

# **SUSTAINABLE DEVELOPMENT REPORT**

for the year ended 31 March 2016

# CONTENTS

1	<b>LETTER FROM THE CEO</b>
2	<b>REPORT OVERVIEW</b>
2	Scope
2	Reporting Guidelines
3	<b>CORPORATE OVERVIEW</b>
3	At a Glance
6	Business Model
8	<b>GOVERNANCE OF SUSTAINABLE DEVELOPMENT</b>
8	Management Approach
8	Governance Structure
9	<b>STAKEHOLDER ENGAGEMENT</b>
18	<b>OUR MATERIAL ISSUES</b>
19	Material Issue 1: Provide quality healthcare services
24	Material Issue 2: Address shortage of healthcare practitioners
34	Material Issue 3: Creating and sustaining shareholder value
36	Material Issue 4: Responsible use of natural resources
45	Material Issue 5: Governance and corporate social responsibility
50	<b>ASSURANCE</b>



This Sustainable Development Report is published as part of a set of reports by Mediclinic International plc ("**Mediclinic**") in respect of the financial year ended 31 March 2016, all of which are available on the Company's website at [www.mediclinic.com](http://www.mediclinic.com).



**Annual Report and Financial Statements 2016**



**Notice of Annual General Meeting 2016**



**Clinical Services Report 2016**



**Sustainable Development Report 2016**



**GRI G4 Disclosure Index 2016**

These reports were approved by the Company's Board on 25 May 2016 and will be available on the Company's website from the date of distribution of the Company's Notice of Annual General Meeting by no later than 21 June 2016.

---

## GLOSSARY

Please refer to the glossary of terms included in the **Annual Report** of Mediclinic for the financial year ended 31 March 2016.



---

## CONTACT US

We welcome the opinions of our stakeholders. For any suggestions or enquiries relating to this report, please contact:

Ms Léanne Heerink-Smit  
Mediclinic Offices, PO Box 456, Stellenbosch, 7599,  
South Africa  
Tel: +27 21 809 6500  
Fax: +27 21 886 4037  
E-mail: [lhs@mediclinic.com](mailto:lhs@mediclinic.com)  
Website: [www.mediclinic.com](http://www.mediclinic.com)

---

# LETTER FROM THE CEO

Throughout our three-decade history, Mediclinic has always taken a long-term view on delivering growth and creating long-term value in all its business operations in Southern Africa, Switzerland and the UAE. The period under review has seen significant developments in Mediclinic's growth through the acquisition of a 29.9% interest in the UK-based Spire Healthcare Group plc and the combination with LSE-listed Al Noor Hospitals Group plc (renamed to Mediclinic International plc), boosting our international presence, doubling the size of our UAE business in a fast-growing market and securing a listing on the LSE as a FTSE 100 constituent. Our growing international scale enables us to further unlock value, helping to share skills and best practice across the Group, bringing valuable synergies and cost-efficiencies.

While growth, profitability and creating shareholder value are certainly major strategic drivers in ensuring the sustainability of our business, this cannot be achieved unless the Group is also committed to offer efficient, effective, appropriate and evidence-based clinical services to its patients; follow ethical business practices, value its employees by following fair labour practices and offering competitive remuneration, training and development opportunities; respect the communities within which the Group operates and contributes to the well-being of society; and carefully manage its impact on the environment by focusing on its carbon footprint, use of energy and water resources and waste management.

Across all our operating platforms we seek to be the first choice for patient experience and to provide superior clinical outcomes. In support hereof, we continued to invest heavily in our people, their training, the facilities in which they operate and the technology they use. To measure ourselves, we have extended our investment in data collection and analytics using Press Ganey, an internationally

renowned external research group, to measure patient experience across our Southern African and Middle Eastern operations, with our Swiss operations to commence with a pilot project.

We remain confident about the long-term prospects of the Group, despite some challenges, which include:

- *affordability of healthcare remains a concern*  
The Group contributes in various way to a sustainable healthcare system by, *inter alia*, focussing 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.
- *availability of high-quality clinical staff*  
We aim to be an employer of choice and continue to invest in the training and development of our human capital to ensure that we attract and retain the necessary talent.
- *regulatory uncertainty*  
We pro-actively manage regulatory change and our health policy units conduct research and provide strategic input into reform processes.

In summary, we are proud of our long-standing ethical track record, we are investing in sustainable and high-quality healthcare, and we are consistently looking for new ways to enhance our environmental performance.



**Danie Meintjes**  
Chief Executive Officer



# REPORT OVERVIEW

This report is Mediclinic's 14th annual Sustainable Development Report for the year ended 31 March 2016. The purpose of this report is to inform our stakeholders of the five material sustainability issues we face across our operations; our progress in managing these issues; performance during the year; and planned initiatives for the coming year.

We report against each of our material issues by platform, as this is the level at which we implement our sustainability initiatives and collect performance data. Group-level data and initiatives are also included, where information is available.

## SCOPE

This report covers Mediclinic's operations in Southern Africa, Switzerland and the UAE.

On 15 February 2016 the combination of the businesses of Mediclinic International Limited and Al Noor Hospitals Group plc (renamed to Mediclinic International plc) was completed (the "**Combination**"). Given that the Al Noor management is still focussed on the integration of the Al Noor operations into our Mediclinic Middle East platform, limited information is provided in respect of the Al Noor business. Any data provided in respect of Mediclinic Middle East excludes Al Noor, unless specifically stated otherwise.

The report does not cover our 29.9% interest in the LSE-listed Spire Healthcare Group plc, based in the UK.

## REPORTING GUIDELINES

We report in accordance with the 'core' option of the G4 Sustainability Reporting Guidelines developed by the Global Reporting Initiative ("**GRI G4**"). The GRI G4 disclosure index (including additional disclosures), which identifies the location of the standard disclosures, is published on the Company's website at [www.mediclinic.com](http://www.mediclinic.com).



# AT A GLANCE

## WHO WE ARE

Mediclinic is an international private healthcare group founded in 1983, with operations in South Africa, Namibia, Switzerland and the United Arab Emirates. Subsequent to the Combination of Mediclinic International Limited and Al Noor Hospitals Group plc in February 2015, the Company's primary listing is on the London Stock Exchange, with secondary listings on the South African Stock Exchange and the Namibian Stock Exchange. The Group's registered office is based in London, United Kingdom.

## WHAT WE DO

Mediclinic is focused on providing acute care, specialist-orientated, multi-disciplinary healthcare services. Our core purpose is to enhance the quality of life of our patients by providing comprehensive, high-quality healthcare services in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by patients, doctors and funders of healthcare in each of its markets.

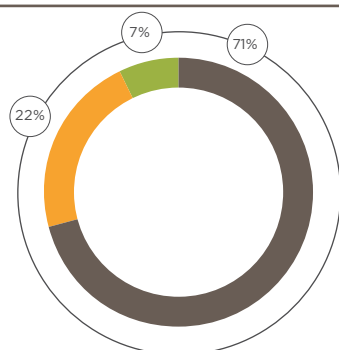
Following the Combination, the enlarged Mediclinic Group now boasts 73 hospitals and 45 clinics: Mediclinic Southern Africa operates 49 hospitals and two day clinics throughout South Africa and three hospitals in Namibia with more than 8 000 inpatient beds in total; Hirslanden operates 16 private acute care facilities and four clinics in Switzerland with more than 1 600 inpatient beds; and Mediclinic Middle East (including the Al Noor facilities) operates five hospitals and 39 clinics with more than 700 inpatient beds in the United Arab Emirates.

Mediclinic also holds a 29.9% interest in Spire Healthcare, a UK-based private healthcare group listed on the London Stock Exchange.

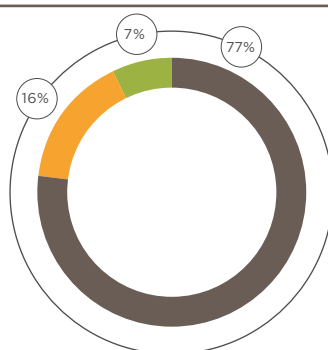
## OUR VISION

To be respected internationally and preferred locally.

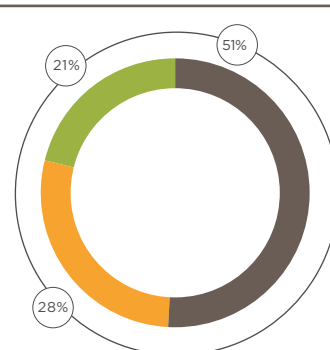
DISTRIBUTION OF THE GROUP'S  
**73 HOSPITALS**



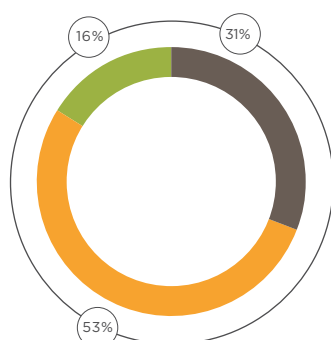
DISTRIBUTION OF THE GROUP'S  
**10 415 BEDS**



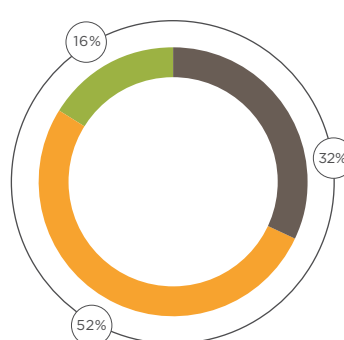
DISTRIBUTION OF THE GROUP'S  
**32 884 EMPLOYEES**



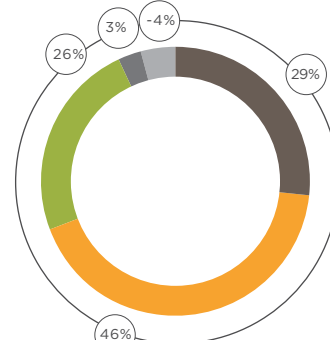
CONTRIBUTION TO GROUP  
UNDERLYING REVENUE (£'m)  
**TOTAL: £2 100m**



CONTRIBUTION TO GROUP  
UNDERLYING EBITDA (£'m)  
**TOTAL: £428m**



CONTRIBUTION TO GROUP  
UNDERLYING EARNINGS (£'m)  
**TOTAL: £219m**



■ Southern Africa





■ Switzerland

■ UAE

■ UK

■ Corporate

## AT A GLANCE (continued)

HOLDING COMPANY: MEDICLINIC INTERNATIONAL PLC (formerly Al Noor Hospitals Group plc)			
			
OPERATING PLATFORMS			
	MEDICLINIC SOUTHERN AFRICA	HIRSLANDEN	MEDICLINIC MIDDLE EAST
COUNTRY OF OPERATION	South Africa and Namibia	Switzerland	United Arab Emirates
BRANDS			
BUSINESS WEBSITES	<a href="http://www.mediclinic.co.za">www.mediclinic.co.za</a> <a href="http://www.mhr.co.za">www.mhr.co.za</a> <a href="http://www.medicalinnovations.co.za">www.medicalinnovations.co.za</a> <a href="http://www.er24.co.za">www.er24.co.za</a>	<a href="http://www.hirslanden.ch">www.hirslanden.ch</a>	<a href="http://www.mediclinic.ae">www.mediclinic.ae</a> <a href="http://www.alnoorhospital.com">www.alnoorhospital.com</a>
HOSPITALS AND CLINICS IN OPERATION	Operates 49 acute care private hospitals and two day clinics throughout South Africa and three hospitals in Namibia, with 8 017 beds in total. ER24 offers emergency transportation services from their 49 branches throughout South Africa.	Operates 16 acute care private hospitals with 1 677 beds and four clinics in Switzerland.	Mediclinic Middle East operates two acute care private hospitals and eight clinics in Dubai, UAE and two clinics in Abu Dhabi, UAE, with 371 beds in total. Al Noor operates three acute care private hospitals and 29 clinics, mainly in Abu Dhabi, UAE, with 350 beds in total.
NUMBER OF EMPLOYEES	16 832 (20 645 full-time equivalents, which includes 3 813 agency staff) (16 403 permanent and 429 non-permanent)	9 120 (which includes full-time and part-time permanent employees) (6 608 full-time equivalents)	Mediclinic Middle East: 2 507 Al Noor: 4 425
NATURE OF OWNERSHIP	Mediclinic Southern Africa (Pty) Ltd, a company registered in South Africa, is the holding company of the Company's operating platform in Southern Africa. It is 100% owned through wholly-owned subsidiaries (with most group operating companies partly owned and doctor shareholding in hospital investment companies).	Hirslanden AG, a company registered in Switzerland, is the holding company of the Company's operating platform in Switzerland. It is 100% owned through wholly-owned subsidiaries.	The holding company for the Mediclinic Middle East operations is Emirates Healthcare Holdings Ltd, a company registered in the British Virgin Islands, which is 100% owned through wholly-owned subsidiaries. The holding companies for the Al Noor operations are Al Noor Holdings Cayman Limited and ANMC Management Limited, companies registered in the Cayman Islands, which are 100% owned by the Company.

## UNITED KINGDOM

29.9% INVESTMENT IN  
SPIRE HEALTHCARE

UNITED ARAB  
EMIRATES

FIND OUT MORE ABOUT  
OUR UAE OPERATIONS  
ON PAGE **42** OF THE  
ANNUAL REPORT

## SWITZERLAND



FIND OUT MORE ABOUT OUR  
SWISS OPERATIONS ON PAGE **38**  
OF THE ANNUAL REPORT

## SOUTHERN AFRICA

FIND OUT MORE ABOUT  
OUR SOUTHERN AFRICAN  
OPERATIONS ON PAGE **34**  
OF THE ANNUAL REPORT

## HOW WE GOVERN OUR BUSINESS

Our governance structures are focused on maintaining and building a sustainable business and support our Our governance structures are focused on maintaining and building a sustainable business and support our commitment to be a responsible corporate citizen in every country and community in which the Group does business. The key elements of our governance structures include:

- ensuring good clinical outcomes and quality healthcare (see the Clinical Services Overview in the **Annual Report**, as well as the **Clinical Services Report** available on the Company's website for more information);
- maintaining strict principles of corporate governance, integrity and ethics (see the Corporate Governance Statement in the **Annual Report** for more information);
- effective risk management and internal controls (see the Risk Management Report in the **Annual Report** for more information);
- engaging with our stakeholders and responding to their legitimate expectations (see the stakeholder engagement section in the Sustainable Development Report available on the Company's website for more information);
- managing our business in a sustainable manner (see the Sustainable Development Highlights in the **Annual Report**, as well as the Sustainable Development Report available on the Company's website for more information); and
- offering our employees competitive remuneration packages based on the principles of fairness and affordability (see the Remuneration Report in the **Annual Report** for more information).



# BUSINESS MODEL

Our business model has resulted in consistent earnings growth, quality service delivery, manageable risks, and generally a business that sustains growth and value to all our stakeholders.

Our business model varies slightly in the three operating platforms. In Southern Africa our operations are supported by specialists who are not employed by the Group, but operate independently. This is a regulatory limitation in terms of the Health Professions Council of South Africa, which prohibits the employment of doctors by private hospitals, although permission has been obtained to appoint doctors in our emergency units. In Switzerland some of the supporting doctors are employed, while in the UAE the majority of the supporting doctors are employed.

## OUR VISION

In line with our vision to be respected internationally and preferred locally, we are focused on creating long-term value for our stakeholders and establishing Mediclinic as a leader in the international healthcare industry.

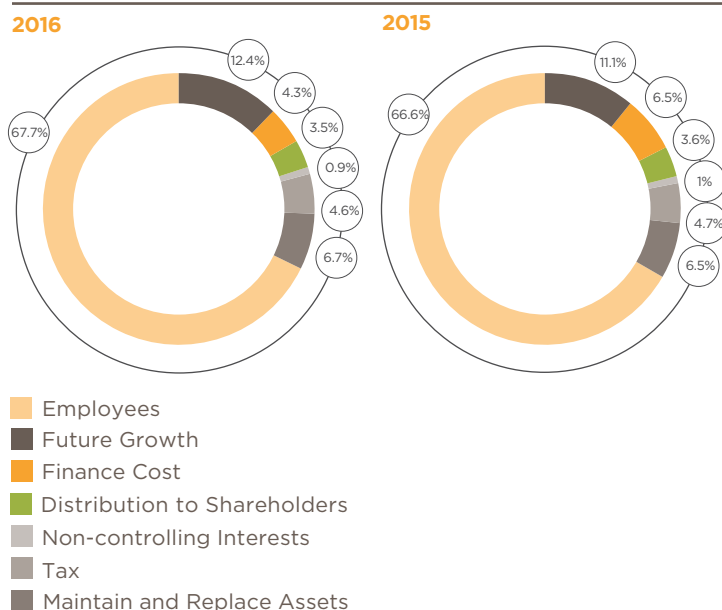
We will be respected internationally for:

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

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
- being a valued member of the community

## DISTRIBUTION OF VALUE



## BUSINESS INPUTS/RESOURCES

### Financial<sup>5</sup>

Mediclinic has a strong financial profile, underpinned by an extensive property portfolio. The Group has good access to capital and invests for growth, generating positive cash flow and a track record of good returns on its capital investments.

### Manufactured<sup>2</sup>

Mediclinic has a leading position in the key markets in which it operates. The Group owns, develops and operates 73 high-quality hospitals and 45 clinics, providing over 10 400 beds across three regions, utilising technology of an international standard.

### Human<sup>1</sup>

The Group employs over 32 800 permanent staff across its three platforms. During the year, the Group invested 3.6% of Mediclinic Southern Africa's payroll, 5.0% of Hirslanden's payroll and 0.3% of Mediclinic Middle East's payroll in training across all platforms, including extensive formal nurse training in Southern Africa.

