use

Access to fresh water is essential for all life on earth and a human right recognised by the United Nations, yet this precious resource is increasingly under pressure. The total volume of water withdrawn from water utilities throughout the Group is provided in **Figure 25**.

FIGURE 25: WATER USAGE FROM WATER UTILITIES (KILOLITRES)

	2015/16 FINANCIAL YEAR*		2016 FINANCIAL YEAR*		2017 CALENDAR YEAR		2018 CALENDAR YEAR		
	kℓ	kℓ/bed day	kℓ	kℓ/bed day	kℓ	kℓ/bed day	kℓ	kℓ/bed day	INTENSITY
Switzerland	361 166	0.665	357 456	0.629	375 429	0.649	395 898	0.680	↑
Southern Africa	1 392 734	0.694	1 327 556	0.652	1 185 271	0.595	1 103 289	0.555	↓
UAE**	89 316	1.125	83 192	0.654	207 666	1.523	241 563	1.640	↑

* Switzerland has always reported water consumption per calendar year. The 2015/16 reporting included Hirslanden's 2015 calendar year data. Mediclinic Southern Africa and Mediclinic Middle East commenced with calendar year reporting from 2016.

** The intensity measures of water usage per bed day for the UAE are not comparable with those of Southern Africa and Switzerland, as the water use includes the consumption of the division's outpatient clinics (i.e. no bed days). During the year, the data measurement is more accurate.

OUR MATERIAL ISSUES (CONTINUED)

Switzerland

In Switzerland, there are no significant water shortages. Per capita, drinking water consumption in Switzerland is declining. This indicates that the population is more sensitive and, for example, uses water-saving shower heads. In addition, appliances such as dishwashers and washing machines have become more efficient. A significant part of the savings, however, are not actual savings but the relocation of production abroad.

Hirslanden's water is supplied by the public water utilities. All waste water is treated directly by the local municipalities and monitored locally by the group's hospitals. Various measures are in place to monitor and reduce water consumption throughout the group, such as the installation of water-flow limiters at water taps, the replacement of kitchen dishwashers and the insertion of water-saving valves in the toilets. The water consumption per bed day has risen slightly from 0.649kℓ to 0.680kℓ per bed day. This is due to 2018 being an above average warm year in Switzerland which translated to a higher water consumption in the hospitals.

Southern Africa

Any climate-related impact that affects water supply, such as extreme drought or disruption of water infrastructure due to flooding, is a risk to Mediclinic. Water plays a critical role in the effective functioning of any hospital. Without continuous water supply, hospitals cannot ensure hygiene, patient care quality decreases and infection control risk increases. Water shortages and no, or a limited supply of fresh water, could cause the shutdown of strategic equipment resulting in limited services in the kitchen and laundry at hospitals in Southern Africa. The healthcare industry, patient care, infection control and the operation of various equipment, is reliant on the supply of good quality freshwater.

Mediclinic Southern Africa determines the water risk impact, such as the supply and quality of water, regulatory and tariff risk, and any other water-related risk specific to its operations that might affect the organisation's growth strategy. An environmental risk survey is conducted by means of the Group's ERM software. The exposure component of this survey includes risk evaluation over the next 10 years. The water risks that are identified are audited by the Group's internal audit function on an annual basis to ensure that corrective action plans are put in place to address any water risks that might have an impact on Mediclinic's growth strategy.

During the reporting period, the Western Cape region had its worst drought on recorded history. This resulted in increased levels of water restrictions, water tariffs and the threat of severe disruptions to water supply that culminated in the proposition of "Day Zero", when

municipal water supplies would be cut off and a quota system implemented with reference to strategic businesses and residences. This constitutes a substantive impact due to the financial cost to mitigate against the risk. The primary response was to establish a Water Resilience Committee to govern the water usage affairs of the 11 hospitals located in the Western Cape region. Through this committee, Mediclinic engaged with policy makers and initiated various water augmentation initiatives and strategies at the hospitals, as elucidated on below.

The division's hospitals have installed dedicated water meters with pulse monitoring capabilities, which meters are linked to the SCADA monitoring systems. These systems allow for the continuous monitoring of the water consumption of the hospitals.

The three verification methods implemented to ensure the accuracy and reliability of the electricity consumption, equally apply to water data.

Through the ISO 14001:2015 Environmental Management System, water consumption of the hospitals is measured and verified. The total water consumption decreased by 77 355kℓ from 1 185 271kℓ in 2017 to 1 107 916kℓ in 2018 (6.53 %). The drive in changing human behaviour via the ISO 14001:2015 Environmental Management System and the recent drought in the Western Cape was the biggest contributor to the reduction in water consumption.

The water consumption intensity is calculated in litres per bed day sold. The water consumption intensity decreased from 0.594kℓ/per bed day sold in 2017 to 0.555kℓ/per bed day sold in 2018; this is a reduction of 0.039kℓ/per bed day sold (6.57%).

Bulk water storage facilities have been installed at hospitals and boreholes were sunk for strategic sustainability. Planned maintenance procedures have been implemented for the measurement and control of water quality. We have instituted initiatives to reduce water consumption, which include employee awareness training and monitoring of uncontrolled leakages. Furthermore, we have installed efficient technologies such as water-saving instrument washers, water-saving washing machines for laundry, and water-saving autoclaves. Certain hospitals also facilitate the recycling of autoclave water.

Mediclinic has a water-efficiency target based on the amount of water consumed per bed-day sold. To achieve this target, certain behaviour change initiatives have been implemented (for employees, on-site service providers such as medical practitioners, catering and laundry, and patients). These include removal of bath tubs to encourage showering; shutting off hot water supplies to public areas; patient awareness of initiatives; alcohol scrubs introduced in operating theatres; no car washing and no irrigation. In

OUR MATERIAL ISSUES (CONTINUED)

addition, fixing of leaks at all hospitals has become a priority. The water-efficiency initiatives introduced in the Western Cape region is in the process of being rolled out to the rest of the Group's hospitals.

UAE

At Mediclinic Middle East various measures are in place to minimise water consumption, such as reclaiming water from steam sterilisers and all air-handling units for redistribution to gardens and other non-clinical areas; monitoring of hot water consumption to reduce energy on hot water tanks; installing of control sensors on taps in hospital wards; and reducing the pressure of water points. Water consumption is monitored at each unit and action taken to further reduce consumption where required. Total water consumption per bed day has increased by 7.68% in the past year.

Safe waste and hazardous waste management

Stringent protocols are followed to ensure that refuse removal within the Group complies with all legislation, regulations and by-legislation. The Group regards the handling of waste in an environmentally sound, legal and safe manner as its ethical, moral and professional duty. During the reporting period, there were no incidents at the Group's facilities or offices leading to significant spills.

Switzerland

Hirslanden complies with all applicable legislation regarding recycling, waste disposal and the treatment and transport of hazardous waste. All medical waste is treated as hazardous waste and on-site collection is separated from other waste categories. Only licensed transportation companies transport the hazardous waste to waste incineration stations.

The weight and waste type are monitored and archived by the relevant hospital, transport provider and waste-incineration station. Hirslanden recorded 284 tonnes of waste recycled in 2018.

In 2018, a total of 111 tonnes of leftover food was collected at the Hirslanden Klinik St. Anna, Klinik Hirslanden and Hirslanden Klinik Im Park. The food was processed in a biogas facility to create methane, in turn used to generate electricity. The resulting 31,746 kWh was equivalent to the annual electricity needs of approximately 10 three-person households. The end product of the biogas facility could also be used to fertilise a 2.5 ha field of grain.

Southern Africa

Mediclinic Southern Africa is committed to reducing its waste and complying with waste legislation. The division always opts for the most environmentally friendly manner to dispose of waste in order to reduce its impact on the

environment. The corporate procedure on waste collection, disposal and removal includes all waste streams in the division's hospitals: infectious; sharps; anatomical; pharmaceutical; chemical; radioactive waste; fluorescent tubes; batteries; mercury; used cooking oil; electronic waste and general waste recycling.

Each hospital also has a waste management plan.

The total healthcare risk waste generated in tonnes increased from 3 021 tonnes in the 2017 calendar year to 3 068 tonnes in the 2018 calendar year; this is an increase of 47 tonnes, being 1.54%. The intensity of the healthcare risk waste generated is calculated in kilograms per bed day sold and has also increased from 1.52 kg/bed day sold in the previous reporting year to 1.54 kg/bed day sold; this is an increase of 0.02 kg/bed day sold.

Mediclinic Southern Africa forms part of the Healthcare Waste Reduction Forum of the national Department of Environmental Affairs where topics like the implication of air emission standards relating to incineration, the Waste Information System and the management of items such as empty medicine vials and PVC IV bags in healthcare facilities are discussed. The division engaged with public policy makers of the national Department of Environmental Affairs Hazardous Waste Management Support, Chemicals and Waste Branch about the generation and treatment figures of healthcare risk waste by private hospitals in South Africa.

