

CORPORATE GOVERNANCE REPORT



GOVERNANCE FRAMEWORK

Mediclinic remains committed to maintaining strict principles of good corporate governance to ensure that its business is managed responsibly and with integrity, fairness, transparency and accountability. The Board supports the governance principles and guidelines contained in the Companies Act, the JSE Listings Requirements and King III.

The Board is satisfied that effective controls are implemented and complied with throughout the Group and that the Company has met the requirements of the Companies Act, the JSE Listings Requirements and the majority of the principles contained in King III throughout the period under review. The JSE Listings Requirements require all JSE-listed companies to report on the application of the King III principles in accordance with the “apply or explain” approach of King III. While the vast majority of King III principles are applied by the Company, those principles which have not been applied are explained in this integrated annual report, also stating for what part of the year any non-compliance had occurred.

An index on the Company's application of each King III principle is published with the integrated annual report on the Company's website at www.mediclinic.com.

A Group Corporate Governance Manual, dealing with board practices and group policies, is maintained by the Company Secretary and provides guidance to the company secretaries, boards and management of the Company and its three operating platforms in Southern Africa, Switzerland and the United Arab Emirates to ensure that similar corporate governance practices are followed throughout the Group.

BOARD RESPONSIBILITIES

A formal code of conduct ("the Board Charter") sets out the responsibilities of the Board, Chairman, Chief Executive Officer, Lead Independent Director, individual directors and the Company Secretary. The Board's key responsibilities in terms of the Board Charter include:

- the creation of sustainable shareholder value;
- directing, assessing and authorising the Group's strategies;
- ensuring that the Group's strategic and operational objectives are achieved;
- the enforcement of adequate risk management practices;
- the handling of all aspects that are of a material or strategic nature or that may impact the Group's reputation;
- the monitoring of compliance with laws, regulations and the Group's Code of Business Conduct and Ethics;
- ensuring an appropriate business culture, management style and retention of management expertise and competence;
- identifying and managing potential conflicts of interest;
- ensuring that relevant and accurate information is timeously communicated to stakeholders;
- ensuring that remuneration of directors and senior management occurs in terms of the Group Remuneration Policy;
- empowering management to execute their tasks along delegated authorities;
- ensuring that the Board's composition incorporates the necessary skills and experience;
- the appointment of new directors;

- compliance with the Group's values; and
- ensuring the Group's continued financial performance and maintenance of its status as a going concern.

All Group policies, including the Board Charter, are reviewed annually. During the year only minor amendments were made to the Board Charter, mainly to (a) define the role of the Remuneration Committee and the Nominations Committee, following the separation of the Remuneration and Nominations Committee; and (b) update the Group's remuneration principles in line with the Group Remuneration Policy, both aspects of which are dealt with later in this integrated annual report.

The Board has full and effective control of the Company and all material resolutions have to be approved by the Board. The Board meets at least six times per annum and on an ad hoc basis and, if required, measures exist to accommodate any resolutions that may have to be approved between meetings. Members of the Board and sub-committees receive an agenda containing comprehensive information well ahead of time. This enables them to meet their commitments and to determine whether or not prescribed functions have been executed according to set standards, within the margins of cautious and pre-determined risk levels and according to international best practices.

Every director has free access to senior management and the Company Secretary.

COMPOSITION

The Board consists of a non-executive Chairman, five executive directors and nine non-executive directors, of whom six are regarded as independent, as illustrated in **Figure 1**. The composition of the Board meets the King III recommendation to have the majority of directors as non-executives, and the majority of the non-executives as independent. The composition of the Board reflects an appropriate balance between executive and non-executive directors to ensure that there is a clear division of responsibilities so that no one individual has unfettered decision-making powers. The standards contained in King III and the JSE Listings Requirements are applied when determining the independence of non-executive directors, as further elaborated upon in the footnotes to **Figure 1**.