### Intellectual<sup>2</sup>

Mediclinic has an experienced Board and management team with deep industry knowledge. The continued growth of Mediclinic is testament to the strong management team and their ability to execute the Group's strategy. The expertise of our clinical staff is a critical element of our business, allowing us to provide quality healthcare services.

### Social and relationships<sup>1</sup>

Mediclinic has excellent relationships with key stakeholders, regularly engaging with employees, funders, patients, supporting doctors, suppliers, governments and communities. It has a proven commitment to ensure a high standard of ethics, social responsibility, accountability, cooperation and transparency.

### Natural<sup>1</sup>

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

<sup>1</sup> Please see the stakeholder engagement table included on pages 9 to 17.

<sup>2</sup> Please see Material Issue 4: Responsible use of natural resources included on pages 36 to 44.

<sup>3</sup> Please see the **Clinical Services Report** available on the Company's website for further information.

<sup>4</sup> Please see the Financial Review included in the **Annual Report** for further information.



## HOW WE GENERATE VALUE

### INVESTING IN



#### Growth and expansion of the Group's world class facilities

The Group has a track record of investing in carefully selected capital projects that deliver satisfactory returns and has demonstrated the ability to integrate and extract value from acquisitions and expansions. Mediclinic builds and continuously improves its facilities across its platforms, investing in medical technology of an international standard to offer the best care possible.



#### Highly qualified staff

Continuous investment in the training and development of staff creates a highly trained workforce and talent pipeline. Our Global Reward Centre of Excellence ensures optimal remuneration practices across the Group. Integrated talent strategies are deployed to ensure proactive attraction and retention of scarce skills.



#### Improving efficiencies

A relentless focus on extracting efficiencies from key business processes, using resources as effectively as possible and driving cost savings and synergies across the Group, are critical to ensure that we deliver value for money.

### PROVIDING



#### Care

The Group's main business activity is caring for patients. Deep operational expertise delivers a seamless patient experience, underpinned by high-quality nursing care.

### DELIVERING VALUE TO



#### Patients

Through high-quality clinical outcomes, patient safety and integrated services.



#### Shareholders

Through growth in capitalisation and shareholders returns, with the balance of funds retained for investment in expansion.

## BUSINESS OUTCOMES

### Shareholder value

A focus on disciplined cost management and improving efficiencies has delivered a strong track record of growth in revenue and EBITDA with a final dividend to shareholders of 5.24 pence per share (refer to the Directors' Report included in the **Annual Report** for a record of dividends for the year by the Company and Mediclinic International Limited prior to the Combination).

### Quality healthcare services

All three platforms have seen an increase in inpatient admissions, benefiting from high quality clinical outcomes through the skill of Mediclinic's staff and supporting doctors and the standard of its facilities, generating high levels of patient satisfaction.

During the year, £264m (2015: £230m) was retained for future growth and to maintain and replace assets.

### Highly skilled workforce

Over £934m (2015: £870m) was paid to employees as remuneration and other benefits, alongside investment in the training and well-being of staff, creating a motivated and engaged workforce, both in clinical and business services.

### Government

The Mediclinic Group contributed over £63m (2015: £61m) in taxes and other state and local authority levies to the economies where it operates during the year.

### Society

Mediclinic makes an economic and social contribution to the communities where it operates with a corporate social investment of R11.8m by Mediclinic Southern Africa, CHF2.5m by Hirslanden and AED0.8m by Mediclinic Middle East during the year. The Company was ranked joint first position in the 2015 Climate Performance Leadership Index, focusing mainly on Mediclinic Southern Africa's environmental management.

# GOVERNANCE OF SUSTAINABLE DEVELOPMENT

## MANAGEMENT APPROACH

The Mediclinic Group is committed to being a good corporate citizen. This commitment is reflected in our business strategy, which focuses not only on our financial performance, but also on managing our social and environmental impacts and conducting our business fairly and ethically to ensure the business operates on a long term, sustainable basis.

We aim to embed high ethical standards and responsible business practices in the Company through our corporate values, principles and policies. The Group's Code of Business Conduct and Ethics, Sustainable Development Policy and Group Environmental Policy codify Mediclinic's commitment to conducting business responsibly and set out our approach to managing our resources sustainably.

To view the Group's policies, visit the governance section of the website at [www.mediclinic.com](http://www.mediclinic.com).

These policies are reviewed annually, with recommendations to the Board as part of the annual policy review.

## GOVERNANCE STRUCTURE

Prior to the Combination of Mediclinic International Limited and Al Noor Hospitals Group plc, the Social and Ethics Committee of Mediclinic International Limited assisted the Board in ensuring that the Mediclinic Group remained a responsible corporate citizen, by overseeing how the Group managed its sustainability issues and performing the statutory functions required of a Social and Ethics Committee under the South African Companies Act.

Although it is no longer a statutory requirement to operate such a committee, we recognise the importance of managing and regularly reporting on progress against our sustainability issues. Accordingly, a Clinical Performance and Sustainability Committee has been established as a committee of the Board to assist 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; and
- ensuring that the Group is, and remains, a good and responsible corporate citizen by monitoring the sustainable development performance of the Group.

The Clinical Performance and Sustainability Committee's report is included in the **Annual Report**.



Additionally, as part of its role to oversee audit, internal control and risk management, the Audit Committee is responsible for reviewing the principal risks to the Group, including those related to material sustainability issues. The Audit and Risk Committee is also responsible for ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

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

# STAKEHOLDER ENGAGEMENT

Mediclinic recognises its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance. Mediclinic's key stakeholders are those groups who have a material impact on, or are materially impacted by, Mediclinic and our operations. Our key stakeholders, methods of engagement, topics discussed or concerns raised are outlined in the stakeholder engagement table (Figure 1) on pages 9 to 17.



Effective communication with stakeholders is fundamental in maintaining Mediclinic's corporate reputation as a trusted and respected provider of healthcare services and positioning itself as a leading

international private healthcare group. We use a wide range of communication methods to engage with our stakeholders. Mediclinic's commitment to its stakeholders to conduct its business in a responsible and sustainable way, and to respond to stakeholder needs, is entrenched in the Group's values and supported by the Group Code of Business Conduct and Ethics. A wide variety of communication vehicles are used to engage with stakeholders, which serves as an impact assessment to assess stakeholders' needs and to effectively respond thereto. Stakeholders' legitimate expectations have been taken into account in setting our key sustainability priorities, as reported on throughout this report.

**FIGURE 1: STAKEHOLDER ENGAGEMENT**

## PATIENTS

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
The well-being of the Group's patients forms the cornerstone of its business; hence its core purpose is to enhance the quality of life of patients by providing comprehensive high-quality healthcare services in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by, among others, our patients.	<ul style="list-style-type: none"> <li>• Patient experience index</li> <li>• Systematic patient rounds during hospital stay</li> <li>• Websites and blogs</li> <li>• Comprehensive integrated social media</li> <li>• Hospital magazines with health-related information, such as the <i>Mediclinic Family</i> magazine in Southern Africa</li> <li>• Client alliance programmes aimed at increasing the value-added offering to patients. Examples include the Mediclinic Baby and Mediclinic Senior programmes in Southern Africa, and the Hirslanden Baby, Hirslanden Healthline and Hirslanden Privé programmes in Switzerland.</li> <li>• Patient experience programmes, such as the <i>Patient Journey</i> in Southern Africa</li> <li>• 24-hour helplines for medical and facility enquiries</li> <li>• Health awareness days with free health checks</li> <li>• Brochures with hospital-specific information</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of quality healthcare</li> <li>• Best possible clinical outcomes</li> <li>• Facilities and technology of international standard</li> <li>• Patient experience</li> <li>• Respecting the needs and satisfaction levels of patients</li> <li>• Access to facilities and affordability of healthcare</li> <li>• Health awareness and information</li> <li>• Patient and family engagement during the recovery process</li> </ul>	<ul style="list-style-type: none"> <li>• The quality and safety of patient care is a material issue for Mediclinic. See <b>Material Issue 1: Provide quality healthcare services</b> on pages 19 to 23, as well as the <b>Clinical Services Report</b> available on the Company's website.</li> <li>• Standardised patient experience index (see page 19), that will enable comparative measurement of patient satisfaction between the three operating platforms and benchmark them against international norms.</li> <li>• The Group contributes towards a sustainable healthcare system with improved access and affordability, especially in Southern Africa, 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.</li> <li>• Health information is communicated to patients through various media, such as the 24-hour helpline, health awareness days, assisting the South African Department of Health on heart and stroke, and diabetes campaigns.</li> </ul>



# STAKEHOLDER ENGAGEMENT (continued)

**FIGURE 1:** STAKEHOLDER ENGAGEMENT (continued)

DOCTORS			
STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>The supporting doctors are significant stakeholders in the Group and play a vital role in Mediclinic's commitment to quality care, while their freedom of association and clinical independence are simultaneously acknowledged. Any initiative to improve the quality of clinical care needs the support and engagement of the treating doctors. For this reason the Group is actively involved with various programmes to engage with our supporting doctors.</p>	<ul style="list-style-type: none"> <li>• Regular meetings with doctors</li> <li>• Doctor satisfaction surveys</li> <li>• Newsletters</li> <li>• Participation in hospital clinical committees</li> <li>• Dedicated doctor portals in Southern Africa and Switzerland, with CPE and patient demographics functionality being piloted</li> <li>• Continuous professional education events</li> <li>• Doctor participation in the hospital management through the boards of the various hospital subsidiary companies in South Africa</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of and access to facilities and equipment</li> <li>• Patient safety</li> <li>• Quality nursing care</li> <li>• Technology of international standard</li> <li>• Involvement in strategic clinical issues</li> <li>• Recruitment and retention of skilled doctors</li> <li>• Shortage of doctors</li> </ul>	<ul style="list-style-type: none"> <li>• A referral network model is in place where Group representatives meet regularly with doctors and their staff 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.</li> <li>• The continued focus on clinical quality, provision and maintenance of high-quality hospital infrastructure, excellent patient and doctor satisfaction levels, the development and training of staff to maintain and improve quality service delivery, support of external training institutions, and the recruitment and retention of staff are all elements of the key priorities set by the Group. See <b>Material Issue 1: Provide quality healthcare services</b> on pages 19 to 23, <b>Material Issue 2: Address shortage of healthcare practitioners</b> on pages 24 to 33, as well as the <b>Clinical Services Report</b> available on the Company's website.</li> </ul>





**EMPLOYEE AND TRADE UNIONS**

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>The Group's employees are a highly valued asset. The employees' trust and respect are vital to Mediclinic's success. Listening and responding to the Group's employee needs through effective communication and sound relations are important components in being regarded as an employer of choice among existing and prospective employees and vital to maintain an engaged, loyal workforce. It is further aimed at achieving a common awareness among employees of the financial and economic factors affecting the performance of the Company.</p>	<ul style="list-style-type: none"> <li>• Annual Your Voice employee engagement surveys through Gallup, an internationally recognised service provider</li> <li>• Internal communication audits as required</li> <li>• Staff magazines and newsletters, such as <i>Our World</i> in Southern Africa and <i>Apropos</i> in Switzerland</li> <li>• Intranet and social media</li> <li>• Annual employee performance reviews</li> <li>• Leadership video conferences</li> <li>• Annual trade union salary negotiations with recognised unions</li> <li>• Staff wellness and recognition programmes</li> <li>• Locality forum meetings to address employee concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Training and development of employees</li> <li>• Recognition and competitive remuneration</li> <li>• Freedom of association</li> <li>• Ethical leadership</li> <li>• Fair working conditions</li> <li>• Recruitment and retention of skilled staff</li> <li>• Shortage of nurses and skilled staff</li> <li>• For MCME, the integration of Al Noor</li> </ul>	<ul style="list-style-type: none"> <li>• Employee recruitment and retention, the development and training of staff, remuneration, and employee satisfaction and engagement are all elements of the material sustainability issued of the Group. See <b>Material Issue 2: Address shortage of healthcare practitioners</b> on pages 24 to 33, as well as the additional GRI G4 labour practices and decent work disclosures available on the Company's website.</li> <li>• Market-related salaries and benefits are offered to employees, based on the principles of internal equity, external equity and affordability.</li> <li>• Your Voice employee engagement survey across all operating platforms to measure levels of engagement, identify gaps at a departmental level and support line managers to implement action plans to address concerns.</li> </ul>



# STAKEHOLDER ENGAGEMENT (continued)

**FIGURE 1:** STAKEHOLDER ENGAGEMENT (continued)

## SUPPLIERS

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>In order to deliver Mediclinic's services it is dependent on a large and diverse range of suppliers, who form an integral part of the Group's ability to provide quality healthcare. Mediclinic believes in building long-term relationships with suitable suppliers, establishing a relationship of mutual trust and respect. The Group relies on its suppliers to deliver products and services of the highest quality in line with Mediclinic's standards.</p>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Contract negotiations</li> <li>• Service awards</li> <li>• Product demonstrations and evaluations</li> <li>• Training on product specifications</li> <li>• Visits to local and international trade fairs</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-effectiveness</li> <li>• Availability of products and services and ability to provide support</li> <li>• Compliance with applicable regulatory requirements and quality standards</li> <li>• Fair and transparent negotiations</li> <li>• Timorous payments</li> <li>• Appropriateness of technology</li> <li>• Training of staff and users</li> </ul>	<ul style="list-style-type: none"> <li>• The Group is focused on streamlining and centralising our procurement processes to improve efficiency and cost-effectiveness. See <b>Material Issue 1: Provide quality healthcare services</b> on pages 19 to 23, as well as the additional GRI G4 supply chain disclosures available on the Company's website.</li> <li>• Formal procurement processes apply, regarding tenders, contracting and preferred supplier agreements.</li> <li>• Mediclinic has initiated international procurement initiatives with the aim of unlocking synergies and implementing standardisation for the greater benefit of the Group.</li> <li>• The Group is implementing its strategy to rationalise the number of suppliers to enable growth with selected key partners and thereby strengthen negotiations.</li> <li>• The Modern Slavery Act 2015 was considered during the year. 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 which would lead to possible risk of human trafficking. Although we are confident that the risk is minimal, a risk assessment and due diligence will be conducted amongst the Group's major suppliers during the year ahead. A link to the Company's slavery and human trafficking statement can be found on the home page of the Company's website at <a href="http://www.mediclinic.com">www.mediclinic.com</a>.</li> </ul>



## HEALTHCARE FUNDERS

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
All role players in healthcare funding, such as the medical 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.	<ul style="list-style-type: none"> <li>Regular meetings regarding possible cost savings, clinical quality and healthcare delivery improvements</li> <li>Annual tariff negotiations</li> </ul>	<ul style="list-style-type: none"> <li>The quality of care rendered in hospitals and patient satisfaction with the service rendered</li> <li>Integrated clinical services</li> <li>The price/cost of healthcare in private hospitals</li> <li>Hospital network arrangements, which limit the members' choice of hospitals in exchange for a reduced tariff from the hospitals</li> </ul>	<ul style="list-style-type: none"> <li>See <b>Material Issue 1: Provide quality healthcare services</b> on pages 19 to 23, as well as the <b>Clinical Services Report</b> available on the Company's website.</li> <li>Various initiatives on transforming from an infrastructure provider to a healthcare systems provider have been implemented by all operating platforms, as further detailed in the <b>Clinical Services Report</b> available on the Company's website.</li> <li>See Market Overview included in the <b>Annual Report</b>.</li> <li>Tariff negotiations with funders are conducted in a transparent and fair manner.</li> <li>In terms of quality and patient safety, Mediclinic shares relevant studies and information to address healthcare funder concerns.</li> </ul>



# STAKEHOLDER ENGAGEMENT (continued)

**FIGURE 1:** STAKEHOLDER ENGAGEMENT (continued)

GOVERNMENT AND AUTHORITIES			
STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>Our business model relies on full compliance healthcare and other regulation. The Group engages with various government bodies on a continuous basis.</p> <ul style="list-style-type: none"> <li>In Southern Africa, key government bodies include the national and provincial Departments of Health ("DoH"), 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, South African Federation of Hospital Engineering, and the Clinical Engineering Association of South Africa</li> <li>In Switzerland key government bodies include the federal and cantonal government and healthcare authorities</li> <li>In the UAE key government bodies include the Ministry of Health, Dubai Healthcare City, Dubai Health Authority, Health Authority of Abu Dhabi and the Nursing and Midwifery Council</li> </ul>	<ul style="list-style-type: none"> <li>Licence applications</li> <li>Inspection of facilities</li> <li>Approval of building plans</li> <li>Active engagement on healthcare legislation</li> <li>Regular meetings</li> <li>Representation on government bodies, e.g. Mediclinic Southern Africa's Nursing Executive serves on the Nursing Council and the Pharmacy Executive serves as vice president of the Pharmacy Council</li> <li>Mediclinic Middle East is represented on the newly established industry committees on clinical quality and price regulation established by the Dubai Health Authority</li> </ul>	<ul style="list-style-type: none"> <li>Cost of private healthcare</li> <li>National Health Insurance in South Africa</li> <li>Addressing training needs and skills shortage</li> <li>Collaborative initiatives to improve patient safety</li> <li>Regulatory reform relating to hospital planning, highly specialised medicine and health insurance in Switzerland</li> <li>Healthcare provider price regulation in the UAE</li> <li>Regulated eHealth initiatives in the UAE</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>An overview of the market and regulatory environment in each operating platform is included in the Market Overview included in the <b>Annual Report</b>. </li> <li>No financial assistance is received from government by any of the Group's operating platforms.</li> <li>Political donations are prohibited in terms of out Code of Business Conduct and Ethics, unless pre-approved by the Board or Executive Committee. See the Directors' Report in the <b>Annual Report</b>. </li> <li>Mediclinic Southern Africa is assisting the DoH with several of their initiatives, including the development of staffing norms for all categories of staff in public hospitals, the rollout of the National Nursing Strategy and the <i>Best Care... Always!</i> initiative, a collaborative quality initiative to promote patient safety between the public and private sector.</li> <li>All available information pertaining to the government's planned implementation of a National Health Insurance ("NHI") to provide healthcare to all citizens in an equitable manner is monitored closely. Mediclinic continues to support the underlying principle of universal coverage through the creation of an NHI system.</li> <li>Mediclinic Southern Africa participates in working groups through various associations to develop health technology regulations relating to the management of healthcare.</li> <li>The nursing directors at Mediclinic Middle East's hospitals are part of the UAE Chief Nursing Officers group, which reviews strategic direction and planning for UAE nursing.</li> </ul>







