

Modern Slavery Statement 2020



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This is Healius Limited's first Modern Slavery Statement ("Statement") covering Financial Year 2020, issued under the Australian Modern Slavery Act. This Statement outlines what Healius and its subsidiaries ("Healius") have done and plan to do to detect modern slavery and human trafficking risks in its business and supply chains as well as the steps and processes to respond to those risks.

Message from the Chief Executive Officer

On behalf of the Board of Healius, I am pleased to present our first Modern Slavery Statement.

Through accessible, high-quality, consumer-centric healthcare services, Healius is committed to delivering excellence in healthcare in Australia, creating value for consumers, employees, investors and the many communities in which we operate.

At Healius, we are inspired to care for the health and wellbeing of our customer at every stage of life. Our values underpin a culture of care and empathy, which also extends to our many stakeholders, internal and external. We respect all human rights, including the right to be free from slavery, exploitation, forced labour, debt bondage, domestic servitude, deceptive recruiting for labour and illegal forms of child labour with zero tolerance for slavery of any kind.

Healius' commitment to human rights and the eradication of all types of modern slavery is overseen by the Healius Board and the Board's Risk Management Committee, and is considered essential to a sustainable future. This Statement is a reflection Healius' ongoing commitment to prevent modern slavery.



A handwritten signature in black ink that reads "Dr Malcolm Parmenter". The signature is written in a cursive, flowing style.

Dr Malcolm Parmenter
Chief Executive Officer

March 2021

About Healius

Healius has been one of Australia's leading healthcare companies for over 30 years with a commitment to supporting quality, affordable and accessible healthcare. We seek to provide life-sustaining healthcare and well-being at every stage of life, delivered by people who care.

Following the sale of its Medical Centres and Dental business in November 2020, Healius has three main businesses – Pathology, Imaging and Day Hospitals/IVF. Through its unique footprint of centres and its 10,500 employees, Healius provides specialty diagnostic services to consumers and their referring practitioners, as well as enabling independent healthcare professionals to deliver care in its day hospitals and fertility clinics.

Healius' commitment to human rights and the eradication of all types of modern slavery is overseen by the Healius Board and the Board's Risk Management Committee. Our approach to modern slavery risk management builds upon our established frameworks as an accredited healthcare provider and public listed company in Australia, including our Risk Management Framework, Code of Conduct, Procurement Policy and Whistleblower protections.

Our values

At Healius, 'WE CARE' represents our values, with the aspiration of creating a culture of care and empathy for our people that mirrors the care and empathy patients expect from them. Everyone at Healius is expected to embrace and embody these values in their working lives.



Work it together

We believe when we bring out the best in each other, there's no limit to what we can do.



Empathy for Everyone

We believe we build better relationships when we take the time to understand and care about each other.



Committed to Excellence

We believe we should always go above and beyond for patients, customers and each other.



Act with Integrity

We believe in trusting each other and always supporting those who are fair and honest.



Recognise our People

We believe the hard work we put in every single day deserves to be acknowledged and celebrated.



Embrace Innovation

We believe everything we do can benefit from a different perspective. Great ideas can come from anyone.