Mediclinic Southern Africa disposes waste in an environmentally responsible manner where possible, for example, used cooking oil is removed to generate biodiesel, and old equipment and electronic waste are donated or sent to electronic waste recyclers to reuse their components. Other hazardous waste, for example, mercury-containing items, batteries and e-waste are disposed of in a safe manner through a hazardous waste management company, which issues safe disposal certificates. The division makes use of a recycling facility in South Africa to recycle its fluorescent tubes and compact fluorescent lamps.

The division generally makes use of external waste management providers, but in smaller areas where this facility is not available, recycling is undertaken by local recyclers. The reduction of normal waste is achieved through recycling and waste segregation programmes. These programmes also include optimal use of paper and printers, as well as employee awareness training and behaviour change in compliance with ISO 14001.

Various monitoring and measurement programmes are tested at hospitals to determine the baseline for normal waste. General waste is recycled, as far as reasonably practicable. Following an investigation of the recycling of

OUR MATERIAL ISSUES (CONTINUED)

PVC intravenous bags, this will now be rolled out to other Mediclinic facilities. A research study was completed in-house to see what other uncontaminated plastic waste can be diverted from landfill.

The division is establishing a healthcare waste reduction group to work together with other healthcare establishments (government and private) to investigate ways to minimise and recover waste where possible. This will include recycling empty glass vials and investigating different ways in all our facilities to divert organic food waste from landfill. Seven of its hospitals in the Western Cape currently send all food waste to Agriprotein, an organisation that uses fly larvae, fed on existing organic waste, to produce a large scale and sustainable source of natural protein (waste to nutrient). Some hospitals also send uncontaminated food waste to pig farmers and for composting.

The total amount of uncontaminated food waste diverted from landfill for this period was 199 tonnes. Fluorescent tubes recycled by Reclite, totalled 4.2 tonnes and 3.5 tonnes of printer cartridges were recycled by Hewlett Packard. Glass vials recycled equals 30 tonnes. All other waste recycled for the year amounted to 1147 tonnes. In total, waste diverted from landfill was 1385 tonnes, an increase of 238 tonnes (23.66%) from the previous reporting period.

Waste reporting continues to improve in accuracy compared to previous years due to better estimations and more data being received from on-site waste management companies, as more hospitals use their services.

The bulk of the effluent discharge is treated by the local authorities at their effluent plant. These discharges are measured as a percentage of total volume of water supplied and similar treatment methods are generally used. The quality of the effluent discharge is periodically tested by the local authorities. Where required by municipal by-legislation, hospitals must apply for permission to discharge industrial effluent into the municipal sewage disposal system.

UAE

Medical waste is disposed of in line with the directives of federal and local authorities and is handled by professional environmental service providers to ensure minimum risk to the environment. Mediclinic Middle East has ongoing contracts with recycling companies to collect recyclables such as waste paper, old corrugated cardboard, plastics and cans from the premises. Mediclinic Middle East's total amount of recycled waste for 2018 has decreased by 1.02% to 194 tonnes, due to more limited recycling at a federal level in some of the more remote areas.



OUR MATERIAL ISSUES (CONTINUED)

MATERIAL ISSUE 3: BEING AN ETHICAL AND RESPONSIBLE CORPORATE CITIZEN

HIGHLIGHTS

- Anonymous independent ethics lines at all divisions
- A three-year compliance monitoring programme was developed to enhance the existing compliance culture
- Hirslanden supports Mercy Ships, an international charity which operates the largest non-governmental hospital ship in the world
- Contributed R5m to the South African Department of Health's Public Health Enhancement Fund
- Mediclinic Southern Africa performed over 120 pro bono procedures on public patients as part of the second year of collaboration with provincial health structures

KEY PERFORMANCE INDICATORS

CALLS TO ETHICS LINES*			INVESTMENT IN CAPITAL PROJECTS AND NEW EQUIPMENT (DIVISIONS)			INVESTMENT IN REPLACEMENT OF EQUIPMENT AND PROPERTY UPGRADES (DIVISIONS)		
Switzerland	25** (2018: 21)	↑	Switzerland	CHF55m (2018: CHF47m)	↑	Switzerland	CHF40m (2018: CHF82m)	↓
Southern Africa	110 (2018: 97)	↑	Southern Africa	R506m (2018: R423m)	↑	Southern Africa	R672m (2018: R634m)	↑
UAE	19 (2018: 10)	↑	UAE	AED376m (2018: AED358m)	↑	UAE	AED76m (2017: AED31m)	↑

* Fifteen high-priority cases were reported to the Group's ethics lines during the year, five have been investigated and closed, while 10 are still under investigation.

** This figure does not include reference to Clinique des Grangettes.

EXPENDITURE ON REPAIRS AND MAINTENANCE (DIVISIONS)			CONTRIBUTION TO CSI			TRANSFORMATION (SOUTH AFRICA)		
Switzerland	CHF41m (2018: CHF40m)	↑	Switzerland	CHF2.1m (2018: CHF2.3m)	↓	Percentage black employees	72.8% (2018: 72.1%)	↑
Southern Africa	R262m (2018: R219m)	↑	Southern Africa	R27.7m (2018: R29.3m)	↓	Percentage black management employees	29.0% (2018: 29.4%)	↓
UAE	AED33m (2018: AED42m)	↓	UAE	AED1.4m (2018: AED1.0m)	↑			

OUR MATERIAL ISSUES (CONTINUED)

WHY THIS IS IMPORTANT TO THE BUSINESS

Governance and CSR are integral to Mediclinic's approach to running a sustainable, long-term business. In line with the Group's vision of being preferred locally and respected internationally, it:

- enforces good corporate governance standards throughout the organisation;
- acts as a responsible corporate citizen;
- builds constructive relationships with its local stakeholders; and
- acts as a valued member of the community in the regions where it operates.

The Group has entrenched a range of policies, processes and standards to support the Group's governance and CSI programmes and provide a framework of the standards of business conduct and ethics that are required of all divisions, directors and employees within the Group. These include the Ethics Code, the Enterprise-wide Risk Management Policy, the Fraud Risk Management Policy, the Regulatory Compliance Policy and the Anti-bribery Policy.

Adherence to these policies is monitored through the various risk management and assurance initiatives implemented throughout the Group. Non-adherence to these policies is immediately highlighted as a corrective action and addressed accordingly. The Group risk management department regularly monitors the status of these corrective actions.

These policies are intended to create a culture within the Group where ethical values are displayed on a day-to-day basis. It encourages employees to act transparently and be vigilant for any suspicious or unethical behaviour. These policies provide clear guidelines and frameworks to assist in achieving set objectives, for example, compliance with applicable legislation and regulations. The policies are communicated to all relevant employees and where necessary training is provided. The enhanced training and awareness of Group policies are planned for the year ahead.

LINK TO STRATEGY

Although not directly linked to any particular Group strategic priority, governance and CSR are regarded as key enablers and the basis from which the Group conducts its business.

KEY STAKEHOLDERS

- Suppliers
- Healthcare funders
- Governments and authorities
- Community

RISKS TO THE BUSINESS

- Fines, prosecution or reputational damage
- Inability to continue business due to legal and regulatory non-compliance or changes in the regulatory environment
- Financial and reputational damage caused by poor governance, unethical practices and inadequate risk management
- Reputational damage at local community level due to inadequate community involvement

MITIGATION OF RISKS

- Visible ethical leadership
- Regular fraud and ethics feedback to management, the Board and relevant Board committees
- Ethics lines available to all employees and external parties, with reported incidents monitored and investigated
- Established Group risk management and compliance department and internal audit function
- Compliance risks assessed as part of risk management process, with regular internal self-assessments, with necessary advice and support by the various company secretarial and legal departments within the Group
- Group Compliance and Data Protection manager appointed to implement compliance framework and monitor compliance maturity
- Monitoring of CSI initiatives by senior management, with feedback to the Clinical Performance and Sustainability Committee

OUR PURPOSE – MEDICLINIC SOUTHERN AFRICA

**THROUGH A NUMBER OF
PLANNED COLLABORATIONS
BETWEEN MEDICLINIC SOUTHERN
AFRICA AND PROVINCIAL
HEALTH STRUCTURES, THE
DIVISION HAS BEEN ABLE TO
PLAY AN IMPORTANT ROLE
IN DEVELOPING WORKABLE
SOLUTIONS TO SOME OF THE
CHALLENGES FACING THE SOUTH
AFRICAN HEALTHCARE SECTOR.**

To ensure a viable future for healthcare in South Africa, it is imperative for all healthcare players to engage with one another – private and public alike. Through its involvement in public private initiatives, Mediclinic Southern Africa now has the opportunity to add value beyond its traditional patient base and values the opportunity to draw alongside provincial health structures to seek practical means to support and strengthen the work already being done in the public sector. The aim of these partnerships is to help broaden access to quality healthcare while alleviating the heavy burden of long public surgery waiting lists.