## INDUSTRY ASSOCIATIONS

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>Mediclinic Southern Africa is a member of HASA, the Hospital Association of South Africa, 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 90% of the private hospital industry in South Africa.</p> <p>Hirslanden is an active member of PKS (Privatkliniken Schweiz), the association of Swiss private hospitals, as well as H+ (H+ Die Spitäler der Schweiz), the hospital association for public and private hospitals in Switzerland. Two senior Hirslanden management members serve on the board of PKS.</p> <p>There are currently no relevant industry associations in the UAE.</p>	<ul style="list-style-type: none"> <li>• Membership of industry associations and representation on governing bodies</li> <li>• Participation in research commissioned by associations</li> <li>• Participation in conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing the gap in public knowledge regarding the realities and challenges facing private healthcare</li> </ul>	<ul style="list-style-type: none"> <li>• HASA regularly commissions research, which ensures that the information communicated to the public is accurate and thoroughly investigated by credible independent specialists.</li> <li>• Through industry association membership in Switzerland, Hirslanden plays an active role in shaping the Swiss hospital industry as well as associated legislation and regulation.</li> </ul>

# STAKEHOLDER ENGAGEMENT (continued)

**FIGURE 1:** STAKEHOLDER ENGAGEMENT (continued)

INVESTORS			
STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
<p>Mediclinic's primary objective is to create value for our 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.</p>	<ul style="list-style-type: none"> <li>Financial results reporting</li> <li>Results presentations</li> <li>RNS and SENS announcements</li> <li>Corporate website</li> <li>Analyst meetings</li> <li>Shareholder meetings</li> <li>Investor roadshows by senior executives</li> </ul>	<ul style="list-style-type: none"> <li>Continued growth and financial sustainability</li> <li>Responsible investment proposition</li> <li>Clear and transparent reporting</li> <li>Competent leadership with ethical culture</li> <li>LSE primary listing and secondary listings on the JSE and NSX during 2016</li> </ul>	<ul style="list-style-type: none"> <li>Responsible investment proposition. Refer to the Investment Case included in the <b>Annual Report</b>. </li> <li>Consistent performance. Refer to the Financial Review and the Annual Financial Statements included in the <b>Annual Report</b>. </li> <li>Ethical leadership. Refer to our report on ethics and compliance included in the Corporate Governance Statement of the <b>Annual Report</b>. </li> <li>Firm protocols are in place to control the nature, extent and frequency of communication with the investment community, and to ensure that shareholder information is made available to all parties timeously and simultaneously. Relevant information is published on the Company's website.</li> <li>The Group interacts openly on regulatory and other key topical matters with its shareholders at its shareholder and analyst meetings.</li> <li>Remgro, as a principal shareholder, is represented on the Company's Board of Directors in terms a Relationship Agreement, further detailed in the <b>Annual Report</b>. </li> </ul>

## COMMUNITY

STAKEHOLDER RELEVANCE	METHODS OF ENGAGEMENT	KEY TOPICS AND CONCERNS	GROUP'S RESPONSE TO STAKEHOLDER EXPECTATIONS
Mediclinic is committed to long-term relations with the communities within it operates and follows a policy based on mutual understanding, trust and reliability. Significant investments in healthcare education is made annually.	Public Health Enhancement Fund in South Africa Training and education Sponsorships and donations Staff volunteering Public private initiatives and joint ventures	Improvement of public healthcare training in South Africa  Development and upliftment of communities within which the Group operates  Health awareness	See <b>Material Issue 2: Address shortage of healthcare practitioners</b> (in particular relating to training and development) on pages 24 to 33; and <b>Material Issue 5: Governance and corporate social responsibility</b> on pages 45 to 49.  An overview of our community involvement is also included in the Divisional Reviews included in the <b>Annual Report</b> .



## MEDIA

The media acts as an intermediary between the Mediclinic and its stakeholders on company and industry developments and helps to position Mediclinic as the opinion leader in private healthcare.	<ul style="list-style-type: none"> <li>• Media releases</li> <li>• Press conferences</li> <li>• Interviews and responses to media enquiries</li> <li>• Paid advertisements</li> <li>• Monitoring of industry-related news and proactive response</li> <li>• Social media – Twitter and YouTube</li> <li>• The <i>Future of Healthcare</i> blog</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of accurate information</li> <li>• Respond to media enquiries</li> </ul>	<ul style="list-style-type: none"> <li>• The blogsite, <i>The Future of Healthcare</i>, which is an integral part of the group's social media strategy, contains media statements and other material pertaining to the NHI and other healthcare-related issues. It also serves to inform the media of innovative treatments and procedures that take place at our hospitals.</li> <li>• Dedicated communication strategies developed for major industry affairs issues.</li> <li>• A range of active media events were held during the year by each operating platform.</li> <li>• Hirslanden's media ticketing system implemented at group level assists with the management and organising of media contacts and media enquiries.</li> </ul>
--	---	--	--

# OUR MATERIAL ISSUES

As a result of its operations, Mediclinic has many economic, social and environmental impacts including creating employment opportunities, training and developing employees, black economic empowerment in South Africa, investing in local communities and using natural resources.

In order to focus our reporting on material issues, the Group undertook a materiality assessment in 2014, which is reviewed annually, to identify those sustainable development issues which are most significant for the business, and directly affect the Group's ability to create value for our key stakeholders. The guidance on determining materiality contained in the GRI G4 Sustainability Reporting Guidelines and the International Integrated Reporting Framework was used during the materiality assessment. The process was also informed by the views, concerns and expectations of our key stakeholders as set out in the stakeholder engagement table on pages 9 to 17 (Figure 1).



We then categorised these issues and the associated performance indicators according to the six capitals (financial, manufactured, intellectual, human, social and relationship, and natural) included in the International Integrated Reporting Framework, as illustrated in Figure 2.

The materiality assessment identified the following five focus areas, which remain unchanged from last year's report:

- Provide quality healthcare services
- Address shortage of healthcare practitioners
- Creating and sustaining shareholder value
- Responsible use of natural resources
- Governance and corporate social responsibility

We report on these issues in more detail in the following sections of the report.

**FIGURE 2: MATERIALITY ASSESSMENT MATRIX**





## MATERIAL ISSUE 1: PROVIDE QUALITY HEALTHCARE SERVICES

### WHY THIS IS IMPORTANT TO THE BUSINESS

Our business is guided by our “patients first” ethos – aiming to enhance the quality of life of our patients by providing comprehensive, high-quality healthcare services, and positioning us as the healthcare provider of choice for patients. Our reputation as a respected and trusted provider of quality healthcare services also helps us to attract and retain high quality healthcare practitioners, including doctors and nurses.

To ensure we are consistently delivering high quality healthcare, we have put a strong clinical governance programme in place across our platforms. This programme measures and benchmarks our clinical performance in order to guarantee a standardised quality of care for all our patients, ensure patient safety and satisfaction, and identify opportunities to improve our healthcare services and facilities.

### KEY STAKEHOLDERS

- Patients
- Doctors
- Healthcare funders
- Industry associations

### RISKS TO THE BUSINESS

- Poor clinical outcomes and service
- Medical malpractice liability
- Reputational damage
- Inability to recruit and retain healthcare practitioners

### MITIGATION OF RISKS

- Monitoring of clinical performance indicators
- A group-wide clinical risk register is implemented per platform
- Accreditation processes
- Clinical governance processes

### SELECTED KEY PERFORMANCE INDICATORS

#### MORTALITY\* (PER CALENDAR YEAR)

Southern Africa	<b>1.02</b> inpatient mortality index (2014: 1.04)	↓
Switzerland	<b>1.01%</b> inpatient mortality rate (2014: 0.93%)	↑
UAE	<b>0.18%</b> inpatient mortality rate (2014: 0.16%)	↑

\* Whilst Mediclinic Southern Africa reports a mortality index, Hirslanden and Mediclinic Middle East report on the unadjusted mortality rate and not the standardised mortality index. Further, the results of the platforms are not directly comparable as the platforms differ significantly on the scope of services provided, burden of disease, units of measurement and definition of indicators.

#### FALL RATE\* (PER 1 000 PATIENT DAYS) (per calendar year)

Southern Africa	<b>1.14</b> (2014: 1.10)	↑
Switzerland	<b>2.1</b> (2014: 2.5)	↓
UAE	<b>0.3</b> (2014: 0.5)	↓

\* The results of the platforms are not directly comparable as the platforms differ significantly on the scope of services provided, burden of disease, units of measurement and definition of indicators.

#### RE-ADMISSION RATES\* (per calendar year)

Southern Africa	<b>7.7</b> 30-day re-admission rate (all causes) (2014: 7.5)	↑
Switzerland	<b>1.28</b> 15-day unscheduled re-admission rate (2014: 1.44)	↓
UAE	<b>1.3</b> 30-day related re-admission rate (2014: 1.7)	↓

\* The results of the platforms are not directly comparable as the platforms differ significantly on the scope of services provided, burden of disease, units of measurement and definition of indicators.

#### PATIENT SATISFACTION AND EXPERIENCE\*

Southern Africa	<b>82%</b> (2015: 81%)	↑
Switzerland*	<b>94%</b> (2015: 95%)	↓
UAE	<b>80%</b> (2015: 81%)	↓

\* The results of Hirslanden are not comparable with the results of Mediclinic Southern Africa and Mediclinic Middle East as the standardised Patient Experience Index has not been rolled out to Hirslanden. The results of Hirslanden are based on the ANQ (the Swiss National Association for Quality Development) satisfaction survey.

#### CAPITAL INVESTMENTS ON PROJECTS, NEW EQUIPMENT AND REPLACEMENT OF EQUIPMENT

Southern Africa	<b>R1 075m</b> (2015: R1 437m)	↓
Switzerland*	<b>CHF144m</b> (2015: CHF142m)	↑
UAE	<b>AED203m</b> (2015: AED100m)	↑

# OUR MATERIAL ISSUES (continued)

## APPROACH AND PERFORMANCE

MEASURE	PERFORMANCE HIGHLIGHTS
<p><b>Patient safety, quality care and clinical outcomes, focusing on:</b></p> <ul style="list-style-type: none"> <li>• Mortality</li> <li>• Safety</li> <li>• Extended stay and re-admissions</li> <li>• Clinical governance</li> <li>• Confidentiality of patient information</li> <li>• Doctor recruitment and doctor satisfaction</li> </ul>	<p><b>Group</b></p> <p>Across all our operating platforms, we are focused on providing superior clinical outcomes, delivering a standardised quality of service and improving patient safety. To meet these objectives, we have adopted a Group-wide clinical quality programme which focuses on:</p> <ul style="list-style-type: none"> <li>• clinical governance to ensure patient safety and quality improvement;</li> <li>• clinical information management to enable clinical performance measurement and deal with systems to support the clinical care process, including electronic patient records; and</li> <li>• clinical services development dealing with the development of new coordinated care models, investigating new service lines and keeping abreast of technological developments.</li> </ul> <p>Key patient safety indicators are monitored across our operations. Patient safety surveys are regularly undertaken to measure and identify areas for improvement. All management members are trained in the basic principles of patient safety and quality improvement. Patient safety officers have been appointed on all platforms to lead the patient safety initiative.</p> <p>Multi-disciplinary clinical committees at hospital level have been established throughout the Group to drive quality and safety and promote cooperation between doctors, nursing staff and management.</p> <p>Checklists, and especially the “Safe Surgery Checklist”, have been implemented across the organisation in line with recommendations from the World Health Organisation (WHO) and the Joint Commission International (JCI), and are believed to significantly contribute to patient safety.</p> <p>Additionally, structured clinical audits are undertaken on all platforms and aid in identifying areas of focus going forward. Clinical outcomes are benchmarked internally as well as through participation in a number of external initiatives, including:</p> <ul style="list-style-type: none"> <li>• the Vermont Oxford Network aimed at measuring and improving the quality of care in neonatal intensive care units (Southern Africa and the UAE);</li> <li>• the Adult Cardiothoracic Database aimed at measuring and improving the clinical outcomes of cardiothoracic surgery (Southern Africa and the UAE); and</li> <li>• APACHE (all platforms, in different versions) a hospital mortality prediction methodology for adult intensive care patients, used to evaluate the quality of care in this complex setting.</li> </ul> <p>For more information on the Company’s approach and clinical performance, please refer to the <b>Clinical Services Report</b> available on the Company’s website at <a href="http://www.mediclinic.com">www.mediclinic.com</a>.</p>



## MEASURE

## PERFORMANCE HIGHLIGHTS

**Patient satisfaction  
and experience****Group**

In line with our “patients first” ethos and to ensure operational excellence across all platforms, we monitor our patients’ experience across the Group.

In 2014 the Group created a single, standardised Patient Experience Index (“PEI”) with the objective of achieving incremental and sustainable improvement of the patient experience over time. This is managed by Press Ganey, an internationally recognised patient experience measurement and management agency. The index has been implemented in Mediclinic Southern Africa and Mediclinic Middle East since October 2014, and will be rolled out across Hirslanden and Al Noor in the course of the year ahead. Since implementation of the PEI, we have improved our survey response rates and implementation of follow-up actions as follows:

- More than 30 000 surveys received to date
- More than 450 training interventions
- 80% of e-surveys are completed within the first week
- Average e-survey response rate is 21%
- Average email capturing rate on admission is 64%. This has doubled in a year.
- 10 improvement opportunities have been designated for every hospital

Corporate initiatives as a result of feedback from the surveys include: the critical re-evaluation of hospital food services with a strong clinical link; providing all staff within the Group with enhanced skills for dealing with patients; and a focus on patient engagement by involving the patient and family members in the treatment process. Noise reduction and effective medication counselling also remain a focus, with continued reinforcement around the service elements designed to reduce anxiety and instil feelings of safety with all our patients.

Refer to page 19 for the patient satisfaction level of Hirslanden based on the ANQ (Swiss National Association for Quality Development; and the Patient Experience Index of Mediclinic Southern Africa and Mediclinic Middle East.

**Southern Africa**

Mediclinic Southern Africa’s Patient Journey strategy is designed to enhance the patients’ experience and their quality of care. A National Patient Experience Manager steers this strategy, supported by a corporate office Patient Experience department, with a dedicated person in most of the Southern African hospitals. Their responsibility is to look specifically at managing the outcomes and opportunities established through our patient feedback mechanisms – including the Patient Experience Index. There is a focus on interventions that are common to all hospitals while each individual hospital has structures in place to focus on the items regarded as important by their own patients.

As a result of the feedback we have received, the Patient Journey strategy is currently focussing on improving the softer skills of staff. To date all hospitals have participated in a Complaint Resolution process, and 7 500 staff from every management team in all 52 hospitals have taken part in a day-and-a-half workshop on “Leading the Patient Experience”. We aim to involve all hospital staff in a one day programme on Managing the Patient Experience by the end of the 2016 financial year.

**Switzerland**

Hirslanden’s patient satisfaction survey is currently based on the ANQ (Swiss National Association for Quality Development) satisfaction survey. The Group’s Patient Experience Index will be rolled out to Hirslanden during the year ahead.

**UAE**


Patient satisfaction surveys are carried out in all Dubai-based Mediclinic Middle East facilities using the PEI. Individual ‘red flag’ patient surveys are also carried out in various departments at Mediclinic Welcare Hospital and Mediclinic City Hospital in order to identify and rectify immediate issues.

A modified version of the Mediclinic Baby client alliance programme was launched during the financial year.

Patient satisfaction surveys at Al Noor are conducted at each facility at the time of visit via a short iPad-based questionnaire. It is anticipated that the Press Ganey Patient Experience Index will also be rolled out to Al Noor in due course to allow patient satisfaction results to be benchmarked across the Group.



# OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS
 <b>Facilities and equipment</b>	<p><b>Group</b></p> <p>To ensure a safe and user-friendly environment for both our patients and employees, we strive to provide high-quality healthcare facilities and technology, focussing 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 our facilities and the replacement of existing equipment, as well as on the repair and maintenance of existing property and equipment. For further information, please refer to <b>Material Issue 3: Creating and Sustaining Shareholder Value</b> on pages 34 to 35.</p>
<b>Cost of healthcare</b>	<p><b>Group</b></p> <p>The Group contributes in various way to a sustainable healthcare system by, <i>inter alia</i>, focussing 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.</p> <p>We are focused on streamlining and centralising our procurement processes to improve efficiency and cost-effectiveness. During the year, good progress was made on a range of international procurement initiatives including:</p> <ul style="list-style-type: none"> <li>• classification and matching of products used across all our operating platforms to compare prices and drive procurement strategies;</li> <li>• better prices through pooling of capital equipment purchases across the three platforms;</li> <li>• volume bonus agreements with key capital equipment suppliers; and</li> <li>• direct importing and distribution of more cost-effective surgical and consumable products.</li> </ul> <p><b>Southern Africa</b></p> <p>Mediclinic Southern Africa has embarked on various initiatives to ensure the ongoing affordability and sustainability of private healthcare, this despite the fact that the input costs of providing hospital services increase in excess of the consumer price index annually. These initiatives are aimed at responsibly lowering the total cost of healthcare experienced by the funders of hospital services.</p> <p>Private healthcare funding in South Africa is principally provided through medical schemes and a consolidation in the medical schemes market over time has led to an increase in their bargaining power. Growth in the medical scheme market has slowed down in recent years with the number of new lives joining medical schemes decreasing from approximately 250 000 in 2010 (growth rate of 3.1%) to approximately 31 000 in 2014 (growth rate of 0.4%<sup>1</sup>), and based on the latest quarterly report of the South African Council for Medical Schemes the total beneficiaries decreased by 0.3% from 31 December 2014 to 29 000 at 30 September 2015.</p> <p><sup>1</sup> Source: Council for Medical Schemes Annual Reports.</p> <p>The total cost of healthcare encompasses hospital services, associated and allied services. Mediclinic Southern Africa has accordingly, recognised its responsibility to engage with all service providers in order to align endeavours with “bending the cost curve”. Mediclinic is therefore investing to enhance its data analytics capabilities with a view to facilitating targeted action in achieving this objective.</p> <p>Mediclinic continues to participate in the collaborative market research done by the CMS Industry Technical Advisory Panel (“ITAP”) founded in 2012. One of ITAP’s key projects is to analyse the drivers of inflation in medical scheme contributions. ITAP has found the increase in utilisation of healthcare services to be a significant component of medical inflation. The rise in the utilisation of healthcare is attributable to the deterioration in the health profile of the medical scheme population, which is seen in the growing prevalence of chronic diseases among beneficiaries of medical schemes. ITAP has also been working in collaboration with HASA towards standardising the definitions used to measure hospital utilisation to ensure that the data published in the CMS annual report is more accurate than it has been in previous years. Credible utilisation data is imperative for monitoring trends and to understand the source of changes in utilisation patterns. This data will also allow stakeholders to calculate the impact of changes in utilisation on healthcare inflation and will allow for better governance of the industry.</p>



## MEASURE

## PERFORMANCE HIGHLIGHTS

Cost of healthcare  
(continued)**Switzerland**

Hirslanden's centralised medical store, Zenlopp, strives to streamline the range of expendable materials used in the hospitals and to achieve greater efficiency through economies of scale. In general, Hirslanden aims to reduce the cost of healthcare by standardising processes and organisational structures in various fields of activity.

Hirslanden has contracted with 80 funders relating to tariff determination. These contracts cover about 95% of all admissions, with the remaining 5% being self-payers. During the group's regular engagement with funders, the quality of care, infrastructure, differentiation in non-medical services relating to insurance classes and increased efficiency are raised as important issues.

**UAE**

Provider price regulation is a continuing theme in both Dubai and Abu Dhabi. Whilst regulated DRG reimbursement is firmly established in Abu Dhabi, Dubai is in the planning phase with implementation expected to start in 2017. In the interim, the percentage cap on annual tariff increases remain and was set at 4.41% for 2016 (see section above under Healthcare Reform).

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 88%, 5% and 7% for Abu Dhabi and 83%, 7% and 10% for Dubai.

In June 2015, the Dubai Government launched the SAADA Insurance Scheme for Dubai locals and we expect the self-paying component mentioned above to decrease as a result of it. Although some members who were previously self-paying will now fall under this scheme, a further impact was increased access to Mediclinic for people who previously were uncovered or on very restricted networks.

## Accreditation

**Group**

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 our **Clinical Services Report** available on the Company's website.

**Southern Africa**

As at December 2015, 30 of the 36 participating Mediclinic Southern Africa hospitals held Council for Health Services Accreditation of Southern Africa (COHSASA) accreditation, an agency accredited by the International Society for Quality in Healthcare to accredit hospitals. The remaining six hospitals are undergoing the renewal process.

**Switzerland**

All of Hirslanden's facilities are ISO 9001:2008 certified, except for Clinique La Colline which will be certified against the ISO 9001:2015 (quality management) standards in 2016. During the reporting year several hospitals also successfully completed external or self-assessments against the European Foundation for Quality Management ("EFQM") initiative through which quality and safety in patient care is assessed.

**UAE**

Hospital accreditation is a mandatory requirement of the Dubai Healthcare City Authority ("DHCA"), the Dubai Health Authority ("DHA") and the Health Authority of Abu Dhabi ("HAAD"). The DHCA appointed the Joint Commission International ("JCI") as the sole accreditation body for the first re-accreditation cycle in 2013 in Dubai Healthcare City. Subsequently both Mediclinic hospitals and the eight clinics operational at that point were successfully accredited.

In addition to the JCI accreditation, the laboratory of Mediclinic City Hospital also achieved the College of American Pathologists accreditation in 2009, 2011, 2013 and 2015. Mediclinic City Hospital laboratory also obtained ISO 15189:2009 certification in 2010, 2013 and early 2016.

JCI re-accreditation of all the facilities in Dubai will take place in July 2016 and the two Mediclinic Middle East clinics in Abu Dhabi and Al Ain will undergo initial JCI accreditation in 2016.

In Abu Dhabi, Al Noor Hospital Airport Road underwent its second re-accreditation for JCIA in 2015, and passed with very good results. Al Noor Hospital Al Ain is currently preparing for its second reaccreditation which will take place in 2016 and Al Noor Hospital Khalifa Street is due for reaccreditation in 2017.

A strategy is being set to prepare all the Al Noor clinics for JCI accreditation for ambulatory standards. All Al Noor facilities are ISO 9001:2008 certified. The Central Laboratory is currently preparing for ISO 15189:2009.



# OUR MATERIAL ISSUES (continued)

## MATERIAL ISSUE 2: ADDRESS SHORTAGE OF HEALTHCARE PRACTITIONERS

### WHY THIS IS IMPORTANT TO THE BUSINESS

Our ability to deliver high quality healthcare services and superior clinical outcomes depends (to a large extent) on our platforms attracting and retaining qualified and engaged healthcare professionals, in particular, qualified doctors and nurses. The Group aims to be an employer of choice by offering market-related salaries and benefits to our employees and promoting a safe and healthy working environment.

We recognise that recruitment can prove challenging in some areas, including nursing and pharmacy, due to a shortage of suitably qualified healthcare professionals and we have developed a number of initiatives to address this issue. Sound performance management procedures are also in place to recognise good performance, identify areas for improvement, provide staff training and development, and promote opportunities for career development.

### KEY STAKEHOLDERS

- Doctors
- Employee and trade unions
- Governments and authorities
- Industry associations

### RISKS TO THE BUSINESS

- Inability to recruit healthcare practitioners to meet business demand
- Limited growth and loss of revenue
- Poor clinical outcomes and services
- Medical malpractice liability
- Reputational damage

### MITIGATION OF RISKS

- Employment, recruitment and retention strategies
- Extensive training and skills development programmes
- Foreign recruitment programmes

### SELECTED KEY PERFORMANCE INDICATORS

#### STAFF TURNOVER RATE

Southern Africa	<b>6.8%</b> (2015: 7.2%)	↓
Switzerland	<b>5.2%</b> (2015: 6.9%)	↓
UAE	<b>12.4%</b> (2015: 11.7%)	↑

#### PERCENTAGE OF PAYROLL INVESTED IN TRAINING AND SKILLS DEVELOPMENT

Southern Africa	<b>3.6%</b> (2015: 3.0%)	↑
Switzerland	<b>5.0%</b> (2015: 5.0%)	–
UAE	<b>0.3%</b> (2015: 0.2%)	↑

## APPROACH AND PERFORMANCE

### MEASURE

### PERFORMANCE HIGHLIGHTS

#### Employee recruitment and retention

##### Group

Recruiting suitably qualified personnel is vital in delivering a high quality healthcare service. For this reason, we invest significant time and resources in supporting hospitals in recruiting and retaining staff and promoting the Group as an employer of choice. We offer market-related salaries based on the principles of internal equity, external equity and affordability.

We have sound performance management procedures in place to recognise good performance and offer extensive opportunities for career development and training, all of which contribute to a contented and engaged workforce.

Some examples of the Group's initiatives to retain current employees include:

- maintaining a pleasant working environment, with leadership that acts with honesty and integrity;
- providing training and development opportunities for both clinical and non-clinical staff;
- following fair management practices;
- remunerating employees competitively, offering family-friendly benefits and incentivising performance through bonus schemes; and
- communicating with staff and involving them in the day-to-day business decisions.

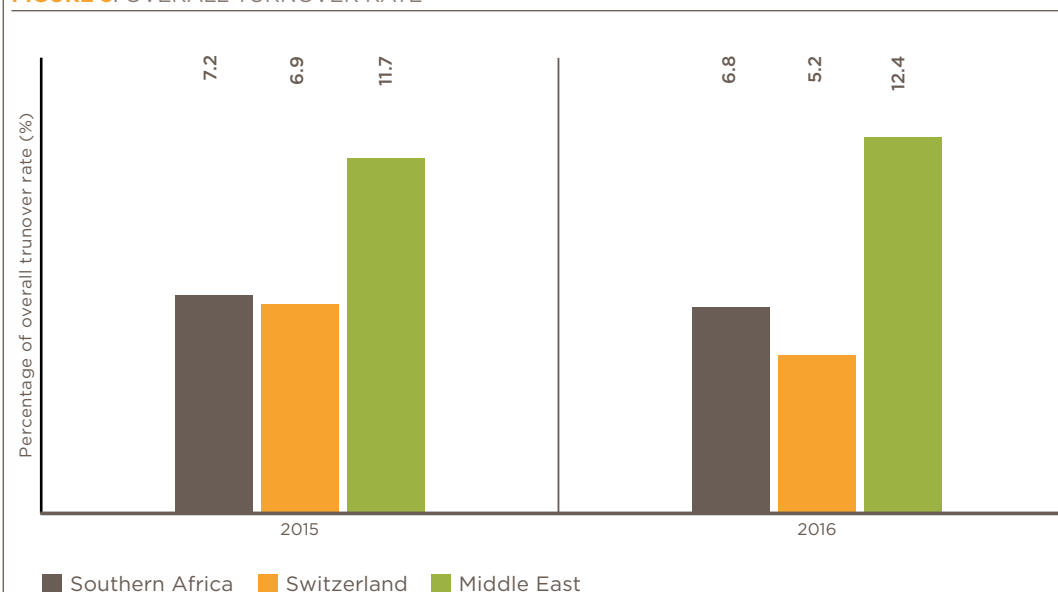
The overall turnover rate, as well as turnover rate by age group and gender per platform, is provided in **Figure 3** to **Figure 5**. With the increased shortage of qualified staff, there is increased competition in the market place for quality staff. In this regard emphasis is placed on retention and employee training. An employee discharge management process is in place to monitor the reasons for staff turnover.



##### Southern Africa

During the year, Mediclinic Southern Africa continued to experience a shortage of nursing, pharmacy and technical professionals. We aimed to address this by launching a 'proactive retention plan' to ensure that staff were retained at priority hospitals; and by segmenting the nursing talent pool, enabling recruiters to fill vacancies with quality candidates in a timely manner. We also introduced a pharmacist intern programme to strengthen our ties with potential future candidates. Additionally, our foreign recruitment programme allowed us to alleviate the nurse shortage by employing 251 nurses from India, with 90 additional nurses expected to arrive in the year ahead. In 2016 the pharmacy talent pool will be segmented, and the 'proactive retention plan' will be rolled out to other Mediclinic Southern Africa hospitals.

**FIGURE 3: OVERALL TURNOVER RATE**



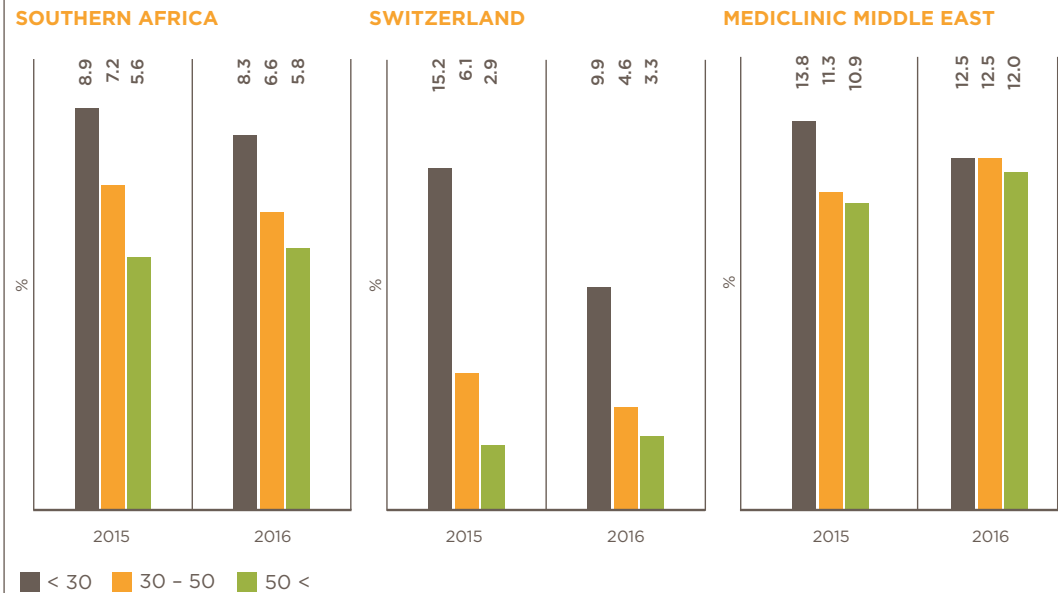
# OUR MATERIAL ISSUES (continued)

## MEASURE

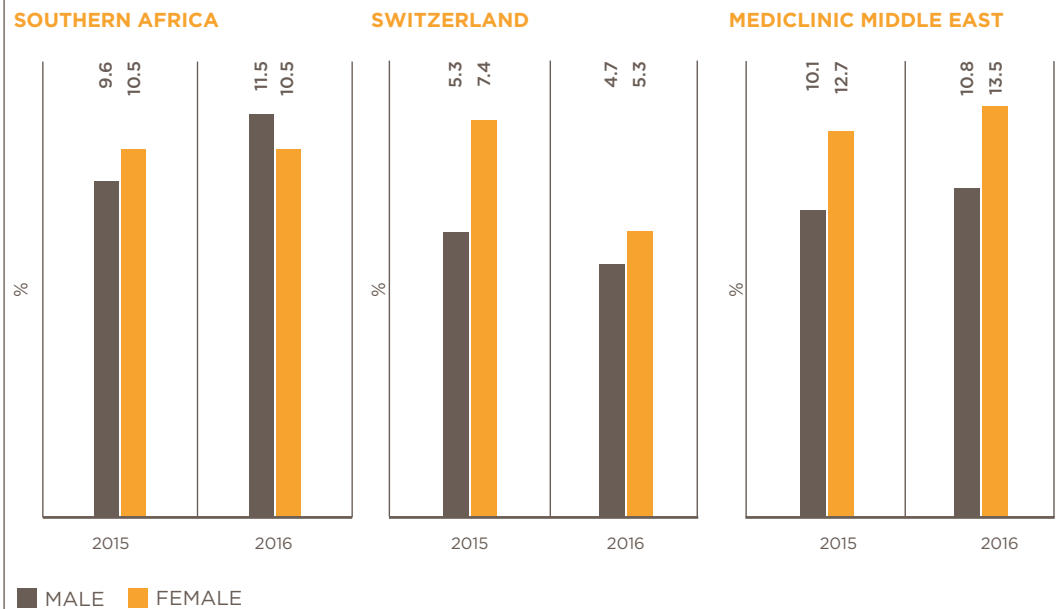
## PERFORMANCE HIGHLIGHTS

Employee recruitment and retention (continued)

**FIGURE 4: EMPLOYEE TURNOVER RATE BY AGE**



**FIGURE 5: EMPLOYEE TURNOVER RATE BY GENDER**



## MEASURE

## PERFORMANCE HIGHLIGHTS

Employee  
recruitment and  
retention  
(continued)

*Switzerland*

During the year, Hirslanden undertook a number of recruitment initiatives including the recruitment of nurses from Germany and Austria for specific projects which had a nurse shortage, participating in healthcare exhibitions, and revising its online careers resources. As a result of these efforts, the independent Best Recruiters study ranked the platform as the number one recruiter in the healthcare sector in Switzerland. The Best-Recruiters study is conducted annually in Austria, Germany and Switzerland, respectively. In 2015/16 the study was conducted and presented for the third time in Switzerland. The basis for the study consists of approximately 500 companies in Switzerland, which are selected based on their volume of sales and their number of employees. 20 companies in the healthcare sector were considered for purposes of the 2015/2016 study. Hirslanden finished in first place in the healthcare sector, and in sixth place across all sectors. The assessment included 108 criteria that were used as the basis for assessing the online presence, online recruitment adverts and markets as well as the handling of applicants.

No new employee retention initiatives were launched during the year, but the platform continued to implement Group-level initiatives, such as offering professional development and market-rate salaries. In 2016, Hirslanden intends to continue with its current recruitment initiatives.

*UAE*

Mediclinic Middle East used a number of strategies throughout the year to recruit qualified professionals. These strategies included: internal and external promotional activities; recruitment open days; and agreements with recruitment agencies. Of particular note is the recruitment open day hosted by Mediclinic Middle East in November 2015, which was attended by more than 6 000 applicants from various nationalities; demonstrating the Group's status as an employer of choice in the region. Physician information sessions were also held at Mediclinic Middle East, in order to showcase new projects and highlight current opportunities to join the medical team.