FIGURE 1: BOARD AND SUB-COMMITTEE COMPOSITION

<p>Board</p> <p><i>Executive directors</i> Danie Meintjes (Chief Executive Officer) Craig Tingle (Chief Financial Officer) Ronnie van der Merwe (Chief Clinical Officer) Koert Pretorius (CEO: Mediclinic Southern Africa) Ole Wiesinger (CEO: Hirslanden)</p> <p><i>Non-executive directors</i> Edwin Hertzog (Chairman)¹ Jannie Durand² Kabs Makaba² Pieter Uys²</p> <p><i>Independent non-executive directors</i> Alan Grieve Robert Leu Nandi Mandela Trevor Petersen Anton Raath Desmond Smith</p>	<p>Audit and Risk Committee Desmond Smith (Chairman) Alan Grieve Trevor Petersen Anton Raath</p>
	<p>Remuneration and Nominations Committee Trevor Petersen (Chairman) Jannie Durand (with Pieter Uys as alternate) Robert Leu Anton Raath Edwin Hertzog³ Desmond Smith³</p>
	<p>Social and Ethics Committee Nandi Mandela (Chairperson) Danie Meintjes Pieter Uys Ronnie van der Merwe</p>
	<p>Investment Sub-committee Edwin Hertzog (Chairman) Jannie Durand (with Pieter Uys as alternate) Alan Grieve Danie Meintjes Anton Raath Craig Tingle</p>

¹ Dr Edwin Hertzog is not regarded as independent due to his interest in Mediclinic as disclosed in the analysis of shareholders in this integrated annual report and since he was employed in an executive capacity prior to his retirement on 31 August 2012.

² Messrs Jannie Durand and Pieter Uys and Dr Kabs Makaba are listed as non-executive directors and not regarded as independent because of their indirect interest in the Company. Messrs Jannie Durand and Pieter Uys are employees of Remgro, which held 43.4% in the Company at year end through Industrial Partnership Investments (Pty) Ltd. Dr Kabs Makaba is also a director of one of the Company's strategic black partners, Phodiso Holdings, which held 4.53% in the Company at year end through Mpilo Investment Holdings 2 (RF) (Pty) Ltd, a special purpose vehicle established in 2005 for purposes of the Company's black ownership initiative.

³ Dr Edwin Hertzog, in his capacity as chairman of the Board, served as a member of the Remuneration and Nominations Committee only relating to the committee's nominations duties and responsibilities, which discussions were also chaired by him. Subsequent to the amendment of the JSE Listings Requirements in September 2014, requiring that the Lead Independent Director chair the nominations committee if the chairman of the Board is not independent, Mr Desmond Smith was appointed in Dr Edwin Hertzog's place to chair the nominations component of the committee. In March 2015, the Board approved the separation of the committee into two separate committees. Refer to the footnote to **Figure 4** for an explanation of the changes to the chairman and structure of the Remuneration and Nominations Committee.



The Group maintains an appropriate balance between entrepreneurial growth and compliance with corporate governance requirements. Board members possess a variety of skills and experience, and are involved in all material business decisions, enabling them to contribute to the strategic and general guidance of management and the business.

The roles and responsibilities of the Chairman and the Chief Executive Officer are segregated. Every year, at the first Board meeting after the annual general meeting, both the Chairman and the Chief Executive Officer are formally elected by the Board for a term of one year by way of a closed ballot.

The Board acknowledges the principle in King III recommending that an independent non-executive director be appointed as Chairman. Given the current chairman, Dr Edwin Hertzog's involvement in a chief executive capacity from the incorporation of the Company until his appointment as Chairman in 1992 and his resultant in-depth industry knowledge and experience, it is considered to undoubtedly be in the Company's and the Group's best interest to have him as Chairman. As a result, Mr Desmond Smith fulfils the role of Lead Independent Director ("LID"), as recommended in King III and as required in terms of the JSE Listings Requirements. The main functions of the LID are, inter alia, to provide leadership to the Board when the Chairman has a conflict of interest and perform the evaluations of the Chairman and the independence of the independent non-executive directors.

Mr Danie Meintjes, who has served on the Board since 1996 and as Chief Executive Officer from April 2010, is responsible for the day-to-day management of the Group and the implementation of the strategies and policies adopted by the Board.

In terms of the Company's Memorandum of Incorporation, one third of the non-executive directors must retire each year on a rotational basis, but may make themselves available for re-election for a further term. The directors to retire shall be those who have been longest in office since their last election. A director who has already held his office for a period of three years since his last election shall retire at such meeting.

The Remuneration and Nominations Committee reviews the structure, size and composition of the Board on an annual basis and makes recommendations to the Board. The Company's policy regarding appointments to the Board is to adopt a flexible approach when selecting and appointing new directors to ensure that the composition reflects an appropriate mix of skills, experience and personal attributes, which policy is formal and transparent. The appointment of directors is a function of the entire Board, based on recommendations made by the Remuneration and Nominations Committee and subject to shareholder approval.