To date, Mediclinic has partnered with the provincial health structures in several provinces, including the Western Cape, Limpopo, Free State, KwaZulu-Natal and Gauteng. Initially surgeries included cataracts, ear, nose and throat and urology procedures, but in the prior year the success of the association has allowed for expansion to include cleft palate, knee surgery, as well as unique procedures such as deep brain stimulation.

Over the past 24 months, Mediclinic has facilitated free surgical procedures for more than 200 public-sector patients. The Mediclinic surgical facilities, nursing employees and expertise from Mediclinic-associated medical practitioners are provided free of charge in collaboration with the local public-sector hospitals.

Dr Nomafrrench Mbombo, Head: Department of Health Western Cape, explains the importance of these types of

surgeries: “With an increasing acute load due to trauma, providing elective surgeries has in recent years become increasingly sought after. Trauma cases demand prioritisation, thus pushing back elective surgery. Also within the context of diminishing resources, this is a welcome chance to catch up some of the elective surgeries and improve the quality of life of our patients.”

“We’ve been trying to get help for eight years. Medical aids did not want to help us because they said the surgery is cosmetic. For my daughter the cleft palate surgery is life-changing. It’s not cosmetic for us,” said her father. “The pro bono surgeries we are performing are about more than just repairing external features – they are about changing lives,” says Dr Sharan Naidoo, a maxillofacial and oral surgeon at the same hospital. “I am passionate about giving opportunities to these families where they have had to wait for surgery for their children. There is huge pressure on state facilities and our partnership will allow a measure of relief for their waiting lists.”

“In Limpopo Province we find it difficult to attract specialist doctors,” says Dr Ntoden Ndzwamato, acting Deputy Director General for Tertiary Health Services and Academic Development at the Limpopo Department of Health. “This means patients can wait years to receive treatment. We appreciate the effort Mediclinic has made to reach out into the community. They supply the expertise and consumable materials required to really give these patients a better quality of life.”



COLLABORATING TO MAKE A DIFFERENCE

In 2018, surgeries offered as part of Public Private Initiatives have expanded to include knee surgery for athletes at Mediclinic Milnerton.

OUR MATERIAL ISSUES (CONTINUED)

POLICY, APPROACH AND PERFORMANCE

Ethics, anti-bribery and anti-corruption

The Group's commitment to ethical standards is set out in the Group's values, and is supported by the Group's Ethics Code, as well as its Anti-bribery Policy, available on the Company's website at www.mediclinic.com. The Ethics Code provides a framework for the standards of business conduct and ethics that are required of all business divisions, directors and employees. The Ethics Code is available to all staff and is included in new employee inductions.

The Group adopts a zero-tolerance policy to unethical business conduct, including bribery, fraud and corruption.

Any employee or external stakeholder is able to report any wrongdoing throughout the Group in confidence to the ethics lines. All reports are dealt with on a non-discriminatory manner and any person making use of the independent ethics lines has the option to remain anonymous. No form of retaliation against an employee or other person making a report in good faith will be tolerated. A dedicated ethics contact person per division is available to deal with matters pertaining to the Ethics Code. The number of calls received through the Group's ethics lines is indicated on page 53. All complaints are investigated in accordance with the Ethics Code. Over the years, the majority of calls were of a grievance nature. Only in exceptional cases has information been received that has led to the discovery of unethical, corrupt or fraudulent behaviour.

The Group's Anti-bribery Policy governs the granting and acceptance of gifts, hospitality and entertainment, which will only be approved if it is acceptable business practice, there is a proper business case and it does not potentially adversely affect Mediclinic's reputation. This policy prohibits the direct sponsorship of supplier and/or third party events, ensuring that all such sponsorships are administered and overseen by the relevant division within the Group.

The Group's Fraud Risk Management Policy facilitates the development of controls for the prevention of fraud and corruption. Feedback on ethics and fraud is provided to the Audit and Risk Committee at every meeting, with regular feedback to the Clinical Performance and Sustainability Committee.

Further details regarding the Group's management of these matters are included in the report on **Risk Management, Principal Risks and Uncertainties** and the **Audit and Risk Committee Report** included in the [2019 Annual Report](#).

A summary of the Group's approach to clinical ethical issues, are set out in the [2019 Clinical Services Report](#).

During the period under review, there were no incidents of material non-compliance with the Ethics Code, Anti-bribery Policy or any legislation, regulations, accepted standards or codes applicable to the Group concerning antitrust matters or matters relating to corruption and bribery, with no significant fines being paid in this regard.

Cost of healthcare

The Group contributes in various ways to a sustainable healthcare system by, *inter alia*, focusing on efficiency and cost-effectiveness, conducting tariff negotiations in a fair and transparent manner, expanding facilities based on need, and actively participating in healthcare reform.

The Group is focused on streamlining and centralising its procurement processes to improve efficiency and cost-effectiveness. During the reporting period, good progress was made on a range of international procurement initiatives, including:

- refining the classification and matching of products used across all its divisions to compare prices and drive procurement strategies;
- procurement spending management and development of KPIs to measure procurement value;
- concluding global contracts with key multinational suppliers to reduce prices and efficiencies related to surgical products and implants;
- Hirslanden entering into a collaboration agreement with Sana Kliniken AG to increase buying power;
- better prices through pooling of capital equipment purchases across the three divisions;
- direct importing and distribution of more cost-effective surgical and consumable products; and
- adopting a total cost of ownership approach when concluding transactions, to include operational costs.

Refer to the **CEO's Review, Our strategy, goals and progress**, as well as the **Divisional Reviews** in the [2019 Annual Report](#), for initiatives to improve cost-effectiveness.

Switzerland

Hirslanden's procurement and logistics department is investing in new resources such as product group managers to drive product standardisation, collaborate with specialist buyers to make use of the global market possibilities and increase Group-wide cooperation. In addition, Hirslanden is cooperating with the German Sana Hospital buying group, being a first mover in the Swiss market for this kind of collaboration. The first results of this initiative are showing immediate and significant reduction in Hirslanden's product price levels.

OUR MATERIAL ISSUES (CONTINUED)

Product standardisation has shown further positive results. The number of stock items, as well as their cost, was reduced by 10%. Hirslanden's logistics partner invested in an automated storage system, AutoStore, which reduced the footprint in the warehouse and guarantee productivity gains. Furthermore, Golden Rules (logistics guidelines) were implemented in the Group, guiding the hospitals to improve their logistics performance.

To reduce the maintenance and service costs, the department outsourced maintenance and services for sophisticated medical equipment such as MRI, CT and X-ray machines to an external service provider. This led to substantial cost reduction, increased quality and improved documentation in the division's maintenance system, Waveware.

Southern Africa

Mediclinic Southern Africa has embarked on various initiatives to ensure the continuing affordability and sustainability of private healthcare, despite the fact that the input costs of providing hospital services increase more than the consumer price index every year. These initiatives are aimed at responsibly lowering the total cost of healthcare experienced by the patients and funders of hospital services.

Private healthcare funding in South Africa is principally provided through medical insurance companies and schemes. A consolidation in the medical schemes market over time has led to an increase in their bargaining power related to reimbursement of products and procedures. This in turn has increased the mandate for the division to increase activities to drive down costs of products and services.

The total cost of healthcare of hospital-related services encompasses hospital services, and services by associated medical practitioners and allied professional services. Mediclinic Southern Africa has accordingly recognised its responsibility to engage with all service providers to align endeavours with "bending the cost curve". Mediclinic has therefore invested, and continues to invest, in enhancing its data analytics capabilities so that it can facilitate targeted action to achieve this objective.

The Council for Medical Schemes ("CMS") continued with a process to review Prescribed Minimum Benefits ("PMB"), the legislative structure that defines minimum benefits. This review is mandated in terms of the provisions of the Medical Schemes Act and has been initiated following stakeholder concerns that Prescribed Minimum Benefits are not responsive enough to the changes in the healthcare

needs of the population, current health technology and best clinical practice, as well as the financial impact on medical schemes. The CMS published and invited comments on a framework for a services benefits package on 8 February 2018. A framework for the revision of the benefit package has been initiated. Mediclinic continues to engage in the stakeholder consultation process undertaken by the CMS through the respective PMB review committee structures.

Mediclinic continues to engage with the South African Competition Commission regarding the Health Market Inquiry. The Commission initiated the inquiry into the private healthcare sector because it has reason to believe that there are features of the sector that prevent, distort or restrict competition. Mediclinic has made numerous submissions and presentations regarding its views on the state, nature and form of competition in the market. The Competition Commission is due to publish its final report and recommendations in September 2019.