Our employee turnover rate increased slightly during the year to 12.4% (2015: 11.7%), partly due to increased competition in the market. Employee retention will continue to be addressed through ongoing workforce engagement and transparent and fair benefit packages.

Remuneration and  
recognition of staff

*Group*

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 interest. To encourage a performance-driven organisation, the Group rewards employees for achieving strategic objectives as well as individual personal performance targets. Benefits for all employees include a retirement fund, medical aid scheme, performance-related incentives and bonuses and liability insurance for medical staff. Those managers who receive variable remuneration have a combination of short- and long-term incentives. A year ago, the Group introduced a Reward Centre of Expertise, specialising in the design and delivery of global reward initiatives.

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

- fixed: guaranteed base salary and benefits; and
- variable: 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 high-calibre staff. Details of benefits offered to permanent employees per operating platform are included in **Figure 6**. Various other benefits are offered throughout the Group, such as uniform subsidies, loans, administrative assistance with housing and vehicle financing and insurance, and free financial wellness assistance. Hirslanden also offers a family-friendly "home office" benefit in terms whereof certain categories of employees, especially scarce resource categories, may perform 20% to 40% of their duties at home. In Hirslanden, temporary employees do not have access to the medical aid scheme.



## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS			
Remuneration and recognition of staff (continued)	FIGURE 6: BENEFITS OFFERED TO PERMANENT EMPLOYEES			
	BENEFIT DESCRIPTION	SOUTHERN AFRICA	SWITZERLAND	UAE
	Retirement fund (which includes life and disability insurance, funeral cover, pension-backed home loans)	✓	✓	x*
	Medical aid scheme	✓	✓	✓
	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
	Mpilo employee share scheme (introduced as part of BBBEE within Southern Africa)	✓	n/a	n/a
	Indemnity cover/liability insurance for nursing/medical staff	✓	✓	✓
	* The retirement benefits offered to employees of Mediclinic Middle East are governed by law, as reported above. Mediclinic Middle East offers death and disability cover to all its employees.			
	<b>Southern Africa</b>			
Mediclinic Southern Africa offers a number of retention bonuses to keep scarce and critical skills, including a special nursing bonus and a pharmacist retention bonus. The most significant remuneration policy for Mediclinic Southern Africa is the use of the Mpilo Trusts. These trusts were created in 2005, in order to offer participating preferred share units to long-serving employees, with a particular focus on those who embody our “patients first” commitment. This helps to reward employees and support black economic empowerment, whilst also encouraging their active participation in the success of the company. To date, over 12 000 eligible staff members have benefitted from more than R1.4 billion which has been distributed through the Mpilo Trusts, of which eligible staff members 52% were black and 89% were women. This includes administration, nursing and support staff and amounts to a 4% shareholding in the company. In the ten years since the first allocation of units by the Mpilo Trusts, the value of the Mediclinic shares linked to the units has grown by approximately R100.00 per share.				
<b>Switzerland</b>				
Hirslanden's remuneration practices are aligned with the Group's Remuneration Policy. Market data is used to benchmark salary levels for hospital managers, senior managers and general staff. Guaranteed remuneration includes the base salary, retirement benefits as well as death and disability insurance.				
<b>UAE</b>				
At Mediclinic Middle East remuneration levels are based on the 50th percentile of the market, and appointments are made on the 35th percentile of existing Mediclinic Staff in the same job category.. This provides a good balance between external competitiveness and internal fairness. This same principle will be implemented over time for Al Noor staff. The next two to three years will involve implementing processes to increase the quality of staff whilst reducing the number, and ensuring remuneration levels are on market-comparable levels.				
Training and skills development	<b>Group</b>			
	The Group continues to invest significantly in training and skills development to maintain and improve quality service delivery. The percentage of payroll invested in training and skills development by each of the Group's operating platforms is provided on page 24 of this report.			
	Our commitment to provide quality care for our patients can only be ensured if our staff has appropriate, evolving skill sets, which is reflected in the number of learning initiatives undertaken each year. A consistent performance management system is applied throughout the Group; which allows us to identify and manage training needs of individual employees, and to discuss career development. Succession planning is standardised on an organisational level in all three operating platforms and a Group Talent Review is performed annually. Critical talent (such as nurses and pharmacists) as well as high performing individuals with potential are identified and supported through tailored development initiatives. An inter-platform development programme which offers a series of secondments across platforms has been designed to help these individuals excel at Mediclinic. The programme was tested in 2015, with a further 6-8 placements planned for 2016. The programme is currently implemented at organisational level for talent with the potential to be successors to a key position in their own platform or across platforms within the larger Mediclinic group. The aim of the programme is to provide priority talent (either critical talent or high performers with potential), the opportunity to gain cross-platform exposure. All platforms have received the programme with great enthusiasm and we are proud to continue to grow this amazing development opportunity to the benefit of all.			



## MEASURE

## PERFORMANCE HIGHLIGHTS

Training and skills  
development  
(continued)**Southern Africa**

At Mediclinic Southern Africa, 38 469 (2015: 29 803) structured learning interventions were recorded (**Figure 7**). This represents an investment of approximately 3.6% (2015: 3.0%) of payroll in training and development. There is a KPI system to measure Mediclinic Southern Africa's training performance in the Group's Learning Centres and performance remains good, with high learner success rates. This year, the platform collaborated with local and national governments, and with universities, to address training needs and nursing shortages. **Figure 8** reflects the number of students who completed courses presented by Mediclinic Southern Africa during the 2015 academic year.

Internally, the platform commissioned a seventh Learning Centre in Kimberley, which is subject to approval by legislative bodies. 29 candidates were registered onto Mediclinic Southern Africa's accelerated Management Development Programme for employees with high potential. Since 2013, 750 employees have attended the platform's Leadership Academy. Future goals for the platform are to:

- Implement a strategy for enhancing and reinforcing the company culture.
- Implement new nursing qualification programmes to support future staffing of the organisation.
- Increase learner numbers.
- Provide training to address gaps in the management competence learning architecture.
- Develop a learning programme to develop employees' functional skills.
- Focus on non-clinical learning & development needs in the organisation.
- Implement the leadership development strategy.
- Review the coaching and mentorship strategy of the organisation.
- Focus on the training of line managers in people management skills in the organisation.
- Develop a strategy to address "Patient First" training needs.

**FIGURE 7:** MEDICLINIC SOUTHERN AFRICA TRAINING INTERVENTIONS

TRAINING CATEGORY	NUMBER OF TRAINING INTERVENTIONS
Top management	6
Senior management	49
Professionally qualified and mid-management	1 574
Skilled technical and academically qualified	18 374
Semi-skilled	17 821
Unskilled	645
<b>Total</b>	<b>38 469</b>

**FIGURE 8:** MEDICLINIC SOUTHERN AFRICA COURSE ATTENDANCE (PER ACADEMIC YEAR)

	2014	2015
Basic nursing courses	572	<b>776</b>
Post-basic nursing courses	79	<b>34</b>
Other courses in various disciplines*	799	<b>808</b>

\* Includes the approval of certain Mediclinic Southern Africa facilities for university student medical training.

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS
<b>Training and skills development (continued)</b>	<p><b>Switzerland</b></p> <p>Hirslanden invested approximately 5.0% (2015: 5.0%) of payroll in training and skills development during the year. More than 1 000 apprentices (federal certificate, higher college, college or graduate students) received formal training across 30 professions, predominantly as junior doctors and in healthcare professions. Another focus for the year was the identification of leadership potential and the development of leadership skills. In-house leadership and management courses were attended by 385 (2015: 326) management employees. In 2016, Hirslanden will focus on strengthening the leadership development and creating a corporate culture and behaviour. Hirslanden participates actively in the inter-group development programme. During 2016, two employees will visit the other platforms. Nurse training positions are also offered at Hirslanden hospitals, in compliance with local regulations.</p> <p><b>UAE</b></p> <p>At Mediclinic Middle East (combined with the Al Noor group), 14 131 (2015: 4 902 excluding Al Noor) training interventions were recorded in 2016 with a total of 28 211 employees trained across the platform. This represents an investment of approximately 0.3% (2015: 0.2%) of payroll in training and skills development during the year. One key milestone for the year was the introduction of online courses, which were widely accepted by managers and staff as an alternative learning method, as they make training more accessible. The success of online courses can be seen through the 1 100 licences that were provided for employees in the Dubai business units, which have had an utilisation rate to date of 91%.</p> <p>Other methods of training and development used this year included:</p> <ul style="list-style-type: none"> <li>• Practical training for medical students</li> <li>• External events</li> <li>• Professional education courses for the community</li> <li>• Online training courses</li> <li>• Traditional training courses, with a particular focus on continuing medical education (CME) for doctors</li> <li>• Nurse assistant development to full nurse qualification</li> <li>• Induction and standardisation training</li> </ul> <p>Our priority for 2016 is the integration of Al Noor employees into the platform. This has been achieved so far by offering both a Mediclinic corporate orientation as well as a nursing orientation programme to all employees of the Rochester units located in Dubai and Sharjah. We will also pursue the roll-out of a competency-based training programme for patient administrators in Dubai, enabling them to follow a standardised patient admin process prior to beginning their role at Mediclinic.</p> <p>In 2015, the Clinical Education department developed a programme to train 8 nursing assistants from the Mediclinic City Hospital to become registered nurses. These nursing assistants have graduated from Mediclinic's programme and are awaiting assessments for registered nurse eligibility through DHCA. Plans for implementation of a group wide Nursing Bridging Course are awaiting regulatory approval.</p>
<b>Support of external training institutions</b>	<p>The Group is committed to educational development in all three of its operating platforms and provides financial and other support towards healthcare education.</p> <p><b>Southern Africa</b></p> <p>Financial support of R8.0m (2015: R4.5m) was provided to academic institutions in Southern Africa, mainly through sponsorships to medical schools and bursaries to external students that applied for financial assistance and including costs for hosting continuing professional development events for doctors.</p> <p><b>Switzerland</b></p> <p>Hirslanden cooperated with external training institutions in terms of lectures given by medical experts from Hirslanden at academic institutions.</p> <p><b>UAE</b></p> <p>Mediclinic Middle East supported the Emirates Medical Students Society with a small monetary donation.</p>

## MEASURE

## PERFORMANCE HIGHLIGHTS

Employee health  
and safety

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 its visitors. The health and safety of the Group's employees are essential and contribute to the sustainability of quality care to patients. The programmes and procedures implemented by the various business units to mitigate health and safety risks are outlined below.

During the year, there were no incidents of material non-compliance with any laws, regulations, accepted standards or codes applicable to the Group, with no significant fines being imposed, concerning the health and safety impact of the group's services.

**Health and safety committees**

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.

Hirslanden's health and safety processes, covering all facilities, are managed by the respective human resources departments, which are responsible for enforcing all legal regulations regarding employer healthcare and safety by means of suitable measures at group level and locally in hospitals.

Mediclinic Middle East's health and safety committees were renamed as the Facility Management and Safety Committees during the reporting period. The committees operate at three different levels: group, facility and operational, which ensures that the strategy set for the group is implemented effectively within the units. Health and safety now falls under the responsibility of the group engineering manager with support from the engineering managers at each of the facilities. The committees at both hospitals have 75% worker representation.

Al Noor hospitals have Environmental, Health and Safety Committees that meet on regular basis to oversee EHS activities in the hospitals. The Al Noor clinics' committee structure is currently under review.

**Injuries and absenteeism**

The Group's statistics on injuries and absenteeism are provided in **Figure 9**.


**FIGURE 9: INJURIES AND ABSENTEEISM**

	SOUTHERN AFRICA				SWITZERLAND				UAE (EXCLUDING AL NOOR)			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Total workforce at year end	14 927	15 882	16 522	16 832	6 508	7 950	8 749	9 120	2 040	2 244	2 425	2 507
Total work-related injuries*	977	857	910	865	362	509	544	553	53	40	62	47
Absenteeism due to injuries (business days and including the day of the injury)	2 833	2 291	2 676	3 652	Not avail- able	Not avail- able	Not avail- able	Not avail- able	-	2	6	13
Occupational diseases	4	12	5	8	-	-	-	-	-	-	-	-
Work-related fatalities	-	-	-	-	-	-	-	-	-	-	-	-
Total absenteeism due to injuries and sickness (days)	119 307	109 059	104 819	158 975	42 179	50 862	61 403	66 746	5 868	6 344	7 328	8 166
Total absenteeism rate (actual days lost, expressed as a percentage of total days scheduled to be worked by the workforce during the reporting period)	2.46%	2.60%	2.59%	2.90%	2.83%	3.28%	3.69%	3.76%	1.1%	1.14%	1.21%	1.28%

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS
Employee health and safety (continued)	<p><b>Employee wellness</b></p> <p><b>Southern Africa</b>  Mediclinic Southern Africa's Executive: Infrastructure is responsible for occupational safety and the General Manager: Human Resource Operations is responsible for occupational health. The group's Employee Wellness Programme places emphasis on occupational health and safety, employee health management and employee social wellness management.</p> <ul style="list-style-type: none"> <li>• <i>Occupational health and safety:</i> 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 all localities with full support regarding the administration process, required documentation and correspondence with the Compensation Commissioner in terms of all COIDA claims.</li> <li>• <i>Employee physical health management:</i> Wellness policies are in place to support employees through various employee health management programmes. The company 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.</li> <li>• <i>Employee social wellness management:</i> 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.</li> </ul> <p><b>Switzerland</b>  Hirslanden 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 vaccination sponsored by Hirslanden. Furthermore, annual flu vaccinations are offered to all employees. Due to the high risk of infections, accidents with knives or needles are reported with high priority and analysed periodically.</p> <p><b>UAE</b>  Policies and procedures to ensure compliance with health and safety rules and regulations, such as facilities management and safety, prevention and control of infection and injuries on duty, are in place throughout the group. Fire safety training is now a government requirement and all Mediclinic Middle East staff will attend this training in the next reporting period. Staff health and safety are enhanced through various initiatives, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• infection control policies, training and symposiums, especially with regard to emerging diseases such as Ebola and MERS, personal protective equipment and prevention of needle-stick injuries;</li> <li>• safety 101 training;</li> <li>• employee wellness programme, including access to a psychologist;</li> <li>• vaccinations given at discounted rates;</li> <li>• regular health and safety risk assessments; and</li> <li>• specific guidelines and notices on proper handling of hazardous or potentially hazardous materials.</li> </ul> <p>Continued importance is placed on health and safety education and various training workshops and awareness campaigns are held throughout the year.</p> <p><b>HIV/Aids</b>  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. Safety procedures are implemented at all three platforms to protect staff against sharp injuries.</p> <p>A comprehensive HIV/AIDS risk assessment was done by Mediclinic Southern Africa during 2012, indicating a 6% prevalence rate. The group believes that its policies and training programmes contribute positively to the low prevalence and to managing the direct and indirect impacts of HIV/AIDS on the group's business. Mediclinic Southern Africa's HIV/AIDS programme consists of the following elements, as stated in the group's HIV/AIDS policy:</p> <ul style="list-style-type: none"> <li>• education on HIV/AIDS combined with awareness programmes;</li> <li>• voluntary counselling and testing;</li> <li>• prevention of HIV infection and reinfection;</li> <li>• early intervention for reported exposure;</li> <li>• access to appropriate treatment and monitoring; and</li> <li>• continuous support through the dedicated employee assistance programme.</li> </ul> <p>HIV/AIDS Peer Counselling Courses and HIV/AIDS Awareness Programmes are presented at locality level on an ongoing basis. All new staff members 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.</p> <p>Free HIV/AIDS testing and counselling is offered to all staff and access to antiretroviral ("ARV") drugs is managed as a public private partnership with the Department of Health as well as some medical aids.</p>

## MEASURE

## PERFORMANCE HIGHLIGHTS

Employee  
satisfaction and  
engagement

## Group

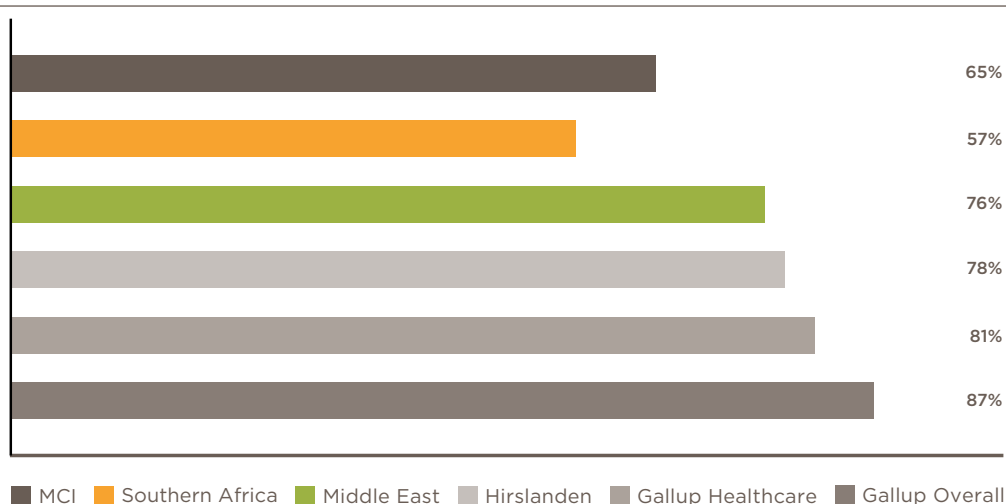
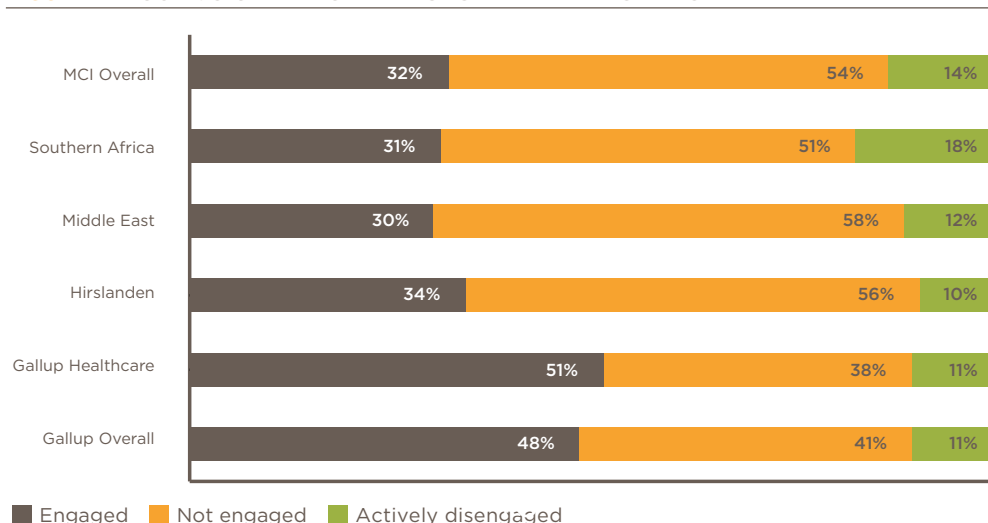
During the year, Mediclinic, in partnership with Gallup, introduced the Your Voice employee engagement survey across all operating platforms to measure levels of engagement, identify gaps at a departmental level and support line managers to implement action plans to address concerns.