BOARD, COMMITTEE AND DIRECTOR EVALUATIONS

The Board annually conducts an objective evaluation in respect of the Board's performance regarding its role and functioning. The evaluation process also includes formal evaluations of Board committees, individual directors and the independence of the independent non-executive directors, with a specific focus on those directors who have served longer than nine years on the Board.

During the evaluation process conducted during the reporting period in March 2015, the Board identified no major areas for improvement. The results of the evaluations are documented and areas raised which require further attention are duly minuted and made available to the external auditors.

Following the evaluation of the independent directors, the Board was satisfied that they are independent in character and judgement, including Mr Anton Raath who has served on the Board since 1996. The Board confirmed that it is satisfied that there are no relationships or circumstances which affect or appear to affect his judgement and that his independence is not in any way affected by his length of service.

ORIENTATION AND ONGOING TRAINING OF DIRECTORS

Newly appointed directors follow an extensive orientation programme coordinated by the Chairman and supported by the Company Secretary upon their appointment. The orientation programme includes information sessions with management, as well as visits to the Company's hospitals, ensuring that new directors obtain a good understanding of the Company's core business and their fiduciary duties. The Group's Corporate Governance Manual is also used during the orientation process. They further receive extensive information on the JSE Listings Requirements and the obligations therein imposed upon directors, and they are continuously informed of any amended and new relevant legislation, any changes in business risks that may have an impact on the Group, as well as relevant company and industry news.

Directors are entitled, after consultation with the Chairman, to obtain independent professional advice about any aspect of the business at the expense of the Company.

COMPANY SECRETARY

Mr Gert Hattingh is the Company Secretary and also the Executive: Group Services of the Company and stands central to the corporate governance of the Group. The Company Secretary is responsible for: providing guidance to the Board collectively and to the directors individually with regard to their duties, responsibilities and powers; making them aware of legislation and regulations relevant to the Company; and ensuring the proper administration of the proceedings and matters relating to the Board, the Company and the shareholders of the Company in accordance with applicable legislation and procedures.

The Board has unlimited access to the Company Secretary, who advises the Board and the sub-committees on relevant matters, including compliance with the Group's policies and procedures, the JSE Listings Requirements, relevant legislation, statutory regulations and King III.

The Board annually evaluates the competence and effectiveness of the Company Secretary, as required in terms of the JSE Listings Requirements. The evaluation process includes an assessment by each Board member of the Company Secretary's eligibility, skills, knowledge and execution of duties. The Board has considered and is satisfied that the Company Secretary is competent and has the requisite qualifications and experience to effectively execute his duties. A brief CV of the Company Secretary is included on page 11 of this integrated annual report.

The Board confirms that the Company Secretary maintains an arm's length relationship with the Board and the directors, taking into account that the Company Secretary is not a director of the Company and is not related to any of the directors.



EXECUTIVE MANAGEMENT

The Company's executive management committee meets on a regular basis to consider, inter alia, investment opportunities, operational matters and other aspects of strategic importance to the Group. They are continuously in contact with the Group's management teams of Southern Africa, Switzerland and the United Arab Emirates to ensure effective communication, decision-making and execution of strategies. The terms of reference of the executive management committee are codified setting out their role and responsibilities, specifically with regard to their authority levels, which are reviewed annually by management and communicated to the Board.

The Chief Executive Officers of the Group's operating platforms in Southern Africa and Switzerland also serve on the Board, although these are not held ex officio. Because of the relative size of the Group's operations in the United Arab Emirates, the Chief Executive Officer of Mediclinic Middle East is not a member of the Board. He is, however, a member of the Company's executive management committee.

BOARD COMMITTEES

Specific responsibilities are delegated to the Board's sub-committees, which have defined tasks in terms of approved mandates. Reports on the committees' activities are also submitted to the Board. The main sub-committees are described below.