UAE

The cost of healthcare for insurance companies is a function of provider prices and the utilisation of healthcare services. The latter is an unpredictable cost, which gives rise to medical inflation in excess of salary inflation everywhere in the world. This problem is also present in the UAE. Mediclinic Middle East is known in the market for its strong stance in ensuring that ethical medicine is practised and that none of its medical practitioners are incentivised to over-prescribe any diagnostic tests or medicines. This focus is supported by the Clinical Utilisation Committee chaired by the Chief Clinical Officer, as well as alternative reimbursement models offered to insurance companies whereby the division accepts the risk for outpatient use of its facilities.

Provider price regulation is a continuing theme in both Dubai and Abu Dhabi. While regulated DRG reimbursement is firmly established in Abu Dhabi, Dubai is in the implementation phase, with the delayed shadow billing, which started during February 2018, currently in place. The Dubai Health Authority ("DHA") is aiming to introduce DRG reimbursement for all inpatient cases (as opposed to earlier plans to start with only high frequency cases) during the course of 2019. Both Abu Dhabi and Dubai have high insurance coverage due to mandatory health insurance. The proportion of Mediclinic Middle East's revenue funded by insurance companies, co-payments of insured patients and so-called self-funded patients are respectively 92%, 4% and 4% for Abu Dhabi and 86%, 7% and 7% for Dubai.

OUR MATERIAL ISSUES (CONTINUED)

Supply chain management

In order to deliver its services, Mediclinic is dependent on a large and diverse range of suppliers, who form an integral part of the Group's ability to provide quality hospital care. A new Group Supply Chain Risk Management Policy was approved and is being implemented.

Mediclinic believes in building long-term relationships with suitable suppliers and establishing a relationship of mutual trust and respect. Regular meetings are held with suppliers to ensure continuity of service. The Group relies on its suppliers to deliver products and services of the highest quality in line with Mediclinic's standards. Various other criteria play an important role in selecting suppliers, such as: compliance with applicable international and local quality standards, price, compliance with appropriate specifications suited to the Group's markets, stability of the organisation and the relevant equipment brand, good-quality and cost-effective solutions, support network, technical advice and training philosophy.

The availability of products and services is imperative to enable the Group to deliver quality care to its patients, and therefore an important criterion in its supplier selection process. Although not always the case, this often leads to local suppliers being preferred, which adds to better and faster service delivery and knowledge of local legislation and regulations, particularly with regard to pharmaceutical products.

Hirslanden's central logistics platform enables a cost-effective basis and the distribution to the hospitals based on their daily needs. Mediclinic Middle East is currently building a central warehouse to improve efficiencies and also provide a platform to further develop alternative supply chains. In South Africa a decision was made to partner with an existing service provider and key suppliers are encouraged to move their logistical solutions to this platform, thereby improving efficiencies for all stakeholders.

In Southern Africa, 96% of procurement is done from local suppliers or the local agents of international suppliers. Similarly, in Switzerland approximately 98% of procurement is from local suppliers or agents of international suppliers. In Dubai, all international suppliers and manufacturers are required by legislation to operate through local agents. As such, Mediclinic Middle East is legally required to procure from local suppliers or agents, except in instances where a product is not available in the UAE, in which case permission to import from foreign vendors is granted. Mediclinic Middle East procures approximately 97% of its supplies from local agents.

As a result of the geographic spread of the Group's operations, the potential of possible cost savings, less administration and improved efficiency, Mediclinic has initiated international procurement initiatives to unlock synergies and implement standardisation for the greater benefit of the Group. The international procurement initiatives related to capital and surgical investments have gained momentum, which include the following benefits:

- better prices through pooling of capital equipment purchases across the three divisions;
- global contracts with key suppliers of surgical products and implants;
- price comparisons to ensure similar value is achieved by all divisions;
- direct importing of a selected range of capital equipment; and
- direct importing and distribution of more cost-effective surgical and consumable products.

A GPO has been established to increase direct access to the global market and supply chain. The GPO supports procurement strategies and delivers products to the divisions at reduced prices through the following guiding principles:

- the GPO has dedicated resources with the right expertise to source new products and uncover cost reduction opportunities;
- the "arm's length" principle is followed where the divisions procure from the GPO only when better value is offered than available through the existing supply chain;
- improved governance to ensure the cost-reduction strategies do not create risks to the business or patients;
- due diligence investigations of manufacturers to ensure product quality and safety; and
- suppliers are responding positively to the competition that the GPO has created in the supply chain by ensuring they deliver best value to maintain their business with the Group.

The Group is making good progress with its strategy to rationalise the number of suppliers to enable growth with selected key partners, thereby strengthening negotiations.

International consolidated data comparisons and spending pattern analysis remain key drivers of international procurement. Good progress is being made to have quality spending information and classification to enable effective cost saving strategies.

Any form of incentives is prohibited and the Group's ethics lines are available to all suppliers to report any such

OUR MATERIAL ISSUES (CONTINUED)

conduct within the Group. Centralised procurement decisions at the corporate office further prevents staff and medical practitioners at hospital level from influencing procurement choices. Staff members involved in the purchasing of equipment or consumables are bound to strict ethical principles and corporate policies related to gifts and invitations ensure that an impeccable standard of integrity is maintained throughout the Group's supplier relationships.

During the year additional measures were put in place to monitor supplier conduct. More information on this topic is available in the Mediclinic Modern Slavery and Human Trafficking Statement, available on the Mediclinic website at www.mediclinic.com.

Switzerland

During the past two years, Hirslanden has established the concept of a Product Group Manager ("PGM"). The PGM's main focus is the standardisation of the various product groups in coordination with the hospitals as well as negotiating new and renegotiating existing contracts. In addition, Hirslanden started to cooperate as the first Swiss hospital group with the German-based buying organisation Sana. Sana is one of the leading German private hospital providers. With the affiliated Sana purchasing organisation, Hirslanden has been able to achieve significant price reductions with some of the top suppliers during the first months of the cooperation. The cooperation will be broadened during the next business year through closer teamwork of the central Hirslanden purchasing department with Sana's product group specialists and project managers.

The established material compliance report will support the increase of compliance with the procurement strategy and with existing contracts.

The central logistic platform, Zenlop, is running well. The quality of just-in-time delivery has increased up to 99.4% and the overall cash out costs went down by 17% in the last two years, which is close to the existing benchmark of best-in-class companies in Switzerland. Zenlop is a key part of the process for importing and distributing medical consumable goods. Although Hirslanden increased the volume (+5%) handled through Zenlop, the number of products went down by 4%, as a result of standardisation. Further possible uses of the platform to improve processes and reduce overall costs are being considered.

The outsourcing of maintenance and services of sophisticated medical devices to HERMED Technical Consulting GmbH has been implemented in all the hospitals. The service and maintenance of medium and low complexity medical devices for eight hospitals will also be moved from the current contractors to the main contractor, HERMED. The predicted savings of the HERMED partnership have been achieved, and the quality of service and customer satisfaction also increased significantly. The data quality on the asset and maintenance management system, Waveware, has improved and the visibility of maintenance cost has increased. The data also allows analysis of service intervals and quality, and delivers valuable information to support future investments in medical technology.



OUR MATERIAL ISSUES (CONTINUED)

Southern Africa

Formal and uniform procurement processes apply with regard to tenders, contracting and preferred supplier agreements to promote a transparent procurement process and the application of sound supplier selection criteria. Mediclinic Southern Africa has a fully centralised procurement department encapsulating the full spectrum of procurement services, consisting of pharmaceutical, capital and support services in one department. The focus is to drive standardisation of the procurement systems, efficiency, service delivery and cost savings.

In South Africa, the B-BBEE status of a supplier plays a role in new supplier applications and tenders. The implementation of the Preferential Procurement Strategy has yielded positive results. Mediclinic South Africa has experienced a strong increase in the score from 7 points to 12 points during the latest verification process. This is expected to increase above 15 points in the upcoming verification process. B-BBEE reporting has made progress and is assisting in the focus on maintaining scores.

The pharmacy procurement department was restructured and expanded with the appointment of a Tender Officer. The aim is to increase the amount of tenders to realize cost savings.

The centralised warehousing and logistics project proof of concept was successful, following a positive presentation on the realisation of the benefits. A further roll-out, which includes more suppliers in this initiative, is progressing well. It is expected to further optimise the supply chain and reduce costs.

UAE

Mediclinic Middle East facilitates interaction between suppliers and medical practitioners by offering suppliers the opportunity to co-host Continuous Medical Education (“**CME**”) events. This division maintains high levels of communication and professional working relationships by formalising its supplier evaluations in a detailed and structured manner.

The Federal Ministry of Health regulates the profit margins on local registered medication by centrally controlling the cost price and selling price of medication. Mediclinic Middle East's central medical store and central pharmaceutical store serves as a central logistics platform for the operational units and supply the division with its daily medical material and medication needs. The centralised stores realise efficiencies and savings related to the supply chain in the UAE. The medical stores have commenced with and will further explore import opportunities and medical agencies for the Mediclinic Middle East operations. Construction of a central warehouse for surgical and

consumable products is proceeding well. This facility is planned to be fully operational toward the end of 2019.