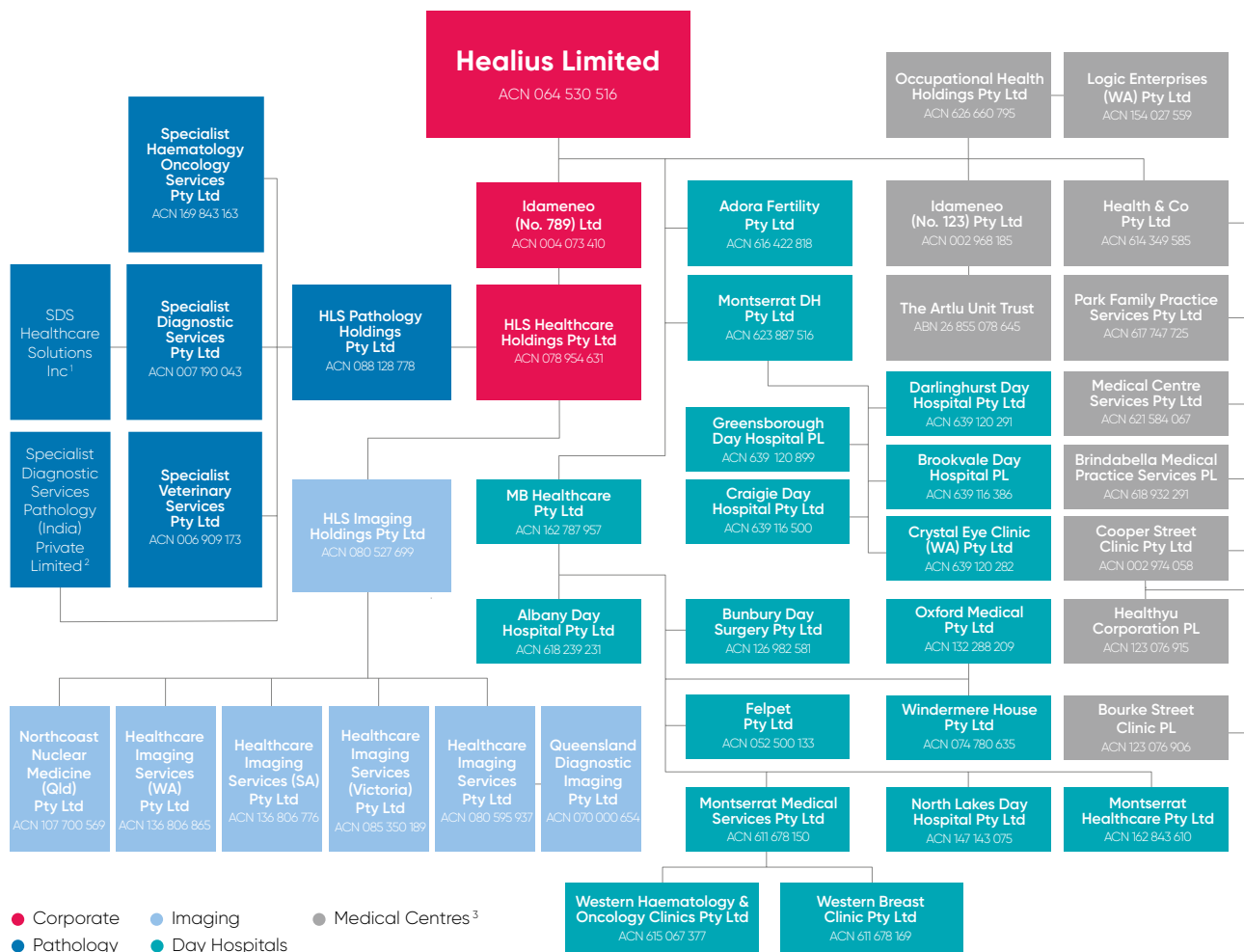
Legal entities covered by this Statement

Healius is a leading Australian healthcare company providing diagnostic services to consumers and referring practitioners, as well as enabling a range of independent healthcare professionals such as GPs and radiologists (“HCPs”) to deliver patient care in our facilities and in partnership with Healius’ nurses and support staff. Healius is listed on the Australian Securities Exchange and is headquartered in St Leonards, NSW.

In addition to Healius Limited, Healius comprises a significant number of separate subsidiary companies whose activities are grouped into operating divisions.

This Statement covers the financial year ended 30 June 2020 and has been prepared on a consolidated basis. The legal entities covered by this Statement and a description of the businesses through which these legal entities deliver healthcare services to Australian healthcare professionals and patients is set out below.

Healius Group – consolidated modern slavery reporting entities 2020



1 Back office support operation incorporated in the Philippines.
 2 Back office support operation incorporated in India.
 3 Discontinued operation for Healius Group as at 23 November 2020.

This structure current as at 30 June 2020.