AUDIT AND RISK COMMITTEE

The responsibilities of the Audit and Risk Committee are codified in a mandate from the Board, which is reviewed at least annually by the Board. The main objectives of the committee are to:

- perform the statutory functions of an audit committee in terms of the Companies Act and other functions delegated to it by the Board;
- assess the effectiveness of the Group with regard to internal control, accounting function and policies, audit and public reporting of the Company and its subsidiaries, in order to make appropriate recommendations to the Board;
- oversee the evaluation of risk and control procedures, and to ensure that all significant risks applicable to the Group are understood and appropriately managed by ensuring an effective control environment within the Group and by approving the overall risk management processes within the Group in order to make appropriate recommendations to the Board; and
- assist the Board to ensure that reporting to shareholders is comprehensive, accurate and timely.

The composition of and attendance at committee meetings are set out in **Figure 3**.

The committee's report, describing how it has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 31 March 2015, is included in the annual financial statements published on the Company's website.

REMUNERATION AND NOMINATIONS COMMITTEE

As reported earlier in this report, the separation of functions of the Remuneration and Nominations Committee into two separate committees, the Remuneration Committee and the Nominations Committee, was approved by the Board in March 2015. For the period under review, reporting is done based on the combined committee.

The responsibilities of the Remuneration and Nominations Committee are codified in a mandate from the Board, which is reviewed at least annually by the Board. The main objectives of the committee are to:

- oversee the establishment and implementation of a formal and transparent remuneration policy for the Company in relation to non-executive directors, executive directors and senior managers across the Group;
- ensure that the disclosure of director and other remuneration is accurate and transparent;
- make recommendations to the Board on the appointment of new directors;
- regularly review the Board structure, size and composition; and
- ensure that adequate succession planning measures are in place.

The composition of and attendance at committee meetings are set out in **Figure 4**. The Group's Chief Executive Officer and General Manager: Global Reward also attend meetings.

The Group's remuneration policy, approach and compensation structure are set out in the **Remuneration Report** included in this integrated annual report. As recommended in King III, the Group's remuneration policy is put forward for approval by way of a non-binding advisory vote by the shareholders of the Company at each annual general meeting of the Company. The policy was approved by the shareholders of the Company at the last annual general meeting held on 23 July 2014, with 99.64% of the shareholders present or represented and entitled to vote voting in favour of the resolution.

INVESTMENT SUB-COMMITTEE

The Investment Sub-committee is responsible for reviewing and making recommendations to the Board regarding proposed investments and capital expenditures of the Group that exceed set authority levels and meets on an ad hoc basis. The composition of and attendance at committee meetings are set out in **Figure 5**.

SOCIAL AND ETHICS COMMITTEE

The responsibilities of the Social and Ethics Committee are codified in a mandate from the Board, which is reviewed at least annually by the Board. The main objectives of the committee are to:

- assist the Board in ensuring that the Group is and remains a good and responsible corporate citizen by monitoring the sustainable development performance of the Group; and
- perform the statutory functions of a social and ethics committee in terms of the Companies Act and other functions delegated to it by the Board.

The composition of and attendance at committee meetings are set out in **Figure 6**.

The committee's report, describing how it has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 31 March 2015, is included in this integrated annual report.



ATTENDANCE OF MEETINGS

FIGURE 2: ATTENDANCE OF BOARD MEETINGS

Board member		May 2014	Jul 2014	Sep 2014	Nov 2014	Feb 2015	Mar 2015
Executive	Danie Meintjes	✓	✓	✓	✓	✓	✓
	Koert Pretorius	✓	✓	✓	✓	✓	✓
	Craig Tingle	✓	✓	✓	✓	✓	✓
	Ronnie van der Merwe	✓	✓	✓	✓	✓	✓
	Ole Wiesinger	✓	x	✓	✓	✓	✓
Non-executive	Edwin Hertzog (Chairman)	✓	✓	✓	✓	✓	✓
	Jannie Durand	✓	✓	✓	✓	✓	✓
	Kabs Makaba	✓	✓	✓	✓	✓	✓
	Pieter Uys	✓	✓	✓	✓	✓	✓
Independent non-executive	Alan Grieve	✓	✓	✓	✓	✓	✓
	Robert Leu	✓	✓	✓	x	✓	✓
	Nandi Mandela	✓	✓	✓	✓	✓	✓
	Trevor Petersen	✓	✓	✓	✓	✓	✓
	Anton Raath	✓	✓	✓	✓	✓	✓
	Desmond Smith	✓	✓	✓	✓	✓	✓