The procurement operations of Mediclinic Middle East align with the Group's international procurement initiatives to ensure that international projects achieve the best cost-saving outcomes through local participation.

Maintain high-quality healthcare infrastructure

To ensure a safe and user-friendly environment for both its patients and employees, the Group strives to provide high-quality healthcare facilities and technology, focusing on capital investments, maintenance of facilities and optimal use of facilities. As a result, the Group continuously invests in capital projects and new equipment to expand and refurbish its facilities and the replacement of existing equipment, and to repair and maintain existing property and equipment (refer to the KPIs on page 53 and to the **Chief Executive Officer's Review**, the **Divisional Reviews** and **Our strategy, goals and progress** included in the **2019 Annual Report**).

Hospitals are high-risk environments in which complex treatment processes are executed using sophisticated equipment and techniques. The process of external accreditation ensures that international standards are adhered to in all aspects of hospital operations. For more details on accreditation, please refer to the **2019 Clinical Services Report**, available on the Company's website at www.mediclinic.com.

Switzerland

All of Hirslanden's facilities are ISO 9001:2015 certified, the international standard that specifies requirements for a quality management system. By September 2018, all hospitals had adopted the new version of the standard, ISO9001:2015. Through this process, all Hirslanden hospitals and operations follow the Business Excellence model set out by the European Foundation for Quality Management (“**EFQM**”).

Southern Africa

The Council for Healthcare Services Accreditation of Southern Africa (“**COHSASA**”) is contracted to accredit Mediclinic Southern Africa hospitals for compliance to healthcare standards. COHSASA and its healthcare facility standards are accredited by the International Society for Quality in Healthcare (“**ISQua**”), the global body that regulates performance of healthcare facility accreditors. Thirty-five of the division's hospitals currently hold a Full Accreditation Award with two additional hospitals scheduled to complete accreditation within the first quarter of new financial year.

OUR MATERIAL ISSUES (CONTINUED)

As part of the HASA team that is engaging with the Office of Health Standards Compliance (“**OHSC**”), which is the national regulator for Norms and Standards, MCSA continues to make ongoing inputs to shape the implementation of new legislated standards that will be applied to South African healthcare facilities.

UAE

Hospital accreditation is a mandatory requirement of the Dubai Healthcare City Authority (“**DHCA**”), the DHA and the Department of Health (“**DoH**”). All the Mediclinic Middle East hospitals will undergo Joint Commission International (“**JCI**”) re-accreditation during 2019.

In addition to JCI accreditation, the laboratory of Mediclinic City Hospital also achieved the College of American Pathologists accreditation in 2009, 2011, 2013, 2015 and 2017 and will be re-accredited in 2019. The Mediclinic City Hospital laboratory also obtained ISO 15189:2009 certification in 2010, 2013 and early 2016 and will be ISO re-certified in 2019. All the laboratories in Abu Dhabi, Al Ain and the Western Region were also successfully ISO certified during February 2018 and will be re-certified in 2021 as part of the three-year re-certification cycle.

Information security and cyber security

Information security and cyber security are paramount in enabling Mediclinic to conduct its business in a safe and secure manner. The need is even greater because Mediclinic is in the healthcare industry, where ensuring data privacy is an imperative.

Mediclinic and its divisions operate by way of an inter-connected international network, with localised data networks in each of the jurisdictions. The extensive ICT landscape and associated information assets, the continuously increasing threat to data security, and the vast landscape of data protection legislation and regulations, creates a dynamic and complex environment.

To this end, the Group has established an information security and cyber security programme. Some of the key objectives of the programme are:

- to implement effective measures and controls;
- increase levels of end-user education and threat awareness; and
- provide continuing assurance toward reduced risk levels and increased compliance.

The programme is executed at a divisional level. Each division has well-established ICT structures and is governed from a central point through the Group Information

Security (“**InfoSec**”) Committee, represented by dedicated divisional Information Security Officers. This InfoSec committee annually reviews the security programme to stay vigilant against cyber-attacks, thereby reducing the inherent risks associated with information security and cyber security.

Several international standards are subscribed to, in order to shape, maintain and continuously enhance the Group's security programme, e.g. Control Objectives for IT (“**CoBIT**”), ISO27001/27002/27799 security standards, Centre for Internet Security (“**CIS**”) and National Institute of Standards and Technology (“**NIST**”) control frameworks. Information security and cyber security policies are reviewed annually to ensure alignment with legislative requirements in the different jurisdictions where the Company operates. In addition, various mechanisms are used to ensure that information security and cyber security remains relevant, such as management self-assessments, independent security reviews, internal- and external audits and management oversight processes.

Overall ICT risk profiles, reviews, outcomes, actions and remediation plans are maintained and tracked through a central risk management system. Risk management of ICT and information security forms part of the Group's enterprise risk management process and regular assessments ensure that risks associated with information security and cyber security are appropriately highlighted, positioned and prioritised within the Group.

The Group's Information- and Cyber Security programme is supported by both the Board and the Group Executive Committee and is overseen by the Group's ICT Management Committee, which comprises of the Group and divisional Chief Information Officers.

Privacy and Data Protection

Mediclinic is committed to conducting its business in accordance with all applicable data protection legislation as may apply from time to time in the various divisions as well as other jurisdictions that apply to Group companies. Maintaining and respecting the privacy of our employees, directors, patients, affiliated medical practitioners, suppliers and stakeholders remain priorities. Mediclinic has reaffirmed its commitment to protecting the personal data of its stakeholders by embarking on a Group-wide data privacy project to align and ensure compliance with relevant data protection legislation, as may be applicable in the various countries of operation, including the European Union's General Data Protection Regulation (“**GDPR**”). The Group Privacy and Data Protection Policy has been aligned to the GDPR standards and various initiatives have

OUR MATERIAL ISSUES (CONTINUED)

commenced to ensure that core components maintain their compliant status as it was at 25 May 2018, the date the GDPR came into effect. During the project roll-out to the rest of the Group, compliance to applicable data protection legislation is ensured through customisation of the standardised project plan.

Information security policies and controls are in place throughout the Group to regulate, *inter alia*, the processing, use and protection of own, personal and third-party information. Flows of personal data across country borders are dealt with through formal arrangements in line with country-specific legislation. There were no material data breaches reported during the year under review.

The Group has appointed Data Protection Managers in each of its divisions as well as at its Corporate Office to ensure compliance to the Group Privacy and Data Protection Policy and successful integration of data privacy into all its operations.

Switzerland

Hirslanden is committed to conducting its business in accordance with federal data protection legislation, ordinances and regulations as well as applicable cantonal legislation. The Swiss Data Protection Act as well as the Federal Data and Public Affairs Commissioner and the Cantonal Data Protection Authorities provide clear guidelines concerning sensitive personal data (e.g. patient data), cross-border concerns, organisational and technical measures, and the archiving and deletion of data or any related activities.

Since the GDPR came into force on 25 May 2018, an increased level of data protection is maintained. The main purpose of the GDPR is the protection of data subjects and their personal data. Due to the GDPR's extra-territorial scope and major changes in comparison to current legislation and regulations, data breach risks within Hirslanden have been analysed and proper implementation and management of data privacy governance have been enforced with the assistance of external advisors in order to manage operational and reputational risks and to avoid potential fines for non-compliance.

The Swiss Data Protection Act ("**Swiss DPA**") is currently under revision (current draft published 15 September 15) and will fundamentally align with the GDPR requirements. The new Swiss DPA is therefore expected to include key GDPR requirements such as more transparent data subject information and notices, the principle of "Privacy by Design", assuring that data is appropriately protected for any new initiative, a "Data Protection Impact Assessment" in relation to personal data and organisational processes,

and an active "data breach notification" to the authorities in case of a detected, qualified data breach. A "Privacy Policy" that facilitates awareness and training for employees and affiliated medical practitioners is being implemented. Also awareness and information sessions at Corporate Office level and in the hospitals have been held by supervisors and/or the Hirslanden Data Protection Officer. Cross border data flows have also been identified and contracts adapted to ensure that patient data is only sent across borders once it has been anonymised.

All patient consent forms are fully GDPR-compliant, including those of foreign patients.

Southern Africa

Mediclinic Southern Africa's Data Protection Officer ensures alignment of the Southern Africa Data Privacy project to that of the Group. The Southern Africa Data Privacy Steering Committee has done extensive work to identify personal data sets, work-flows and risk areas, and to take immediate steps to reduce the potential of personal data breaches. This has been – and is being – done in close alignment with the Group's Information Security Officer to ensure seamless integration into, for instance, the Cybersecurity Incident Response plan.

Data privacy awareness is a focus area for the year ahead, with senior managements already well involved in the project and raising of awareness throughout the business. The adaptation and adoption of work done by the Group is being project managed to avoid any undue delay in embedding data privacy in the daily operations whilst staying cognisant of local legal developments such as the Protection of Personal Information Act ("**POPIA**") and the Promotion of Access to Information Act ("**PAIA**"). Although Namibia has no specific legislation similar to GDPR, the work being done is aimed at achieving that standard.