Our businesses



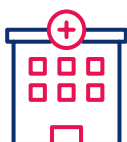
Pathology

The Pathology division is Healius' largest business. It provides leading medical laboratory and pathology services covering key diagnostic activities of anatomical pathology (histopathology and cytology), clinical pathology (biochemistry, haematology, immunology and microbiology), genomic diagnostics and veterinary pathology. From FY 2020, the division has been instrumental in COVID-19 testing nationally. Healius' pathology division has strong state-based brands which are all number one or two in their markets.



Imaging

The Imaging division partners with around 120 independent radiologists to undertake a full range of medical imaging services including specialist women's health, cardiac, neurological, vascular, musculoskeletal and dental imaging. The division, operating a network of around 140 sites in hospitals, medical centres and stand-alone community sites, is the number three national provider.



Day Hospitals and IVF

Healius has 15 short-stay day hospitals, 11 of which are stand alone and operate under the Montserrat brand and four Healius Day Hospitals are located within medical centres, all operating under Montserrat's management. Healius also operates four IVF clinics, together with a few satellites, under the brand Adora Fertility.

Short-stay day hospitals are a smart and efficient alternative to long-stay hospital care, providing patients with quality care whilst alleviating cost pressures on government and health insurers. They provide revenue diversification for Healius away from a reliance on the Medicare Benefits Scheme.



Medical Centres

The Medical Centres division played a central role in Healius' health services strategy for much of the past 30 years with 69 Medical Centres and 13 Health & Co clinics across Australia along with 62 dental facilities primarily co-located in Medical Centres.

Following the divestment of the Medical and Dental Centres businesses in November 2020, Healius' Imaging and Pathology collection centres continue to operate within the medical centres under long-term lease agreements.

Our Australian operations and people



The majority of Healius' operations are in Australia and include salaried staff, employees under collective bargaining arrangements and modern pay awards, independent HCPs and temporary contractors. In FY 2020 there were approximately 13,000 people and 1,900 HCPs, with that number decreasing to approximately 10,500 employees and 100 HCPs on the sale of the Medical and Dental centres.

Approximately 90% of staff (excluding HCPs and temporary contractors) are covered by an industrial instrument such as modern awards or enterprise agreements. The terms of these instruments lessen the prospects of conduct within our operations that could deteriorate into modern slavery.

Healius' systems aim for continuous improvement in its treatment of employees including; compensation, work-life balance, financial and non-financial benefits, support professional development and health and safety.

Our offshore operations and people



As well as managing domestic and offshore suppliers, Healius' Pathology division includes back office support operations located in Manila and Bangalore, made up of approximately 550 employees.

Healius' offshore employees are compensated in line with, or exceed, local government minimum wage compliance in the relevant locations. Healius has consulted with these operations to assess the risk of modern slavery instances, including in its supply chains and exploited labour. In addition, Healius has and will continue to engage experts to provide recommendations on risk and compliance requirements for our offshore operations and hold governance forums with offshore leaders and contract suppliers.

Our supply chains and procurement framework

Across the scope of its operations, Healius sources a wide array of healthcare-related products and services, as well as more usual business-related products and services. These may originate within Australia or offshore. Key supply chain classes are:

Supply Chain Classes



- Medical consumable expenses (e.g. PPE, reagents)
- Property rental expense
- Utilities and other property related services
- Repairs and maintenance (including equipment)
- IT expenses (IT hardware, software and third-party support)
- General expenses (including non-medical consumables such as office supplies, general staff and travel costs, motor vehicles, workers compensation and insurance costs, Pathology third-party courier and referred work, consultants, professional services)

Healius draws from both domestic and international suppliers to ensure the provision of quality, ethical products to generate optimum value with a whole-of-life focus. In making its choice of partners and suppliers, Healius takes into consideration not simply "best price", but also how potential suppliers address production, packaging, delivery, modern slavery and their own environmental policies and credentials. Due diligence and risk assessment are an integral part of our procurement processes. Suppliers are required to adhere to Healius' procedures and tools, in particular, our Procurement Policy and, in future, our Supplier Code of Conduct.

Procurement Policy

Supplier relationships

Healius is committed to building a strong reputation with suppliers by demonstrating probity, integrity, impartiality, confidentiality, transparency, accountability and respect by partnering and managing relationships strategically with suppliers.