Overall, Mediclinic International achieved a 65% participation rate in the Your Voice survey and 32% of employees showed high levels of engagement. A breakdown of employee participation in the survey and employee engagement by platform is illustrated in **Figures 10** and **11**.



Strengths that the survey highlighted include employees knowing what is expected of them, and having the appropriate materials and equipment to perform at work. Areas for improvement that the survey highlighted are recognition or praise for good work, and valuing the opinions of employees.


During 2016 Mediclinic aims to introduce the Gallup philosophy to all employees in the Group. Champions have been trained to support line managers in facilitating workshops to address concerns at the departmental level. These champions will work towards engaging all line managers and ensuring that they understand the engagement results and action planning process and are taking steps to address concerns. Champions and line managers will work towards educating the workforce on engagement and understanding the engagement hierarchy. The 'Your Voice' survey will be rolled out to Al Noor staff in the next financial year.

**FIGURE 10: YOUR VOICE EMPLOYEE ENGAGEMENT PARTICIPATION RATE**

**FIGURE 11: YOUR VOICE EMPLOYEE ENGAGEMENT PARTICIPATION RATE**


# OUR MATERIAL ISSUES (continued)

## MATERIAL ISSUE 3: CREATING AND SUSTAINING SHAREHOLDER VALUE

### WHY THIS IS IMPORTANT TO THE BUSINESS

 As can be seen from our Business Model on page 6 to 7, we are only able to offer the best possible care to our patients with support and investment from our shareholders. We believe that identifying and realising suitable growth opportunities is a key to creating and sustaining shareholder value over the longer-term, as these opportunities enable us to realise tangible benefits. Such benefits include: reduced costs through procurement on a greater scale; the creation of shared operations teams; the combination of existing corporate functions; and the transfer of knowledge and best practices across the group.

### KEY STAKEHOLDER

- Investors

### RISKS TO THE BUSINESS

- Failure to identify suitable growth opportunities
- Unattractive investment propositions
- Poor shareholder relations
- Unavailability of capital and financing for growth
- Solvency and liquidity

### MITIGATION OF RISKS

- Implementing systems to monitor developments in the economic and business environment of trends and early warning indicators
- Strategic planning and due diligence processes
- Long-term planning of capital requirements and cash-flow forecasting
- Scrutiny of cash-generating capacity within the Group
- Proactive and long-term agreements with banks and other funders relating to funding facilities
- Monitoring of compliance with requirements of debt covenants

### SELECTED KEY PERFORMANCE INDICATORS

#### DIVIDEND PER SHARE\* (in pence)

<b>7.90</b> (2015: 9.33)	↓
-----------------------------	---

\* The total dividend for the year ended 31 March 2016 in pound sterling comprises the proposed final dividend of 5.24 pence per share and the equivalent interim dividend (adjusted for the 0.625 exchange ratio) of 2.66 pence per share, paid in December 2015 by Mediclinic International Limited.

#### REVENUE

<b>£2 107m</b> (2015: £1 977m)	↑
-----------------------------------	---

#### EBITDA

<b>£382m</b> (2015: £406m)	↓
-------------------------------	---

#### UNDERLYING EBITDA

<b>£428m</b> (2015: £403m)	↑
-------------------------------	---

#### UNDERLYING EBITDA MARGINS

Group	<b>20.4%</b> (2015: 20.4%)	—
Southern Africa	<b>21.4%</b> (2015: 21.3%)	↑
Hirslanden	<b>19.7%</b> (2015: 19.4%)	↑
UAE* (excluding Al Noor)	<b>22.3%</b> (2015: 21.8%)	↑

\* Following the Al Noor acquisition on 15 February 2016 (46 trading days up to year end) Al Noor contributed AED258.7m to revenue and AED46.1m to EBITDA to MCME, resulting in a margin of 17.8%.

#### INVESTMENT IN CAPITAL PROJECTS AND NEW EQUIPMENT (platforms)

Southern Africa	<b>R758m</b> (2015: R1 131m)	↓
Hirslanden	<b>CHF68m</b> (2015: CHF72m)	↓
UAE	<b>AED171m</b> (2015: AED75m)	↑

#### INVESTMENT IN REPLACEMENT OF EQUIPMENT (platforms)

Southern Africa	<b>R317m</b> (2015: R305m)	↓
Hirslanden	<b>CHF76m</b> (2015: CHF70m)	↑
UAE	<b>AED32m</b> (2015: AED25m)	↑

#### EXPENDITURE ON REPAIRS AND MAINTENANCE (platforms)

Southern Africa	<b>R275m</b> (2015: R305m)	↓
Hirslanden	<b>CHF38m</b> (2015: CHF38m)	—
UAE	<b>AED24m</b> (2015: AED20m)	↑



## APPROACH AND PERFORMANCE

MEASURE	PERFORMANCE HIGHLIGHTS
<b>Acceptable shareholder returns</b>	<p>The total dividend per share for the period under review is 7.90 pence (2015: 9.33 pence).</p> <p>The Group's dividend policy reflects the underlying earnings and growth of the business while retaining sufficient capital to fund ongoing operations and to invest in the Company's long-term growth. The Company currently targets a payout ratio of between 25% and 30% of underlying earnings.</p> <p>Please refer to the Financial Review included in the <b>Annual Report</b> for more information.</p>
<b>Profitability</b>	<p>The Group's strong focus on efficiencies has ensured that the underlying EBITDA margin remained stable at 20.3%.</p> <p>The underlying EBITDA margins of the Group's platforms are provided on page 34.</p> <p>Please refer to the Divisional Reviews and the Financial Review included in the <b>Annual Report</b> for more information.</p>
<b>Growing the business</b>	<p><b>Group</b></p> <p>During 2015, Mediclinic acquired a 29.9% stake in Spire Healthcare, our first investment in the UK private healthcare market. We then completed the combination of Mediclinic International Limited and Al Noor Hospitals Group plc in February 2016 to become the largest private healthcare operator in the UAE. This merger will create tangible value for the Group over the longer-term. As a healthcare group of this size, quality and reputation, Mediclinic has a significant opportunity to increase revenues and drive profitability in this market. Moreover, our move into the FTSE 100 index on the London Stock Exchange in March 2016 increased our exposure to international investment.</p> <p>For further details on the Al Noor combination and the acquisitions and expansions by the Group's operating platforms, please refer to the CEO Report and the Divisional Reviews included in the <b>Annual Report</b>.</p>



# OUR MATERIAL ISSUES (continued)

## MATERIAL ISSUE 4: RESPONSIBLE USE OF NATURAL RESOURCES

### WHY THIS IS IMPORTANT TO THE BUSINESS

The Group's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of hazardous waste. We are fully aware the need to use resources responsibly and are committed to minimising our environmental impacts to the extent possible.

We recognise the risks that regulatory changes, environmental constraints and climate change present to our operations. Potential impacts include rising costs, reduced access to facilities and interruptions in service and incidents of extreme weather events as a result of climate change placing additional stress on operations. Additionally, climate change can lead to water shortages (especially in the UAE) and weather-induced pandemics and disease outbreaks which can cause high mortality rates.

However, we also believe that using resources responsibly can be a source of strategic advantage for the Group, allowing us to manage and contain our operating costs and to ensure ongoing access to water and energy supplies.

### KEY STAKEHOLDERS

- Employees
- Suppliers
- Governments and authorities
- Community

### RISKS TO THE BUSINESS

- Business interruption due to electricity supply
- Increased operational costs due to cost of electricity
- Hazardous waste disposal
- Reputational damage

### RISK MITIGATION

- Implementation of appropriate environmental management systems (certified by an internationally recognised body, where appropriate).
- Introduction of renewable energy sources, such as solar PV systems, in order to reduce energy consumption and costs.

### SELECTED KEY PERFORMANCE INDICATORS

#### TOTAL CO<sub>2</sub> EMISSIONS PER BED DAY

Southern Africa	<b>111 kg</b> (per CDP 2015) (CDP 2014: 115 kg)	↓
Switzerland (per calendar year)	<b>13 kg</b> (2014: 14 kg)	↓
UAE*	<b>246 kg</b> (per CDP 2015) (CDP 2014: 239 kg)	↑

#### WATER USAGE (kl/bed day)

Southern Africa	<b>0.694 kl</b> (2015: 0.664 kl)	↑
Switzerland (per calendar year)	<b>0.664 kl</b> (2014: 0.664 kl)	—
UAE*	<b>1.125 kl</b> (2015: 1.165 kl)	↓

#### ENERGY CONSUMPTION (gj/bed day)

Southern Africa	<b>0.333 gj</b> (2015: 0.331 gj/bed day)	↑
Switzerland (per calendar year)	<b>0.477 gj</b> (2015 calendar year) (2014: 0.533 gj/bed day)	↓
UAE*	<b>0.842 gj</b> (2015: 0.890 gj/bed day)	↓

#### WASTE RECYCLED

Southern Africa	<b>1 197 tonnes</b> (2015: 801 tonnes)	↑
Switzerland (per calendar year)	<b>630 tonnes</b> (2014: 400 tonnes)	↑
UAE	<b>87 tonnes</b> (2015: 864 tonnes)	↑

\* The intensity measures of CO<sub>2</sub> emissions, water usage and energy consumption per 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 two hospitals, with outpatient consultations, and 10 clinics with only outpatient consultation (i.e. no bed days). During the year ahead a more appropriate intensity measure will be determined for the Group.

## APPROACH AND PERFORMANCE

MEASURE	PERFORMANCE HIGHLIGHTS
Effective environmental management	<p><b>Group</b></p> <p>The Group Environmental Policy, available on the Company's website, 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.</p> <p>Our main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water, and the disposal of hazardous waste. We are fully aware of the need to use resources responsibly and recognise the risks that regulatory changes, environmental constraints and climate change present to our operations and we are committed to minimising our environmental impacts to the extent possible.</p> <p>However, we also believe that using resources responsibly can be a source of strategic advantage for the Group, allowing us to manage and contain our operating costs and to ensure ongoing access to water and energy supplies.</p> <p><b>Southern Africa</b></p> <p>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 14001:2004 Specification for Environmental Management Systems is an environmental management system that encourages good management practices that limit the impact of industry on the environment. The purpose of the system is to conserve resources, use them effectively and to 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. 41 of Mediclinic Southern Africa's 52 hospitals are hospitals are ISO 14001 certified by an external assurance provider (British Standard Institute), as accredited by the United Kingdom Accreditation Services (UKAS). 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 38 Mediclinic Southern Africa hospitals and achieved an average score of 81%. Adhering to the system procedures and processes has a direct effect on consumption and the group carbon emissions and is expected to reduce the likelihood and magnitude of the risk.</p> <p>Mediclinic Southern Africa will change over to the new standard revision ISO 14001:2015 within the transition period of three years.</p> <p><b>Switzerland</b></p> <p>Hirslanden Klinik Belair achieved ISO 14001:2015 during the year. With this certification, Hirslanden now 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 rollout of these new standards should be straightforward, due to the experience gained at Hirslanden Klinik Belair.</p> <p><b>UAE</b></p> <p>Mediclinic Middle East has undertaken a number of environmental initiatives during the year. We have rolled out environmental policies which support the Group Environmental Policy and initiated an environmental management plan, with the intention of obtaining ISO 14001 certification of all its facilities in the future. The environmental management plan covers electricity, water, hazardous waste, gases, paper, general waste and climate change.</p>

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS														
Carbon emissions	<p><b>Group</b></p> <p>The CDP (formerly known as the Carbon Disclosure Project) is a global initiative measuring companies around the world and 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. Following an annual evaluation process, qualifying participants are ranked in the Climate Disclosure Leadership Index (“CDLI”), which recognises companies with leading disclosure practices. The CDLI focuses on climate change governance, risk management, performance, transparency and data management. 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 in respect of 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 CDP reports can be accessed on the CDP website at <a href="http://www.cdp.net">www.cdp.net</a>.</p> <p>The Group’s platforms measure, with the assistance of external consultants, its carbon footprint using the GHG Protocol and includes, still in varying degrees:</p> <ul style="list-style-type: none"><li>• <b>direct emissions</b>, which in the healthcare industry will refer mainly to the emissions of anaesthetics gases (scope 1 emissions);</li><li>• <b>indirect emissions from the consumption of electricity</b> (scope 2 emissions);</li><li>• <b>indirect emissions from suppliers</b>, which in the healthcare industry will refer mainly to pharmaceutical, bulk oxygen and waste-removal suppliers (scope 3 emissions); and</li><li>• <b>non-Kyoto Protocol greenhouse gas emissions</b> 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 (“CO<sub>2</sub>e”) using recognised calculation methods, emission factors and stating assumptions made, where relevant.</li></ul> <p>Electricity is the main contributor to our carbon footprint and all our platforms are taking steps to reduce their electricity consumption intensity through the adoption of ISO 14001 management standards, leading to improved operational efficiency of technical installations, introduction of various new energy-efficient and renewable technologies and changes in staff behaviour regarding energy use.</p> <p><b>Southern Africa</b></p> <p><b>Figure 12</b> reflects the results of the Mediclinic Southern Africa’s CDP ranking over the past seven years.</p> <p><b>FIGURE 12: RESULTS OF SOUTH AFRICAN CARBON DISCLOSURE PROJECT</b></p> <table><tr><th>CDP 2009</th><th>CDP 2010</th><th>CDP 2011*</th><th>CDP 2012</th><th>CDP 2013</th><th>CDP 2014</th><th>CDP 2015</th></tr><tr><td>Ranked among top 16 performers, although not included in the CDLI</td><td>Ranked joint 2nd position in the CDLI</td><td>Ranked 43rd in the CDLI</td><td>Ranked joint 4th position in the CDLI</td><td>Ranked joint 2nd position in the CDLI</td><td>Ranked joint 2nd position in the CDLI. Included in the Global A List for performance</td><td><b>Ranked joint 1st position in the CDLI.</b> <b>The special award was bestowed for consistent high levels of disclosure over the past eight years.</b></td></tr></table> <p>* Mediclinic Southern Africa’s CDP 2011 ranking was due to an error in our submission, which had a significant impact on the score.</p>	CDP 2009	CDP 2010	CDP 2011*	CDP 2012	CDP 2013	CDP 2014	CDP 2015	Ranked among top 16 performers, although not included in the CDLI	Ranked joint 2nd position in the CDLI	Ranked 43rd in the CDLI	Ranked joint 4th position in the CDLI	Ranked joint 2nd position in the CDLI	Ranked joint 2nd position in the CDLI. Included in the Global A List for performance	<b>Ranked joint 1st position in the CDLI.</b> <b>The special award was bestowed for consistent high levels of disclosure over the past eight years.</b>
CDP 2009	CDP 2010	CDP 2011*	CDP 2012	CDP 2013	CDP 2014	CDP 2015									
Ranked among top 16 performers, although not included in the CDLI	Ranked joint 2nd position in the CDLI	Ranked 43rd in the CDLI	Ranked joint 4th position in the CDLI	Ranked joint 2nd position in the CDLI	Ranked joint 2nd position in the CDLI. Included in the Global A List for performance	<b>Ranked joint 1st position in the CDLI.</b> <b>The special award was bestowed for consistent high levels of disclosure over the past eight years.</b>									

## MEASURE

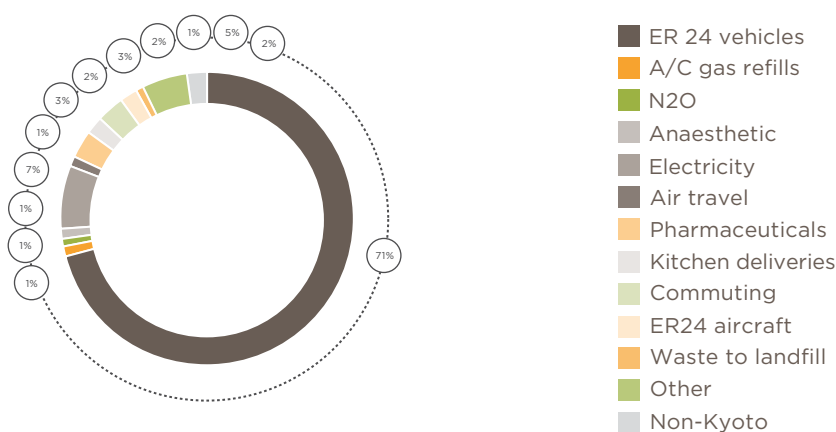
## PERFORMANCE HIGHLIGHTS

Carbon emissions  
(continued)

Mediclinic Southern Africa's carbon footprint as reported in its 2015 CDP report is set out in **Figure 13** and **Figure 14**, evidencing that electricity is the main contributor to its carbon footprint. The total weight of CO<sub>2</sub>e decreased from 115 kg to 111 kg CO<sub>2</sub>e/bed day year on year.