UAE

Mediclinic Middle East has started their Data Privacy Project with the necessary governance structures and processes put in place to make use of lessons learned from the Group to ensure that they also comply with the requirements of the Group Privacy and Data Protection Policy.

Legislative developments such as the Law Concerning the Use of the Information and Communication Technology in the Area of Health ("**ICT Health Legislation**") published in March 2019, is also being taken into consideration to ensure immediate compliance to with the legislation, once effective.

OUR MATERIAL ISSUES (CONTINUED)

Support of external training institutions

The Group is committed to educational development in all three divisions and provides financial and other necessary support toward advancing healthcare education.

Switzerland

During the year, medical experts from Hirslanden provided lectures at external academic institutions. Collaboration between the University of Zürich and the Hirslanden hospital in Zürich facilitates in-hospital training of the medical students. Student courses were successfully presented during the year. A similar collaboration exists between the Hirslanden Klinik St. Anna and the University of Basel.

Southern Africa

Mediclinic Southern Africa provided funding in the form of bursaries and sponsorships to academic institutions to the value of R13.2m (2018: R9.7m) for existing employees as well as external candidates. This excludes the R5m which was contributed toward the Public Health Enhancement Fund.

UAE

In May 2016, Mediclinic Middle East signed an affiliation agreement with Mohammed Bin Rashid University of Medicine and Health Sciences (“**MBRUHS**”) for the training of medical students. In September 2019 the first group of 49 fourth year students from MBRUHS will commence their clinical clerkship in the Dubai facilities. They will be joining the Family Medicine, Surgery, Paediatrics, Internal Medicine and Dermatology Departments, in rotation, over a 40-week period.

In addition, Mediclinic Middle East also supports the Al-Jalila Children's Hospital Paediatric Residency Programme, a four-year postgraduate paediatric training programme, under the academic auspices of MBRUHS. The programme is accredited by the Saudi Board of Medical Specialties, which is in turn affiliated with CanMEDS, the Canadian board. Mediclinic City Hospital's participation in the programme started on 26 November 2018 in blocks of four weeks each. At any one time, the hospital has two residents on site gaining experience in the areas of outpatient paediatric care and well-baby clinics, as well as neonatology.

A new agreement was signed with Abu-Dhabi based Fatima College of Health Sciences (“**FCHS**”) on 2 May 2018. FCHS offers bachelors' degrees in health sciences such as

Nursing, Emergency Medical Services (Paramedics), Pharmacy, Medical Imaging (Radiology) and Physiotherapy. The intake of FCHS students began in January 2019 at Mediclinic Airport Road Hospital, and Mediclinic Al Ain Hospital and further placements will take place in September 2019.

Respecting human rights

The Group is committed to conducting its business in a manner that respects and promotes the human rights and dignity of people and avoids involvement in human rights abuses throughout its operations and relationships. This commitment is entrenched in the Group's Ethics Code, which is further supported by the Group's commitment to:

- avoid and not contribute to any indirect adverse human rights impacts that are directly linked to the Group's operations or services by its suppliers or other business relations;
- respect patients' rights, including but not limited to privacy, confidentiality, dignity, no discrimination, full information on health status and treatment, a second opinion, access to medical records, self-determination and participation, refusal of treatment and the right to complain;
- value diversity and equal opportunities for all in the workplace; and
- not tolerate any form of unfair discrimination, such as relating to access to employment, career development, training or working conditions, based on gender, age, religion, nationality, race/ethnic origin, language, HIV/AIDS status, family status, disability, sexual orientation or other form of differentiation.

During the year, no material incidents of discrimination, violations involving rights of indigenous peoples and/or human rights reviews or impact assessments were observed or reported throughout the Group.

Modern slavery and human trafficking

The Mediclinic modern slavery and human trafficking statement, which is available on the Company's website at www.mediclinic.com, 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 the year, Mediclinic has developed additional steps to strengthen its position in monitoring slavery and human trafficking activities, to ensure that these practices are not taking place in its supply chains.

OUR MATERIAL ISSUES (CONTINUED)

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 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.

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.

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 wishes to report a concern that requires further investigation.

Diversity

The Board's commitment to a diverse Board making good use of differences in the skills, geographic location, industry experience, background, race, gender and other characteristics of the Directors, is confirmed in the Company's Board Diversity Policy. The Board Diversity Policy contains four objectives to support the Board's commitment to achieving diversity, as set out below:

1. The Board will not impose quotas regarding diversity, although it will remain committed to achieving diversity in the composition of the Board and executive management.
2. The Nomination Committee will consider and make recommendations, if applicable, to the Board on its diversity objectives in respect of the Board and executive management annually.
3. In reviewing the composition of the Board and executive management, the Nomination Committee will, in addition to considering the balance of skills, experience, independence and knowledge of the Board, also consider the diversity of the Board.
4. In identifying suitable candidates for appointment to the Board, the Nomination Committee will assess candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board.



OUR MATERIAL ISSUES (CONTINUED)

The Nomination Committee Report included in the **2019 Annual Report** provides feedback on issues and challenges the Board is facing when considering the diverse composition of the Board and executive management.

The Group values diversity and provides equal opportunities in the workplace. The diversity representation (by race, gender and age) of the Group's most senior governing bodies, as well as direct reports to members of those governing bodies are provided in **Figures 26 to 27**.

FIGURE 26: DIVERSITY REPRESENTATION ON BOARD AND EXECUTIVE COMMITTEES

	TOTAL NO OF MEMBERS	RACE				GENDER				AGE			
		BLACK		WHITE		MALE		FEMALE		30-50 YEARS		> 50 YEARS	
		NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Mediclinic International Board	12	2 Board members of colour (17%)				9	75%	3	25%	2	17%	10	83%
Mediclinic International Executive Committee	9	n/a	n/a	n/a	n/a	8	89%	1	11%	2	22%	7	78%
Hirslanden Executive Committee	4	n/a	n/a	n/a	n/a	4	100%	-	-	2	50%	2	50%
Mediclinic Southern Africa Executive Committee	9	2	22%	7	78%	8	89%	1	11%	3	33%	6	67%
Mediclinic Middle East Executive Committee	9	n/a	n/a	n/a	n/a	7	78%	2	22%	5	56%	4	44%

FIGURE 27: DIVERSITY REPRESENTATION OF DIRECT REPORTS TO EXECUTIVE COMMITTEE MEMBERS

	TOTAL NO OF MEMBERS	RACE				GENDER				AGE			
		BLACK		WHITE		MALE		FEMALE		30-50 YEARS		> 50 YEARS	
		NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Mediclinic International Executive Committee	24	n/a	n/a	n/a	n/a	18	75%	6	25%	16	67%	8	33%
Mediclinic Southern Africa Executive Committee	71	17	24%	54	76%	45	63%	26	37%	39	55%	32	45%
Hirslanden Executive Committee	35	n/a	n/a	n/a	n/a	23	66%	12	34%	27	77%	8	23%
Mediclinic Middle East Executive Committee	62	n/a	n/a	n/a	n/a	41	68%	19	32%	42	70%	18	30%

Adequate procedures are in place to enable disabled applicants to receive training to perform safely and effectively and to provide development opportunities to ensure they reach their full potential. Where an individual becomes disabled during the course of employment, Mediclinic will seek to provide, wherever possible, continued employment on normal terms and conditions. Adjustments will be made to the environment and duties or suitable new roles within the Company will be secured with additional training where necessary.

Broad-based black economic empowerment ("B-BBEE") (South Africa)

Mediclinic Southern Africa's commitment to transformation within the South African context has culminated in a comprehensive review of our transformation strategy. Mediclinic has embarked on a transformation journey which is to embed a transformation strategy encompassing

diversity and inclusivity to meet business imperatives while ensuring that legislative compliance is maintained.

Mediclinic Southern Africa believes that Broad-Based Black Economic Empowerment is not simply aimed at redressing the wrongs of the past, but a pragmatic growth strategy that aims to realise the country's full economic potential. The organisation has achieved a Level 5 B-BBEE compliance recognition level and has embarked on a strategy to further improve this status.

As a corporate citizen Mediclinic is, however, aware that the scorecard merely gives guidance as to how transformation can be effected. Our transformation initiatives go well beyond scorecard compliance to embracing diversity and inclusivity. To this end we are currently working on various initiatives to illustrate our commitment to transformation beyond the B-BBEE certificate, toward collaborative transformation and inclusivity.