Sustainability

Where possible, procurement should have the most positive environmental, social and economic impact over the entire life cycle of a good or service following a risk-based approach.

Managing risk

Our aim is to ensure that all procurement is conducted within a framework in compliance with Group procedures, tools and templates, based on a risk-based approach. Conflicts of interest are considered and managed appropriately.

Value for money

Healius is committed to obtaining the best overall outcome in terms of value for money, performance and whole-of-life-costs by leveraging the full purchasing power of the Healius Group. Value for money is demonstrated through competitive process and/or rigorous benchmarking.

Supplier Code of Conduct

Labour, Human Rights and Modern Slavery

Healius is opposed to all forms of modern slavery and expects its suppliers to respect human rights and ensure that they do not engage in or are complicit with human rights abuses, including modern slavery.

Ethics

Healius is committed to a culture of corporate compliance and ethical behaviour and expects its suppliers to carry out their duties ethically, responsibly and without improper influences, and thereby protect the integrity of the business.

Health and Safety

Our aim is to provide a safe and efficient workplace without injuries to staff, contractors and the public. We expect our suppliers to take accountability and responsibility for managing health and safety risk.

Environment

Healius is committed to managing operations in an environmentally sustainable manner and expects its suppliers to maximise resource efficiency and reduce the consumption of energy and natural resources and waste.

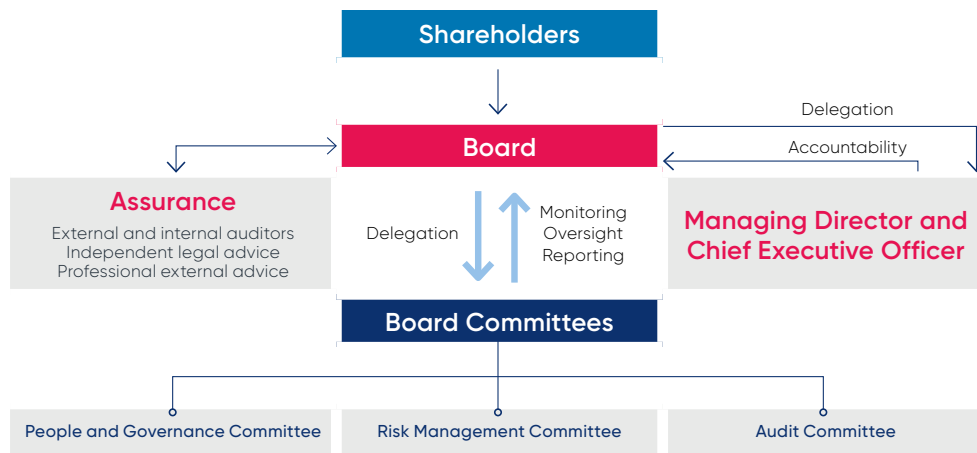
Diversity and inclusion

We recognise that a diverse and inclusive workplace in which all individuals, with a broad range of backgrounds, skills, experience and perspectives, contributes to our success. We also expect our suppliers to promote an inclusive and diverse workforce.



Our governance and risk framework

Overseen by the Healius Board and the Board's Risk Management Committee, Healius is committed to maintaining high ethical standards and conducting business with integrity, which is one of our core values. This includes a commitment to human rights and the eradication of all types of modern slavery.



As a healthcare provider, Healius' operations are highly regulated and subject to a range of State and Commonwealth legislation and accreditation requirements. In addition, Healius' operations are subject to regular internal and external audits associated with being a listed public company, which make the risk of internal instances of modern slavery less likely.

Healius works within an accountable system that includes corporate governance policies and practices, and risk management processes. These are designed to promote and strengthen the company's responsible management.

Risk management, including modern slavery, is the responsibility of the Group Risk Manager, who reports through the Group's Executive Risk Committee, which meets monthly and in turn to the Board's Risk Management Committee, which meets quarterly. The Executive Risk Committee and the Risk Management Committee review the risk registers of the operating divisions and the Group.