Total Scope 1 emissions increased by 5.2% in 2015 to 22 999 (CDP 2014: 21 869) tonnes CO<sub>2</sub>e and Scope 2 emissions increased by 1.9% to 154 035 (CDP 2014: 151 156) tonnes CO<sub>2</sub>e.










**FIGURE 13:** EMISSIONS BY ACTIVITY (MEDICLINIC SOUTHERN AFRICA)



**FIGURE 14:** TOTAL CARBON EMISSIONS (MEDICLINIC SOUTHERN AFRICA)

ACTIVITY	CDP 2011	CDP 2012	CDP 2013	CDP 2014	CDP 2015
Scope 1: Direct emissions	19 664	19 546	20 214	21 869	22 999
Scope 2: Indirect emissions from purchased electricity	154 298	152 858	150 200	151 156	154 035
Scope 3: Indirect emissions from supply chain, business travel and waste removal	8 137	9 761	25 014	35 062	33 382
Non-Kyoto Protocol emissions	8 584	6 658	5 737	6 952	6 419
<b>TOTAL CO<sub>2</sub>e (tonnes)</b>	<b>190 683</b>	<b>188 824</b>	<b>201 165</b>	<b>215 039</b>	<b>216 834</b>
<b>CO<sub>2</sub>e/bed day (kg)</b>	<b>116</b>	<b>111</b>	<b>114</b>	<b>115</b>	<b>111</b>
<b>Intensity</b> <span style="color: red;">↑</span> <span style="color: green;">↓</span>		<span style="color: green;">↓</span>	<span style="color: red;">↑</span>	<span style="color: red;">↑</span>	<span style="color: green;">↓</span>

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS						
Carbon emissions (continued)	<b>Switzerland</b> Strict legislation applies in Switzerland regarding NOx and SOx 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) measuring air emissions.  Despite the increasing number of bed days (3.4%), Hirslanden has reduced its CO <sub>2</sub> emissions from 14 kg to 13 kg per bed day, mainly due to the switch to 100% sustainable electric power supply and the relatively mild winter, as illustrated in <b>Figure 15</b> .						
	<b>FIGURE 15: TOTAL CARBON EMISSIONS (HIRSLANDEN) (PER CALENDAR YEAR)</b>						
		2010	2011	2012	2013	2014	<b>2015</b>
	Scope 1: Direct emissions	5 273	5 158	5 806	7 332	7 163	<b>6 743</b>
	Scope 2: Indirect emissions from purchased electricity	3 983	3 884	3 901	365	419	<b>389</b>
	Scope 3: Indirect emissions from supply chain, business travel and waste removal	54	83	172	5	102	<b>102</b>
	<b>TOTAL CO<sub>2</sub>e (tonnes)</b>	<b>9 310</b>	<b>9 125</b>	<b>9 879</b>	<b>7 702</b>	<b>7 684</b>	<b>7 234</b>
	<b>CO<sub>2</sub>e/bed day (kg)</b>	<b>21</b>	<b>20</b>	<b>20</b>	<b>15</b>	<b>14</b>	<b>13</b>
	<b>Intensity</b>  			–			
	<b>UAE</b> This is the first year that our Mediclinic Middle East operations are reporting on its carbon emissions, as set out in <b>Figure 16</b> .						
	<b>FIGURE 16: TOTAL CARBON EMISSIONS (MEDICLINIC MIDDLE EAST)</b>						
		CDP 2014	<b>CDP 2015</b>				
Scope 1: Direct emissions		1 446.42	<b>1 158.03</b>				
Scope 2: Indirect emissions from purchased electricity		11 643.91	<b>12 037.74</b>				
Non-Kyoto Protocol emissions		622.28	<b>725.81</b>				
<b>Tonnes CO<sub>2</sub>e</b>		<b>17 507.93</b>	<b>18 371.04</b>				
<b>CO<sub>2</sub>e/bed day (kg)*</b>		<b>239</b>	<b>246</b>				
<b>Intensity</b>  		–					
<small>* The carbon emissions intensity (kg CO<sub>2</sub>e/bed day) of Mediclinic Middle East is entirely not comparable with that of Mediclinic Southern African and Hirslanden, as the emissions include emissions of two hospitals and the 10 outpatient clinics. Bed days sold is only a measure that relates to the two hospitals.</small>							



## MEASURE

## PERFORMANCE HIGHLIGHTS

## Energy efficiency

## Group

The direct and indirect energy consumption for the group is illustrated in **Figure 17** for the period under review. The main sources for direct energy consumption are gas/diesel oil, motor gasoline, liquefied petroleum gas and natural gas. Indirect energy sources refer to electricity consumption.

## Southern Africa

Mediclinic Southern Africa's Energy Initiative Committee measures energy use within the platform to determine where savings can be achieved, and evaluates various new energy-efficient and renewable technologies. Despite an increase in absolute electricity consumption over the last six years due to growth in the business, Mediclinic Southern Africa has shown a constant decrease in electricity consumption intensity, achieving a total intensity saving of 23.38% over the period. This was achieved through the adoption of ISO 14001 management standards, leading to improved operational efficiency of technical installations, and changes in staff behaviour regarding energy use.

During the year, the Group invested in a number of energy conservation initiatives, including:

- the replacement of fluorescent lights at four hospitals at a cost of R2.5 million;
- the replacement of chiller and heat pumps at Mediclinic Panorama with new technology at a cost of R17 million; and
- the introduction of a 88 kWp photovoltaic system at Mediclinic Windhoek at a cost of R1.3 million.

These initiatives led to a total saving of 2283 MWh for the year.

## Energy saved during the year

- From 2009 – 2015, Mediclinic Southern Africa has shown a constant decrease in the electricity consumption intensity, achieving a total intensity saving of 23.38% over the period, despite growth in business in terms of increased bed days sold, full-time employees, square metre coverage and operational beds. This was achieved through initiatives regarding improved operational efficiency of technical installations and change in behaviour of staff within the group. In the financial year 2015/2016 the electricity consumption intensity increased from 76.26 kWh per bed day sold to 78.15 kWh per bed day sold.
- During the financial year 2015/2016, the total electricity consumption of Mediclinic Southern Africa also increased. The increase in total electricity consumption and intensity can be attributed to the commissioning of two new hospitals and major building projects at existing hospitals. There was also an increase in bed days sold, beds in operation, number of full-time employees and square metre coverage during the reporting period, the intensity of electricity consumption (per bed day sold) of the hospitals increased by 2.47%.

**FIGURE 17: DIRECT AND INDIRECT ENERGY CONSUMPTION (GIGAJOULES)**

	DIRECT ENERGY PURCHASED			DIRECT ENERGY PRODUCED			INDIRECT ENERGY CONSUMED			TOTAL ENERGY CONSUMPTION						INTENSITY
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	
	GJ			GJ			GJ			GJ	GJ/BED DAY	GJ/BED DAY	GJ	GJ/BED DAY	GJ/BED DAY	↑↓
Southern Africa	89 214	112 072	103 828	-	227	424	538 121	533 519	564 202	627 335	0.336	645 818	0.331	668 030	0.333	↑
Switzerland* (per calendar year)	130 527	127 705	117 884	94 (solar collec- tors)	111 (solar collec- tors)	113 (solar collec- tors)	131 650	151 206	140 690	262 177	0.525	278 911	0.533	258 575	0.477	↓
UAE	1 522	1 009	1 538	-	-	-	62 496	65 060	65 329	64 018	0.873	66 069	0.890	66 867	0.842	↓

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS																																																		
Energy efficiency (continued)	<p>We aim to meet the South African government's target of reducing carbon emissions by 34% by 2020 (compared to 2009). In the short term, we plan to:</p> <ul style="list-style-type: none"><li>• reduce Mediclinic's energy consumption on bed days sold by 3.09% per year; and</li><li>• draw on leadership support to change internal behaviours, leading to energy efficient practices being further adopted throughout the platform.</li></ul> <p><b>Hirslanden</b></p> <p>Since January 2014, the entire Hirslanden electricity supply (all 16 hospitals and the Corporate Office) has been generated from 100% sustainable electricity, mainly from hydropower plants. One hospital, Hirslanden Klinik Belair, has gone further by switching its entire electricity consumption to CleanSolution StarPremium, a green electricity provider, which is certified to the world's most stringent specifications for the generation of green electricity. The energy is free from nuclear power and CO<sub>2</sub>.</p> <p>Klinik Hirslanden, Hirslanden Klinik Im Park and Hirslanden Klinik Stephanshorn are recognised as CO<sub>2</sub>-reduced businesses by the Swiss Energy Agency for the Economy on behalf of the Swiss Federal Office of Energy. This achievement recognises the contracted commitment to reduce CO<sub>2</sub> emissions within the operations. In January 2016, Hirslanden agreed on a similar commitment for all other sites. Annual measures and objectives will be finalised in March 2017.</p> <p><b>UAE</b></p> <p>Energy consumption increased by 1.2% for the year, which was due to the following factors:</p> <ul style="list-style-type: none"><li>• two additional new facilities;</li><li>• a 6% increase in inpatient admissions; and</li><li>• a 8% growth in outpatient consultations.</li></ul> <p>To minimise energy usage, Mediclinic Middle East is actively changing all lighting to newer technology LED fittings, in line with the other platforms. Furthermore, new buildings under construction – such as the North Wing extension of Mediclinic City Hospital and Mediclinic Parkview Hospital – will use solar panels for 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 which have minimal impact on the environment are being used wherever possible. We expect these solutions to have a positive impact on the electricity consumption intensity of the platform going forward.</p>																																																		
Water usage	<p><b>Group</b></p> <p>The total volume of water withdrawn from water utilities throughout the Group is provided in <b>Figure 18</b>.</p> <p><b>FIGURE 18: WATER USAGE FROM WATER UTILITIES (KILOLITRES)</b></p> <table><tr><th></th><th colspan="2">2013</th><th colspan="2">2014</th><th colspan="2">2015</th><th colspan="2">2016</th><th></th></tr><tr><th></th><th>KL</th><th>KL/ BED DAY</th><th>KL</th><th>KL/ BED DAY</th><th>KL</th><th>KL/ BED DAY</th><th>KL</th><th>KL/ BED DAY</th><th>INTENSITY ↑↓</th></tr><tr><td>Southern Africa</td><td>1 293 661</td><td>0.734</td><td>1 272 983</td><td>0.681</td><td>1 295 982</td><td>0.664</td><td>1 392 734</td><td>0.694</td><td>↑</td></tr><tr><td>Switzerland (per calendar year)</td><td>285 511</td><td>0.599</td><td>280 399</td><td>0.562</td><td>347 426</td><td>0.664</td><td>361 166</td><td>0.665</td><td>↑</td></tr><tr><td>UAE</td><td>76 049</td><td>1.113</td><td>75 975</td><td>1.036</td><td>86 427</td><td>1.165</td><td>89 316</td><td>1.125</td><td>↓</td></tr></table>		2013		2014		2015		2016				KL	KL/ BED DAY	KL	KL/ BED DAY	KL	KL/ BED DAY	KL	KL/ BED DAY	INTENSITY ↑↓	Southern Africa	1 293 661	0.734	1 272 983	0.681	1 295 982	0.664	1 392 734	0.694	↑	Switzerland (per calendar year)	285 511	0.599	280 399	0.562	347 426	0.664	361 166	0.665	↑	UAE	76 049	1.113	75 975	1.036	86 427	1.165	89 316	1.125	↓
	2013		2014		2015		2016																																												
	KL	KL/ BED DAY	KL	KL/ BED DAY	KL	KL/ BED DAY	KL	KL/ BED DAY	INTENSITY ↑↓																																										
Southern Africa	1 293 661	0.734	1 272 983	0.681	1 295 982	0.664	1 392 734	0.694	↑																																										
Switzerland (per calendar year)	285 511	0.599	280 399	0.562	347 426	0.664	361 166	0.665	↑																																										
UAE	76 049	1.113	75 975	1.036	86 427	1.165	89 316	1.125	↓																																										

## MEASURE

## PERFORMANCE HIGHLIGHTS

Water usage  
(continued)

**Southern Africa**

South Africa and Namibia is currently facing the worst drought in 104 years, with dams at critical levels and diminishing rivers and streams. As a result, some of our hospitals are experiencing daily and sometimes weekly periods without water. Mediclinic Southern Africa contingency plans have been updated to ensure that we are able to continue operating our business and these plans are based on ISO 14001 principles. Within Mediclinic, water has now been moved from a 'Strategic' to 'Life Support' category, bringing it in line with electricity and patient life support equipment like ventilators, etc.

On average, our hospitals are using about 638 litres of water/bed day, but this can vary between 430 litres to over 1000 litres per bed day. These consumptions are not sustainable and actions are taken to ensure that while our patients are receiving the best possible care, we are not being irresponsible towards our environment and our future resources.

A water management strategy was put in place and includes the following initiatives:

- Installation of hospital water meters
- Implementation of detailed Water Contingency Plans
- Water Contamination Plans implemented and updated
- Regular water quality testing by national service provider
- Leadership support to drive the change of human behaviour
- Corporate program for the sink of boreholes at hospitals
- Hospital design to include the implementation of grey and black water systems
- Hospital design to increase water backup supply at hospitals
- Hospital procurement equipment preference to closed water loop systems

**Switzerland**

In Switzerland, there are no significant water shortages. Hirslanden's water usage is supplied by the public water utilities and 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 lavatory. The water consumption per bed day increased slightly from 0.664 kl to 0.665 kl per bed day, due to expanding beds in the Hirslanden Group.

**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 the garden and other non-clinical areas, monitoring of hot water consumption for the purpose of reducing energy on hot water tanks, installation of control sensors on taps in hospital wards and reducing pressure of water points. Water consumption is monitored at each unit and action taken to reduce consumption further where required. Due to an increase in patient numbers, total water consumption has increased by 3.3% in the past year.

## Waste management

**Group**

Stringent protocols are followed to ensure that refuse removal within the Group complies with all legislation, regulations and by-laws. 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.

**Southern Africa**

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

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

Each hospital also has a waste management plan.

## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS
Waste management (continued)	<p><b><i>Southern Africa (continued)</i></b></p> <p>By implementing waste management programmes and the ISO 14001 environmental management system, Mediclinic Southern Africa managed to maintain its healthcare risk waste at approximately 6 600 kg per month for a 200-bed hospital, i.e. approximately 1.1 kg per bed day sold. The total weight of healthcare risk waste for the year was 2 869.9 tonnes.</p> <p>The group generally makes use of waste management companies, but in smaller areas where this facility is not available, recycling is done by making use of local recyclers. The group's healthcare risk waste service providers and their vehicles are audited to ensure compliance with the environmental principle of "from cradle to grave". The reduction of normal waste is achieved through recycling and waste separation programmes that also include optimal use of paper, printers and staff awareness training in compliance with ISO 14001. Various monitoring and measurement programmes are tested at hospitals to determine the baseline for normal waste.</p> <p>The group's healthcare risk waste is treated by means of electrothermal deactivation or autoclaving. All anatomical waste is treated by incineration. Safe disposal certificates are being obtained for the disposal of all healthcare risk waste. Mediclinic is currently testing new healthcare risk waste treatment equipment at Mediclinic Vergelegen. Mediclinic is also investigating other methods because facilities to treat waste in the Western Cape are limited.</p> <p>Mediclinic Southern Africa disposes waste in an environmentally responsible manner where possible, for example, used cooking oil will be removed to generate biodiesel; and old equipment and electronic waste will be donated or sent to recyclers to reuse their components. Other hazardous waste e.g. fluorescent tubes and other mercury containing items, batteries, e-waste are disposed of in a safe manner through a hazardous waste management company and safe disposal certificates are being obtained. We are currently in the process of recycling our fluorescent tubes as a recycling facility is now available in South Africa.</p> <p>General waste is recycled, as far as reasonably practicable. Mediclinic is currently investigating the recycling of medical polyvinyl chloride (PVC) (e.g. drip bags). Mediclinic is also in the process of recycling empty glass vials. We are currently investigating the possibility of sending our food waste to a new industry called nutrient recycling. Fly larvae is used to feed on abundant waste nutrient sources. This is a sustainable source of natural protein. The nutrient recycling bioconversion process utilises waste food as raw materials and generates valuable feed components: an insect based protein meal. This process will also help to minimise waste to landfill. The total waste recycled for the year was 1 197 tonnes, an increase of 368 tonnes (44% increase) from the previous year.</p> <p>The total cost of disposal of healthcare risk waste for the financial year was R28.5 million.</p> <p>The bulk of the effluent discharge is treated by the local authorities, and these discharges are measured as a percentage of total volume of water supplied. Effluent discharge is treated by the local authorities at their effluent treatment plant at which the majority of the treatment method is the same. The quality of the effluent discharge is periodically tested by the local authorities. Where required by municipal by-laws, hospitals must apply for permission to discharge industrial effluent into the sewage disposal system of the municipality.</p> <p><b><i>Switzerland</i></b></p> <p>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.</p> <p>The weight and waste type are monitored and archived by the relevant hospital, transport provider and waste-incineration station. Hirslanden recorded 3 729 tonnes of waste in 2015 compared to 3 320 tonnes in 2014. The quality of data and the waste management will be improving in compliance with ISO 14001 after the pilot project of the norm in 2016 and the rollout of the norm in other hospitals.</p> <p><b><i>UAE</i></b></p> <p>Medical waste is disposed of in line with the directives of local authorities and is handled by a professional waste removal firm 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. Overall, Mediclinic Middle East has maintained general and medical waste generation in line with the group's bed occupancy. The total recycled weight increased by 1% from 86.47 tonnes during the previous reporting period to 86.96 tonnes during the year. Recycled material includes paper, plastic, cardboard and cans.</p>

## MATERIAL ISSUE 5: GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

### WHY THIS IS IMPORTANT TO THE BUSINESS

Governance and CSR are integral to Mediclinic's approach of running a sustainable, long-term business. In line with our vision statement "to be respected internationally and preferred locally", we:

- Enforce good corporate governance standards throughout the organisation;
- Act as a responsible corporate citizen;
- Build constructive relationships with our local stakeholders; and
- Act as a valued member of the community in the regions where we operate.