OUR MATERIAL ISSUES (CONTINUED)

Mediclinic Southern Africa's five-year (2018-2022) Employment Equity Plan was approved by the Department of Labour in November 2018. The most recent employment equity report ("EEA2") is summarised in **Figure 28 A and 28 B**. The Employment Equity report is in respect of Mediclinic Southern Africa employees, excluding the employees of wholly owned subsidiary ER24, which is registered as a separate employer with the Department of Labour. Namibian registered entities are also excluded from this report as the South African employment equity legislation is not applicable to Namibia.

The number of black employees increased year-on-year from 72.1% to 72.8% of total employees; and black management representation increased from 11.0% in 2006 to 29.0% in 2019, with a slight decrease between 2018 and 2019 (2018: 29.4%), based on Mediclinic Southern Africa's financial reporting period. Note that the decrease in percentage does not imply a decrease in heads as far as black managers are concerned.

FIGURE 28 A: MEDICLINIC SOUTHERN AFRICA'S SUMMARISED EMPLOYMENT EQUITY REPORT
(submitted in October 2018 to the South African Department of Labour)

OCCUPATIONAL LEVELS	MALE			FEMALE			FOREIGN NATIONALS		TOTAL
	AFRICAN COLOURED INDIAN		WHITE	AFRICAN COLOURED INDIAN		WHITE	MALE	FEMALE	
	TARGET	ACTUAL		TARGET	ACTUAL				
Top management	2	2	6	0	0	1	0	0	9
Senior management	4	4	21	0	0	11	0	0	36
Professionally qualified and experienced specialists and mid-management	67	66	143	98	102	247	4	1	563
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	377	374	197	2 622	2 677	2 205	214	204	5 871
Semi-skilled and discretionary decision-making	1 066	1 002	121	5 538	5 244	960	6	16	7 349
Unskilled and defined decision-making	220	182	15	279	180	5	1	0	383
Total permanent employees		1 630	503		8 203	3 429	225	221	14 211
		<div>Target exceeded</div>		<div>Target met</div>			<div>Target not achieved</div>		

OUR MATERIAL ISSUES (CONTINUED)

FIGURE 28 B: MEDICLINIC SOUTHERN AFRICA'S SUMMARISED EMPLOYMENT EQUITY REPORT (PERCENTAGES)

(submitted in October 2018 to the South African Department of Labour)

OCCUPATIONAL LEVELS	MALE			FEMALE			FOREIGN NATIONALS		TOTAL
	AFRICAN COLOURED INDIAN		WHITE	AFRICAN COLOURED INDIAN		WHITE	MALE	FEMALE	
	TARGET	ACTUAL		TARGET	ACTUAL				
Top management	22.22%	22.22%	66.67%	0.00%	0.00%	11.11%	0.00%	0.00%	100.00%
Senior management	11.43%	11.11%	58.33%	0.00%	0.00%	30.56%	0.00%	0.00%	100.00%
Professionally qualified and experienced specialists and mid-management	12.14%	11.72%	25.40%	17.75%	18.12%	43.87%	0.71%	0.18%	100.00%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6.47%	6.37%	3.36%	45.01%	45.60%	37.56%	3.65%	3.47%	100.00%
Semi-skilled and discretionary decision-making	13.59%	13.63%	1.65%	70.58%	71.36%	13.06%	0.08%	0.22%	100.00%
Unskilled and defined decision-making	36.97%	47.52%	3.92%	46.89%	47.00%	1.31%	0.26%	0.00%	100.00%
Total permanent employees		11.47%	3.54%		57.72%	24.13%	1.58%	1.56%	100.00%
		<div>Target exceeded</div>		<div>Target met</div>			<div>Target not achieved</div>		

Emiratisation (UAE)

Due to the expatriate nature of the population in the UAE the workforce of Mediclinic Middle East includes staff from multiple nationalities and cultures and therefore the current focus is more on gender diversity, especially at managerial level. The UAE Government is driving a programme called Emiratisation to promote the employment of UAE nationals in the private sector. Mediclinic Middle East has specific Emiratisation strategies aimed at the employment of UAE nationals with specific targets set for business units at division level, as further detailed on page 31.

OUR MATERIAL ISSUES (CONTINUED)

Corporate social investment (“CSI”)

The Group contributes to the well-being of the communities within which it operates by investing in continuing initiatives that address socio-economic problems or risks. It has established itself as an integral member of these communities, enriching the lives of many communities throughout Southern Africa, Switzerland and the UAE.

The Group’s CSI activities are structured around the improvement of healthcare through training and education, sponsorships, donations, employee volunteerism, public-private initiatives and joint ventures. Many of the Group’s initiatives relate to providing training and to the financial support of training. Due to the socio-economic conditions in Southern Africa, the majority of the Group’s CSI contributions are by Mediclinic Southern Africa.

Switzerland

During the year, Hirslanden invested CHF2.1m (2018: CHF2.3m) to offer medical and financial support to various programmes, projects and institutions, mainly in the scope of public health awareness, culture and medical partnerships with sport teams and events. Hirslanden acts as a valuable medical partner providing high-quality medical care such as emergency interventions, physiotherapy, check-ups and numerous specialised sport medical treatments.

Hirslanden supports Mercy Ships, an international charity which operates the largest non-governmental hospital ship in the world. For over three decades, Mercy Ships has been helping to improve the quality of life for people along the coasts of Africa. Hirslanden’s partnership with Mercy Ships will allow the aid organisation to benefit from our medical expertise and raising its profile in Switzerland.

Employees submitted applications for the mission to Guinea on the African Mercy, to be part of the effort to provide first-rate, free healthcare to people in need. While this is an unpaid mission, Hirslanden will provide financial support to the employees during the volunteer mission. In the prior year, 11 employees were part of this project and did provide their professional expertise to the 2018 African Mercy mission. The selection process has begun for the 2019 mission. For more information on this programme, please visit: <https://www.hirslanden.ch/mercy-ships>.

Southern Africa

Mediclinic Southern Africa’s operations are structured into three tiers. Tier 1 focuses on partnerships with government both provincial and national in terms of training for scarce skills and reducing the surgical backlogs with the state facilities the majority of its CSI spending is allocated to this area. Tier 2 focuses on partnerships with NGOs in health, sport, and education and welfare sectors. Tier 3 embodies employee volunteerism.

Over recent years the biggest portion of the investment has been to support South Africa’s National Department of Health with its Public Health Enhancement Fund. This joint initiative between the public and private sectors aims to increase the availability and the skills of public sector medical personnel for the benefit of the people of South Africa. The fund helps the country’s government to expand the intake of medical students, support postgraduate students pursuing health-related studies, build additional capacity in the management of tuberculosis, HIV and AIDS, and provide support to the Leadership and Management Academy for Health. During the year, Mediclinic Southern Africa contributed R5m toward the fund.

Following the success of the 2017/2018 financial year where over 100 surgical procedures were performed, Mediclinic Southern Africa has once again chosen to direct its CSI initiatives toward strengthening ties with the public health sectors across the country by addressing the surgical backlogs being experienced in the public hospitals. To date a further 120 surgical procedures have been undertaken on patients from the public sector’s waiting lists. Mediclinic previously conducted public-private initiatives with three provincial health departments (Western Cape, Free State and Limpopo). During this financial year relationships were formalised and extended to an additional three provincial health departments (Mpumalanga, Gauteng and KwaZulu-Natal). The pro bono procedures relieve the pressure on public surgical waiting lists at local and regional public hospital facilities. Mediclinic’s participation is based on shared capacity and expertise between the private and public healthcare sector. This shared capacity extends to the goodwill of the associated specialist at the participating Mediclinic hospital, who perform these surgical procedures on a pro bono basis.

OUR MATERIAL ISSUES (CONTINUED)

The CSI partnerships have been well received by the public, media and more specifically the public health sector. Mediclinic believes that these collaborations are sustainable and are valuable in developing a level of long-term collaboration between the private and public sector.

During the year, R27.8m was spent on CSI in Southern Africa, as set out in **Figure 29**. This figure includes contributions from both Mediclinic Southern Africa and ER24, a wholly owned subsidiary of Mediclinic.

Through our subsidiary ER24, Mediclinic Southern Africa provided emergency medical services and patient transport to indigent patients to the value of R16m. As part of its CSI initiatives, ER24 had conducted trauma counselling with approximately 580 learners in violence-plagued communities such as Khayelitsha in the Western Cape and Haythorne in KwaZulu-Natal.

In addition to division-wide CSI initiatives, Mediclinic Southern Africa's hospitals also provide annual and *ad hoc* sponsorships of community, school and regional sporting and cultural events, and take part in annual national health awareness days by providing free health screenings, discussions and workshops.

FIGURE 29: MEDICLINIC SOUTHERN AFRICA CSI EXPENDITURE (R)*

	2018	2019
Tier 1: Public Health Enhancement Fund	5 000 000	5 000 000
Tier 1: Surgical support in partnership with public hospitals	1 407 835	2 362 559
Tier 2: Value of donations to NGOs	1 477 860	3 186 368
Tier 3: Volunteerism	966 849	77 024
Operational costs	615 509	580 380
Emergency medical services (to indigent patients)	19 614 745	16 081 458
Trauma counselling project	235 400	480 486
Total	29 318 198	27 768 275

* Values expressed are in South African Rand.