FIGURE 3: ATTENDANCE OF AUDIT AND RISK COMMITTEE MEETINGS

Committee member (all independent non-executive)	May 2014	Nov 2014	Mar 2015
Desmond Smith (Chairman)	✓	✓	✓
Alan Grieve	✓	✓	✓
Trevor Petersen	✓	✓	✓
Anton Raath	✓	✓	✓

FIGURE 4: ATTENDANCE OF REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS

Committee member	May 2014	Jun 2014	Oct 2014	Mar 2015
Trevor Petersen (Chairman) (Independent non-executive)	✓	✓	✓	✓
Jannie Durand (Non-executive)	✓	✓	✓	✓
Robert Leu (Independent non-executive)	✓	✓	✓	✓
Anton Raath (Independent non-executive)	✓	✓	✓	✓
Edwin Hertzog ¹ (Non-executive Chairman of the Board)	n/a	n/a	n/a	✓
Desmond Smith ¹ (Lead Independent Director)	n/a	n/a	✓	n/a

¹ Dr Edwin Hertzog, in his capacity as Chairman of the Board, served as a member of the Remuneration and Nominations Committee only relating to the committee's nominations duties and responsibilities, which discussions were also chaired by him, as required in terms of JSE Listings Requirements. Subsequent to the amendment of the JSE Listings Requirements in September 2014, requiring that the Lead Independent Director chair the nominations committee if the chairman of the Board is not independent, Mr Desmond Smith was appointed in Dr Edwin Hertzog's place to chair the nominations component of the committee. The Board subsequently approved the separation of the committee into two committees, as dealt with in note 3 to Figure 1 on page 92 and on page 96.



FIGURE 5: ATTENDANCE OF INVESTMENT SUB-COMMITTEE MEETINGS

Committee member	Dec 2014	Jan 2015	Feb 2015
Edwin Hertzog (Chairman) (Non-executive)	x	✓	✓
Jannie Durand (Non-executive)	✓	x	✓
Alan Grieve (Independent non-executive)	✓	✓	✓
Anton Raath (Independent non-executive)	✓	✓	✓
Danie Meintjes (Executive)	✓	✓	✓
Craig Tingle (Executive)	✓	✓	✓

FIGURE 6: ATTENDANCE OF SOCIAL AND ETHICS COMMITTEE MEETINGS

Committee member	May 2014	Nov 2014
Nandi Mandela (Chairperson) (Independent non-executive)	✓	✓
Danie Meintjes (Executive)	✓	✓
Pieter Uys (Non-executive)	✓	✓
Ronnie van der Merwe (Executive)	✓	✓

DEALINGS IN SECURITIES

The Group's Procedure on Dealings in Mediclinic Shares prohibits directors and senior management of the Group from trading in the Company's shares during price-sensitive or closed periods, which are more restrictive than those required in terms of the JSE Listings Requirements. In terms of the Group's policy, closed periods commence two months prior to the expected publication date of the year-end or interim financial results of the Company up to the publication date, alternatively from the last day of the financial year or the first six-month period of the financial year up to the publication date of the annual or interim financial results of the Company, whichever is the longest. Directors and senior management throughout the Group are informed of the closed periods by the Company Secretary. Furthermore, the directors and company secretaries of the Company and its major subsidiaries, as well as selected senior management, are not allowed to trade in the Company's shares, unless the prior written approval of the Chairman, or in his absence the Chief Executive Officer, has been obtained in terms of the Group's Procedure on Dealings in Mediclinic Shares.

ETHICS AND COMPLIANCE

CODE OF BUSINESS CONDUCT AND ETHICS

Please visit the governance section on Mediclinic's website at www.mediclinic.com for a copy of the Code of Business Conduct and Ethics and the contact details of the relevant Ethics Contact Persons within the Group.

Conducting business in an honest, fair and legal manner is a fundamental guiding principle in the Mediclinic Group, which is actively endorsed by the Board and management. Ethical behaviour has always been a fundamental guiding principle and management continually focuses on establishing a culture of responsibility, fairness, honesty, accountability and transparency in the Group. This commitment is firmly entrenched in the Group and supports its vision to be regarded as the most respected and trusted provider of hospital services by our patients, doctors and funders of healthcare. The Group's 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 Code"). The Code provides a framework for employees of the standards of business conduct and ethics that are required of all business divisions, directors and employees within the Group in order to promote and enforce ethical business practices and standards throughout the Group. The Code is available to all staff and also communicated to new employees as part of the on-boarding process. 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.