We have put in place a range of policies, processes and standards to support the Group's governance and corporate social investment programmes and provide a framework of the standards of business conduct and ethics that are required of all business divisions, directors and employees within the Group.

### 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 regulatory environment
- Financial and reputational damage caused by poor governance and ethical 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 Board and relevant Board committees
- Ethics Line available to all employees and external parties, with reported incidents monitored and investigated
- Established Group Risk Management department and Group Internal Audit function
- Compliance risks assessed as part of risk management process, with regular internal self-assessments, with necessary advice and support by the company secretarial and legal departments
- Monitoring of corporate social investment initiatives by senior management, with feedback to the Clinical Performance and Sustainability Committee.

### SELECTED KEY PERFORMANCE INDICATORS

#### CALLS TO ETHICS LINES

Southern Africa	<b>104</b> (2015: 148)
Switzerland	<b>17</b> (2015: 8)
UAE	<b>1</b> (2015: 1)

#### NO INCIDENTS OF MATERIAL NON-COMPLIANCE WITH LAWS

#### GENERIC BBBEE SCORE

<b>73.06 (out of a possible 100 points)</b> (2015: 68.93)	
--	---

#### Contribution to CSI initiatives

Southern Africa	<b>R11.8m</b> (2015: R10.4m)	
Switzerland	<b>CHF2.5m</b> (2015: CHF2.1m)	
UAE	<b>AED814 000</b> (2015: AED740 000)	

# OUR MATERIAL ISSUES (continued)

## APPROACH AND PERFORMANCE

MEASURE	PERFORMANCE HIGHLIGHTS
<b>Ethics and governance</b>	<p><b>Group</b></p> <p>Our commitment to ethical standards is set out in the Group's values, and is supported by the Group Code of Business Conduct and Ethics (the "<b>Code</b>"), available on the Company's website. The Code provides a framework for the standards of business conduct and ethics that are required of all business divisions, Directors and employees. The Code is available to all staff and is included in new employee inductions.</p> <p>Further details regarding the Group's ethics management, risk management process and corporate governance practices are discussed in detail in the report on Risk Management, Principal Risks and Uncertainties and the Corporate Governance Statement included in the <b>Annual Report</b>.</p> <p>Any employee or external stakeholder is able to report any wrongdoing throughout the Group on a confidential and anonymous basis to the ethics lines. The number of calls received through the Group's ethics lines is indicated on page 45. All complaints are investigated in accordance with the 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.</p> <p><b>Southern Africa</b></p> <p>Mediclinic Southern Africa developed an e-Learning module available to all staff relating to the provisions of the code and demonstrating practical examples of conduct that might fall foul of the Code.</p> <p><b>Switzerland</b></p> <p>A dedicated Ethics Contact Person is available to deal with all ethics complaints in line with the Group Code of Business Conduct and Ethics.</p> <p><b>UAE</b></p> <p>Al Noor has rolled out the group-wide Code of Business Ethics, which has been distributed to existing employees and is now included in new employee inductions. Going forward, Al Noor plans to replace its Code of Business Ethics with the Group-level Code.</p> <p>Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored.</p>
<b>Effective risk management</b>	<p>The Group's Enterprise-wide Risk Management ("<b>ERM</b>") policy follows the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework and defines the risk management objectives, methodology, risk appetite, risk identification, assessment and treatment processes and the responsibilities of the various risk management role-players in the Group. The ERM policy is subject to annual review and any amendments are submitted to the Audit and Risk Committee for approval.</p> <p>The objective of risk management in the Group is to establish an integrated and effective risk management framework where important and emerging risks are identified, quantified and managed. An ERM software application supports the Group's risk management process in all three operating platforms.</p> <p>Further details on the Group's risk management approach, as well as principal risks and uncertainties are included in the report on Risk Management, Principal Risks and Uncertainties in the <b>Annual Report</b>.</p>





## MEASURE

## PERFORMANCE HIGHLIGHTS

**Compliance with laws and regulation**

Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored. Good progress was made to define and integrate relevant laws and potential risks in the risk registers of the various platforms and departments during the year. As in previous years, there were no incidents of material non-compliance with any laws, regulations, accepted standards or codes applicable to the Group or fines against the Group during the period under review.

Further details on the Group's compliance management are included report on Risk Management, Principal Risks and Uncertainties and the Audit and Risk Committee Report in the **Annual Report**.


**Broad-based black economic empowerment ("BBBEE") (South Africa only)**

Mediclinic Southern Africa forms an integral part of the political, social and economic community in South Africa and is committed to sustainable transformation as part of its business strategy. Mediclinic Southern Africa's Executive Committee is responsible to ensure that the appropriate focus is placed on the group's commitment to the development and implementation of sustainable BBBEE initiatives.

Mediclinic Southern Africa is assessed annually by an accredited verification agency against the generic scorecard criteria set by the Department of Trade and Industry ("dti"), the latest results of which are available on Mediclinic Southern Africa's website at [www.mediclinic.co.za](http://www.mediclinic.co.za). During the year the group maintained its status as a Level 4 contributor status on the generic BBBEE scorecard, reflecting its commitment to promoting BBBEE with regard to procurement, ownership, socio-economic development and enterprise development. The score achieved during the most recent assessment increased from 68.93 to 73.06.

The revised BBBEE Codes of Good Practice was gazetted in October 2013, with a one-year transitional period. Therefore the scorecard published here was still calculated under the previous codes. Based on the group's initial review of the impact of the revised codes, it is expected that the group's contribution level will decline. Management is currently revising the group's BBBEE strategy to align it with the revised codes according to which Mediclinic Southern Africa will be assessed in future.

The number of black employees increased year on year from 69.1% to 70.5% of total employees.

Black management representation increased from 11% in 2006 to 25.7% (2015: 25.8%) at year end.

During the year, Mediclinic Southern Africa's transformation department continued with the diversity management interventions through workshops and presentations for employees throughout the group. The workshops are designed to help employees have a better understanding of diversity to embrace and celebrate diversity and be able to recruit, manage and retain talented employees from diverse backgrounds.

Mediclinic Southern Africa's employment equity plan for the five-year period ending October 2017 has been approved by the South African Department of Labour. The company is currently in the process of realigning its equity targets with specific focus on the areas where the current targets have been exceeded. The employment equity report (EEA2), as submitted to the Department of Labour in October 2015, is summarised in **Figure 19**. The employment equity report is in respect of all Mediclinic Southern Africa employees, excluding the employees of wholly-owned subsidiary ER24, which is registered as a separate employer with the Department of Labour.



## OUR MATERIAL ISSUES (continued)

MEASURE	PERFORMANCE HIGHLIGHTS
<b>Corporate social investment ("CSI")</b>	<p><b>Group</b> The Group contributes to the well-being of the communities within which it operates by investing in ongoing initiatives that address socio-economic problems or risks, and it has established Mediclinic as an integral member of these communities, enriching the lives of many communities throughout Southern Africa, Switzerland and the UAE.</p> <p>The Group's CSI activities are structured around the improvement of healthcare through training and education, sponsorships, donations, staff volunteerism, public private initiatives and joint ventures. Many of the Group's initiatives relate to providing training and to financial support of training. Due to the socio-economic conditions in Southern Africa, the majority of our CSI contributions are by Mediclinic Southern Africa.</p> <p><b>Southern Africa</b> Mediclinic Southern Africa's CSI strategy focuses on health, education, sport and welfare. The projects within each of these areas reflect the platform's ongoing commitment to assisting in reducing the host of social challenges in South Africa and Namibia. Investment can take the form of government partnerships (tier 1), community projects (tier 2) or employee volunteering hours (tier 3).</p>

**FIGURE 19:** MEDICLINIC SOUTHERN AFRICA'S SUMMARISED EMPLOYMENT EQUITY REPORT AND TARGETS (submitted in October 2015 to the South African Department of Labour)

OCCUPATIONAL LEVELS	MALE			FEMALE			FOREIGN NATIONALS		TOTAL
	AFRICAN COLOURED INDIAN	WHITE		AFRICAN COLOURED INDIAN	WHITE				
	TARGET	ACTUAL		TARGET	ACTUAL		MALE	FEMALE	
Top management	3	3	7	-	-	-	-	-	10
Senior management	3	2	15	3	-	6	-	-	23
Professionally qualified and experienced specialists and mid-management	64	54	161	90	87	241	3	3	549
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	312	367	174	1 845	2 437	2 401	140	158	5 677
Semi-skilled and discretionary decision-making	909	1 085	129	4 419	5 690	1 327	3	17	8 251
Unskilled and defined decision-making	226	227	20	453	433	10	6	36	759
Total permanent employees		1 738	506		8 647	4 012	152	214	15 269

Target exceeded
  Target met
  Target not achieved

## MEASURE

## PERFORMANCE HIGHLIGHTS

**Corporate social investment ("CSI") (continued)**

During 2015 we decided to assist the national Department of Health in the Public Health Enhancement Fund ("PHEF"), a joint initiative between the national Department of Health and the private healthcare sector. This aims to provide more medical personnel for South Africa by:

- expanding the intake of medical students;
- supporting postgraduate students pursuing health-related studies;
- building additional capacity in the management of tuberculosis (TB), HIV and AIDS; and
- providing support to the Leadership and Management Academy for Health.

Mediclinic Southern Africa has committed to contribute 0.75% of its net profit after tax to this fund annually, which amounted to R10.5m (2015: R9.0m) during the year.

During the year, R11.8m (2015: R10.4m) was spent on CSI in Southern Africa, as set out in **Figure 20**.

In addition to platform-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. In addition, the platform provides medical services at sporting and cultural events; such as the Cape Town Cycle Tour and the Cape Town Marathon.

**Switzerland**

During the year, Hirslanden invested CHF2.5m (2015: CHF2.1m) in order to offer medical and financial support to various programmes, projects and institutions.

**UAE**

Mediclinic Middle East contributed AED814 000 (2015: AED740 000) to CSI projects during the year including AED427 000 from a provision of AED500 000 for the Al Jalila Foundation which provides medical care for underprivileged children, free health screenings, talks and awareness campaigns on various health issues.

**FIGURE 20:** MEDICLINIC SOUTHERN AFRICA CSI EXPENDITURE







	2015 R	2016 R
Public Health Enhancement Fund	9 036 000	10 500 000
Tier 1* (surgical support in partnership with public hospitals)	367 000	n/a
Tier 2* (value of in-kind donations)	600 000	700 000
Tier 3 (volunteerism)	300 000	300 000
Operational costs (T-shirts, marketing, travel costs)	101 871	261 800
<b>Total</b>	<b>10 404 871</b>	<b>11 761 800</b>

\* Due to the significant contribution to the Public Health Enhancement Fund since the previous financial year, the tier 1 and tier 2 contributions by Mediclinic Southern Africa have decreased significantly.

# ASSURANCE

Mediclinic accepts accountability to our 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 21**. 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 21: COMBINED ASSURANCE**

ASSURANCE OUTPUT*		BUSINESS PROCESSES ASSURED	PROVIDER
External calculation of carbon footprint based on carbon emissions data of Mediclinic Southern Africa		Carbon footprint calculation	Carbon Calculated
ISO 14001:2004 certification of 41 of Mediclinic Southern Africa's 52 hospitals		Environmental management system	British Standard Institute, as accredited by UKAS (United Kingdom Accreditation Service)
COHSASA accreditation of 30 of Mediclinic Southern Africa's 36 participating hospitals, with the remaining eight hospitals undergoing the renewal process		Quality standards of healthcare facilities	COHSASA (Council for Health Services Accreditation of Southern Africa), which is accredited by ISQua (the International Society for Quality in Health Care)
BBBEE Level 4 contributor verification		Broad-based black economic empowerment	Empowerdex
ISO 9001:2008 certification of 15 out of 16 Hirslanden hospitals and Hirslanden Corporate Office		Process and Quality management	Swiss Association for Quality and Management Systems (SQS)
Self-assessment against EFQM (European Foundation for Quality Management) Excellence Model by 15 out of 16 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
ISO 14001:2015 certification of Hirslanden Klinik Belair		Environmental management system	Swiss Association for Quality and Management Systems (SQS)
JCI accreditation of both Mediclinic Middle East hospitals and accreditation of eight clinics in Dubai as well as accreditation of all three Al Noor hospitals		Quality and safety of patient care	Joint Commission International Accreditation (JCIA)
ISO 15189:2009 certification of the pathology laboratories of both Mediclinic Middle East hospitals and all five clinics with in-house laboratories		Pathology laboratories of both Mediclinic Middle East hospitals and five clinics	International Organization for Standardization (ISO)
College of American Pathologists (CAP) re-accreditation of the pathology laboratory of Mediclinic City Hospital		Pathology laboratory of Mediclinic City Hospital	College of American Pathologists

\* The flags indicate the operating platform where the assurance process is in place.

Key:  Mediclinic Southern Africa  Hirslanden  Mediclinic Middle East

# COMPANY INFORMATION

## COMPANY NAME AND NUMBER

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

## REGISTERED OFFICE

Mediclinic International plc  
40 Dukes Place, London, EC3A 7NH, United Kingdom  
Postal address: PO Box 456, Stellenbosch, 7599  
Tel: +44 20 7954 9600 Fax: +44 20 7954 9886  
Ethics Line: +27 12 543 5332 / Toll-free 0800 005 316  
(South Africa only) / ethics@mediclinic.com

## LISTING

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

## E-MAIL AND WEBSITE

info@mediclinic.com  
www.mediclinic.com

## DIRECTORS

Dr E de la H Hertzog (ne) (Chairman)  
(South African), DP Meintjes (Chief Executive Officer)  
(South African), C I Tingle\* (Chief Financial Officer)  
(South African), JJ Durand (ne) (South African),  
JA Grieve (ind ne) (British), S Keating (ind ne) (Irish),  
Prof Dr RE Leu (ind ne) (Swiss), N Mandela  
(ind ne) (South African), TD Petersen (ind ne)  
(South African), DK Smith (ind ne) (South African),  
I Tyler (snr ind) (British), PJ Uys (alternate to  
JJ Durand) (South African)

*\* PJ Myburgh will be appointed as an executive director  
and the Chief Financial Officer of the Company with effect  
from 1 August 2016 in the place of Craig Tingle who retires  
on 15 June 2016.*

## COMPANY SECRETARY

Capita Company Secretarial Services Limited  
Ms Victoria Dalby  
Tel: +44 20 7954 9600

## INVESTOR RELATIONS CONTACT

Mr Gert Hattingh  
ir@mediclinic.com

## REGISTRAR/TRANSFER SECRETARIES

### UK REGISTRAR

Capita Asset Services  
The Registry, 34 Beckenham Road, Beckenham, Kent,  
BR3 4TU, United Kingdom  
Tel: 0871 664 0300 (UK only)/+44 20 8639 3399  
(if dialling from outside the UK)

Lines are open during normal business hours from  
8.30am – 5.30pm Monday to Friday and charged  
at the standard rate. You can also use their website  
to check and maintain your records. Details can be  
found at [www.capitaassetservices.com](http://www.capitaassetservices.com).

### SOUTH AFRICAN TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd  
70 Marshall Street, Johannesburg, 2001  
Postal address: PO Box 61051, Marshalltown, 2107  
Tel: +27 11 370 5000 Fax: +27 11 688 7716

### NAMIBIAN TRANSFER SECRETARIES

Transfer Secretaries (Proprietary) Limited  
4 Robert Mugabe Avenue, Windhoek  
Postal address: PO Box 2401, Windhoek  
Tel: +264 61 227 647 Fax: +264 61 248 531

## CORPORATE ADVISORS

### AUDITOR

PricewaterhouseCoopers LLP  
London

### CORPORATE BROKER AND SPONSORS

Corporate broker: Morgan Stanley & Co International plc  
JSE (South Africa) sponsor: Rand Merchant Bank  
(a division of FirstRand Bank Limited)  
NSX (Namibia) sponsor: Simonis Storm Securities  
(Pty) Ltd

### LEGAL ADVISORS

English legal advisors: Slaughter and May  
South African legal advisors: Cliffe Dekker  
Hofmeyr Inc.

### REMUNERATION CONSULTANT

New Bridge Street

### COMMUNICATION AGENCY

Bell Pottinger