UAE










Mediclinic Middle East is involved in various social and charitable community activities that support healthcare, welfare, education and sport. The division contributed AED1.42m (2018: AED1.0m) to event sponsorship and charitable activities during the reporting period which included AED725 700 of medical services from a provision of AED750 000 for the Al Jalila Foundation, an initiative set up by the Ruler of Dubai to support underprivileged children. CSI initiatives run by the division have included charity campaigns such as sponsorship of the Red Crescent Iftar tents initiative, free health screenings, health talks and awareness campaigns on particular health topics.

Individual units work at a local level to support causes of their choice, but at a corporate level Mediclinic Middle East takes part in major community events such as World Health Day, World Heart Day and World Diabetes Day with free health check-ups for the general public at all locations across Dubai.




ASSURANCE

Mediclinic accepts accountability to its stakeholders to present information that is relevant, accurate and reliable. The Group follows a combined assurance model, with assurance between management, internal audit and external assurance, as illustrated in **Figure 30**. The Group believes that these assurance methods provide the necessary independent assurance over the quality and reliability of those processes and the information presented. The different options and levels of external assurance available are continuously being considered to determine the way forward on external assurance.

FIGURE 30: COMBINED ASSURANCE

ASSURANCE OUTPUT*		BUSINESS PROCESSES ASSURED	PROVIDER/STANDARD
External calculation of carbon footprint based on carbon emissions data of Mediclinic Southern Africa		Carbon footprint calculation	Carbon Calculated
ISO 14001:2015 certification of 44 of Mediclinic Southern Africa's 52 hospitals		Environmental management system	British Standards Institute, as accredited by United Kingdom Accreditation Service ("UKAS")
COHSASA accreditation of 35 of Mediclinic Southern Africa's 37 participating hospitals		Quality standards of healthcare facilities	COHSASA which is accredited by ISQua
B-BBEE verification		Broad-based black economic empowerment	AQRate
ISO 9001:2015 certification of all Hirslanden hospitals and Hirslanden Corporate Office		Process and Quality management	Swiss Association for Quality and Management Systems ("SQS")
Self-assessment against EFQM Excellence Model by all Hirslanden hospitals and Hirslanden Corporate Office		Assessment against the EFQM Excellence Model, a framework for organisational management systems aimed at promoting sustainable excellence within organisations	EFQM Excellence Model
JCI accreditation and re-accreditation of all Mediclinic Middle East facilities (hospitals and clinics) is scheduled for mid-2019		Quality and safety of patient care	JCI Accreditation
All Mediclinic Middle East laboratories operating within Mediclinic hospital and clinic facilities are ISO 15189:2012 accredited, except the laboratory at newly-opened Mediclinic Parkview Hospital		Pathology laboratories of Mediclinic Middle East hospitals and clinics in Dubai, Abu Dhabi, Al Ain and Western Region	International Organisation for Standardisation ("ISO")
CAP re-accreditation of the laboratory of Mediclinic City Hospital is scheduled for 2019		Pathology laboratory of Mediclinic City Hospital	College of American Pathologists ("CAP")

* The flags indicate the division where the assurance process is in place.

Key:  = Hirslanden  = Mediclinic Southern Africa  = Mediclinic Middle East

GLOSSARY

TERM	MEANING
Act	the United Kingdom Companies Act of 2006, as amended
Annual Report	this annual report and financial statements for the reporting period ended 31 March 2019
Al Noor	the Al Noor Hospitals Group plc
Board or Board of Directors	the board of directors of Mediclinic International plc
CDLI	Carbon Disclosure Leadership Index
CDP	Climate Disclosure Project
CEO	Chief Executive Officer
CIS	Centre for Internet Security
Controllable Employee Turnover	Controllable employment terminations for all permanent employees are determined by a sub-set of 30 criteria, but specially excludes a sub-set of 21 criteria such as death, disability, dismissal due to operational requirements, family responsibility, poor health and retirement.
Company	Mediclinic International plc
CSI	corporate social investment
CSR	corporate social responsibility
CoBIT	Centre of Control Objectives for information technology
EHR	electronic health record
ERM	enterprise-wide risk management
ERP	enterprise resource planning
ESG	environmental, social and governance
Ethics Code	Company's Code of Business Conduct and Ethics
EU	European Union
Period under review/ Reporting period	the financial year ended on 31 March 2019
GDPR	General Data Protection Regulation
GRI Standards	the GRI Sustainability Reporting Standards issued in 2016 by the Global Sustainability Standards Board, which standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts
Group	Mediclinic International plc and its subsidiaries, including its divisions in Switzerland, Southern Africa and the United Arab Emirates
Group Executive Committee	the executive committee of Mediclinic International plc
Hirlanden	the Group's operations in Switzerland, trading under the Hirlanden brand, with Hirlanden AG as the intermediary holding company of the Group's operations in Switzerland
ICT	information and communications technology
JCI	Joint Commission International, an international quality measurement accreditation organisation, aimed at improving quality of care
JIBAR	Johannesburg Interbank Average Rate

GLOSSARY (CONTINUED)

TERM	MEANING
JSE	JSE Ltd, the stock exchange of South Africa based in Johannesburg
KPI	key performance indicator
Mediclinic	Mediclinic International plc
Mediclinic Middle East	the Group's operations in the UAE, trading under the Mediclinic brand, with Mediclinic Middle East Holdings (registered in Jersey) as the intermediate holding company of the Group's operations in Dubai and Abu Dhabi
Mediclinic Southern Africa	the Group's operations in South Africa and Namibia, trading under the Mediclinic brand, with Mediclinic Southern Africa (Pty) Ltd as the intermediary holding company of the Group's operations in South Africa and Namibia
MBRUHS	Mohammed Bin Rashid University of Medicine and Health Sciences
NIST	National Institute of Standards and Technology
NSX	the Namibian Stock Exchange based in Windhoek, Namibia
NHI	the South African National Health Insurance
Remgro	Remgro Ltd, a controlling shareholder of Mediclinic which through wholly owned subsidiaries held a 44.56% stake in the Company as at 31 March 2019.
UAE	United Arab Emirates
UK	the United Kingdom of Great Britain and Northern Ireland

COMPANY INFORMATION

COMPANY NAME AND NUMBER

Mediclinic International plc
(incorporated and registered in England and Wales)
Company number: 08338604

REGISTERED OFFICE

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Email: info@mediclinic.com
Website: www.mediclinic.com

LISTINGS

FTSE sector: Health Care Equipment & Services
ISIN code: GB00B8HX8Z88
SEDOL number: B8HX8Z8
EPIC number: MDC
LEI: 2138002S5BSBIZTD5I60
Primary listing: London Stock Exchange (share code: MDC)
Secondary listing: JSE Limited (share code: MEI)
Secondary listing: Namibian Stock Exchange (share code: MEP)

DIRECTORS

Dr Edwin Hertzog (*ne*) (*Chairman*) (*South African*), Dr Ronnie van der Merwe (*Chief Executive Officer*) (*South African*), Jurgens Myburgh (*Chief Financial Officer*) (*South African*), Dr Muhadditha Al Hashimi (*ind ne*) (*Emirati*), Jannie Durand (*ne*) (*South African*), Alan Grieve (*ind ne*) (*British and Swiss*), Dr Felicity Harvey (*ind ne*) (*British*), Seamus Keating (*ind ne*) (*Irish*), Danie Meintjes (*ne*) (*South African*), Dr Anja Oswald (*ne*) (*Swiss*), Trevor Petersen (*ind ne*) (*South African*), Desmond Smith (*Senior Independent Director*) (*South African*), Pieter Uys (*alternate to Jannie Durand*) (*South African*)

COMPANY SECRETARY

Link Company Matters Ltd (previously named Capita Company Secretarial Services Ltd)
Jayne Meacham/Caroline Emmet
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Head of Investor Relations
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COMPANY INFORMATION (CONTINUED)

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Namibia

Transfer Secretaries (Pty) Ltd
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PO Box 2401, Windhoek, Namibia
Tel: +264 61 227 647

CORPORATE ADVISORS

Auditor

PricewaterhouseCoopers LLP, London

Corporate broker and sponsors

Joint corporate brokers (UK): Morgan Stanley & Co International plc and UBS Investment Bank
JSE sponsor (SA): Rand Merchant Bank (a division of FirstRand Bank Ltd)
NSX sponsor (Namibia): Simonis Storm Securities (Pty) Ltd

Legal advisors

UK legal advisors: Slaughter and May
SA legal advisors: Cliffe Dekker Hofmeyr Inc.

Remuneration consultant

Deloitte LLP

Communication agency

FTI Consulting
Tel: +44 20 3727 1000
Email: businessinquiries@fticonsulting.com



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