ETHICS LINES

Any employee or external stakeholder throughout the Group is able to report any wrongdoing on a confidential and anonymous basis to the Ethics Lines of Mediclinic, Mediclinic Southern Africa, Hirslanden and Mediclinic Middle East.

The number of calls received through the ethics lines during the year is indicated in **Figure 7**. All complaints are investigated in accordance with the Code. Over the years, the majority of the 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 – a clear indication of an overall commitment to ethical behaviour throughout all levels of the Group.

Mediclinic Southern Africa's Ethics Line is managed by an independent service provider, which ensures that calls are treated with the utmost confidentiality. The service is available on a 24-hour basis to all staff and outside stakeholders. This service was expanded to Mediclinic Middle East during the period under review. Although Hirslanden does not have an independently operated Ethics Line, a dedicated Ethics Contact Person is available to deal with all ethics complaints. Hirslanden plans to introduce an independently operated Ethics Line during the year ahead.

FIGURE 7: SUMMARY OF REPORTS TO ETHICS LINES

Nature of report	Mediclinic International			Southern Africa			Switzerland			UAE			Group total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Alleged fraud/corruption	-	-	-	4	-	1	-	-	-	-	-	-	4	-	1
Alleged theft	-	-	-	7	-	-	-	-	-	-	-	-	7	-	-
Grievance/complaint	1	2	2	130	79	60	8	6	9	1	-	-	140	87	71
Other	-	-	-	7	-	-	-	-	-	-	-	-	7	-	-
Total	1	2	2	148	79	61	8	6	9	1	-	-	158	87	72

FRAUD AND CORRUPTION

The Group adopts a no-tolerance policy with regard to unethical business conduct, in particular also fraud and corruption, which is addressed in the Code. Strict policies relating to any invitations, gifts or donations received from suppliers or any other party, in terms of which personnel are compelled to declare these to management for approval, apply throughout the Group. Staff members involved in the contracting, negotiating and purchasing of equipment or consumables are also bound to strict ethical principles, ensuring that an impeccable standard of integrity is maintained in the Group's business relationships.

The Code further prohibits the making of donations by the Group to political parties, unless this has been pre-approved by the board or Executive Committee of the relevant operating platform and reported to the Executive Committee of Mediclinic. No donations to political parties were made by Mediclinic Southern Africa or Mediclinic Middle East during the period under review. In Switzerland the financing of political campaigns through third-party contributions is an official and standard practice. During the period under review, CHF14 571 (2014: CHF13 500) was donated by Hirslanden to several political parties, institutions and associations.

The Audit and Risk Committee assesses incidents of attempted fraud or corruption throughout the Group at each committee meeting. Depending on the nature of an incident, the incident is investigated either by contracted forensic investigators or by internal audit or by management.

These investigations will determine the nature of the corrective action taken, which may include formal criminal action against the perpetrator and/or disciplinary action or possible dismissal in case of employee involvement as well as a review of the controls of the affected business process area.

No new material incidents of fraud or corruption were reported throughout the Group during the reporting period.

COMPETITION LAWS

The Group supports and adheres to the relevant competition and anti-trust laws applicable in the various countries in which the Group operates. These laws are complex and the Group has therefore issued guidelines to its employees on competition law compliance within their relevant jurisdiction, which are reviewed and updated at least annually.

The South African Competition Commission is currently undertaking a market inquiry into the private healthcare sector in South Africa. Mediclinic is participating in the inquiry, with the assistance of expert competition attorneys and advocates who guide Mediclinic through the process.

No legal action for anti-competitive, anti-trust or similar conduct was instituted against the Group during the year.

INFORMATION SECURITY AND CUSTOMER PRIVACY

Information security policies and controls are in place throughout the Group regulating, inter alia, the processing, use and protection of own and third-party information. There were no substantiated complaints regarding a breach of customer privacy or loss of customer data against the Group during the year.