A Risk Management Framework has been designed that is both consistent with best practice and meets the specific needs of the company and its businesses. By following

the framework, Healius has a uniform risk management methodology that can be applied to all strategic, operational and contractual objectives and which is supported by training modules to raise staff awareness.

The Risk Management Framework is supported by a range of policies that ensure we operate in a manner that is safe, ethical and compliant. Some policies relate specifically to modern slavery, while others are more general in nature and refer to our ethical standards and human rights responses. As part of its commitment to managing the risks, these policies are continually reviewed to ensure compliance with all legislation, including modern slavery. Relevant policies, which can be found online at: www.healius.com.au, include:

- Board Charter
- Code of Conduct
- Anti-bribery and anti-fraud policy
- Risk Management policy
- Procurement policy
- Work Health and Safety and Policy
- Whistleblower Protection Policy

Our Whistleblower Protection Policy

Healius encourages all its people to act with honesty and integrity and is committed to a culture of corporate compliance and ethical behaviour generally. The Whistleblower Protection Policy is in place to foster openness and transparency and to support people who raise concerns about the actions of Healius, without fear of being subjected to punishment, harassment or discriminatory treatment. Healius has engaged an external third-party service provider to provide a confidential and, if requested by a whistleblower, anonymous line of communication.

In the context of modern slavery, the policy specifically includes suppliers under the umbrella of persons who may be a whistleblower. Details of how to make a notification – including anonymously – are publicly available on our website.

Our FY 2020 measures to address modern slavery risks

As stated at the outset of the report, Healius is fully committed to uphold human rights and to the eradication of all types of modern slavery.

Due in significant part to the effects of the COVID-19 pandemic and an on-going focus on managing the delivery of healthcare services including COVID-19 testing, Healius' processes for assessing effectiveness of modern slavery measures are at an early stage of development. We have focused on understanding modern slavery risks in the context of our own operating environment and establishing the foundations upon which to effectively identify and manage these risks going forward. In FY 2020 and up to the date of this report, our key action points and effectiveness have been as follows:

Consultation

Consultation with relevant stakeholders to understand their approaches to modern slavery and actions going forward.

Risk Framework

Modern Slavery Committee

Formation of multi-functional Modern Slavery Committee which reports to the Executive Risk Committee and the Risk Management Committee of the Board.

Healius key policies

Continual review of Healius key policies to ensure compliance with all legislation, including modern slavery.

Procurement

Supplier Code of Conduct

Development of a Supplier Code of Conduct for incorporation into its supplier contracts and purchase orders, which specifically references our respect human rights and expectation that our suppliers ensure that they do not engage in or are complicit in any human rights abuses, including modern slavery.

Procurement Procedures

Updating of Procurement Procedures with the required due diligence and remediation requirements, including the incorporation of modern slavery risk identification and management in procurement planning processes.

Contract clause

Development and execution of a supplier contract clause in key contracts that prohibits conduct or activities that would constitute modern slavery and compels suppliers to provide records as required for Healius to comply with the Modern Slavery Act.

Risk evaluation protocol

Implementation of a basic risk evaluation protocol to evaluate suppliers, combining:

- Overall spend with the Healius Group; and
- Identification of industries whose goods and services pose a higher inherent risk such as medical personal protective equipment, cleaning and IT services.

The results of this risk evaluation are set out below.