In South Africa, information is provided in respect of all legitimate requests for information received in terms of the South African Promotion of Access to Information Act, 2 of 2000. The only requests for information that have been received in terms of this act are for patient records, which are and would have been made available in any event, subject to patient consent. Reliance on the legislation is not a requirement. The Protection of Personal Information Act, 4 of 2013, has been passed, but the date of implementation apart from a few enabling sections has not yet been determined. This Act will demand certain further actions to ensure the privacy of all personal information in Mediclinic's possession. Mediclinic has already undertaken steps to ensure that it will be ready to meet these legislative requirements.

In Switzerland, access to information is governed by the Federal Constitution of the Swiss Confederation granting the right to information. No requests for information were received on this basis. The protection of personal data is highly governed in Switzerland by the Federal Data Protection Commissioner in terms of the Federal Data Protection Act, the cantonal Data Protection Commissioners, as well as other laws and regulations that govern data protection such as the Federal Human Research Act, with which the group complies. Cross-border data protection agreements are entered into if any personal data are transferred to any party outside Switzerland to ensure that the security of the data is maintained.

In the UAE, protection of personal data and privacy is governed by the Constitution of the UAE (Federal Law 1 of 1971), the Penal Code (Federal Law 3 of 1987 as amended) and the Cyber Crime Law (Federal Law 5 of 2012). Dubai Healthcare City has enacted its own Health Data Protection Regulations (Regulation Number (7) of 2008) ("DPR"). The

purpose of the DPR is to promote and protect patient health information. At Mediclinic Middle East, standardised policies for the protection of patient data are in place. A dedicated section detailing staff responsibilities for patient confidentiality was included in all contracts for new employees during the year. The group's IT security policy restricts access to patient records and there is controlled access to areas where physical patient files are stored. No incidents of non-compliance have occurred at Mediclinic Middle East and consequently no fines or penalties have been imposed during the period under review.

COMPLIANCE

Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group's risk management process and is monitored. 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.

CONFLICT OF INTERESTS

All employees within the Group are obliged to disclose any potential conflict of interests as well as any gift or invitation by a supplier or a third party. In addition, Board members and the company secretaries of the Company and its major subsidiaries are required to disclose their shareholding in the Company, other directorships and any potential conflict of interests, which are monitored by the Company Secretary. Where a potential conflict of interests exists, directors are expected to excuse themselves from relevant discussions and decisions.

ICT GOVERNANCE

Information and Communications Technology ("ICT") governance is done in the context of the King III report, which maintains that as companies become more reliant of information and communication technologies, the associated risks need to be well governed and controlled. ICT is a pervasive technology and cuts across all aspects of the business, from administrative back-office processes to clinical practices and engagements with Mediclinic

stakeholders. ICT is an increasingly critical enabler of the transactional processes of our business as well as the information analytical functions in support of management and decision-making. The increase in business systems integration and interconnectivity with the associated information security challenges can result in significant additional costs and risks. The Board and executive management are well informed about the role of ICT and the potential for growth and renewal, as well as for enabling and transforming the healthcare business model. The Board recognises that ICT is fundamental to the support, sustainability and growth of the organisation. The Board is satisfied that ICT is properly managed and that it is aligned with the objectives of our business.

The Group's ICT Executive, together with an ICT management committee, with representation from all three operating platforms, is responsible for the development and implementation of the Group's ICT strategies in support of the Group's business strategy, as well as for ensuring that ICT synergies, collaboration and standardisation across the business platforms are maximised. The ICT management committee is responsible for monitoring the platforms' adherence to the Group's ICT Governance Policy, and ICT risk management is fully integrated in the Group's risk management process as elucidated in the **Risk Management Report**.



RISK MANAGEMENT AND INTERNAL CONTROL

The Group's reporting on its risk management process and system of internal control is included in the **Risk Management Report**.



EXTERNAL AUDIT

The Audit and Risk Committee is responsible for nominating the Company's external auditor and determining its terms of engagement. PricewaterhouseCoopers Inc., as the re-appointed external auditor of the Company during the period under review, whose report is included in the annual financial statements, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial disclosures.

The external auditors of the Company and its major subsidiaries operating in Southern Africa and Switzerland meet the external auditor registration requirements in terms of the JSE Listings Requirements.

The Audit and Risk Committee meets at least three times per year with the external and internal auditors and executive management to ensure that their efforts pertaining to risk management and internal control are properly coordinated.

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board is committed to keeping shareholders and the investor community informed of developments in the Group's business. Our engagement with our shareholders and the investment community is dealt with in the **Sustainable Development Report** published on the Company's website.