Offshore operations

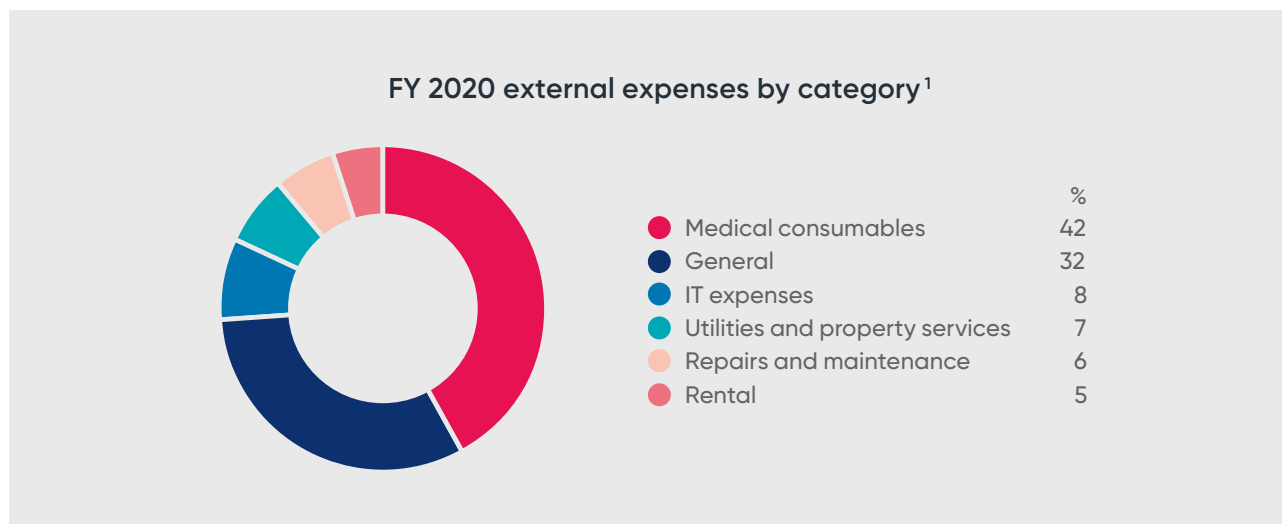
Consultation with heads of each of our offshore operations to ensure the risk of modern slavery in our offshore operations is assessed and managed; this included a due diligence questionnaire using the Commonwealth Government's internal questionnaire as a best-practice template.



Our FY 2020 risk evaluation

In FY 2020, as part of our initial approach to ensuring that modern slavery risk is managed, Healius has focused on identification and evaluation of potential risk areas including, as noted above, overall spend by the Group and identification of industries whose goods and services pose a higher risk.

Major categories of our external spend in the financial year were identified as follows:



Healius' procurement team has undertaken the initial assessment of the risk of modern slavery and has considered a number of factors which can elevate modern slavery risks in particular areas of its supply chains:

- Services sourced from suppliers in Australia, using Australian labour, in industries regarded as higher risk, such as cleaning and security
- Services sourced from suppliers in, or outside, Australia, using overseas labour, in industries or jurisdictions regarded as higher risk, such as payroll and accounts payable support
- Goods sourced from suppliers in, or outside, Australia which are sourced from, or manufactured by, offshore sources, particularly jurisdictions regarded as posing a higher modern slavery risk
- Services sourced by our offshore back office support operations, from their local jurisdictions, to maintain those offshore operations



¹ Aligned to FY 2020 P&L continuing operations disclosures (excluding salary and wages).

CATEGORY	INHERENT RISK LEVEL	ASSESSMENT/ANALYSIS/MITIGATION	RISK RATING
Medical consumables 42% spend	Moderate 	<p>Healius' medical consumables are typically purchased from reputable Australian-based Tier 1 suppliers.</p> <p>Healius intends to expand due diligence in the FY 2021 following reports of potential labour issues in medical PPE and uniforms in various Asian countries. We note our supplier of relevant medical personal protective equipment currently holds a AA MSCI ESG rating.</p>	Low
Rental 5% spend	Low 	<p>Healius engages with major landlords. Key landlords have been approached and indicated their risk of modern slavery is low.</p>	Low
Utilities and property services 7% spend	Moderate 	<p>Most utilities and property services are engaged via a third-party facilities management partner with mature management systems dealing with the risk of modern slavery.</p> <p>Healius is undertaking a national tender for its cleaning and security services in FY 2021 and is addressing the inherent moderate risk of modern slavery in this sector through rigorous due diligence in its procurement process.</p>	Low
Repairs and maintenance 6% spend	Low 	<p>Repairs and maintenance are undertaken by local Australian vendors engaged by a third-party facilities management organisation which undertakes modern slavery due diligence.</p>	Low
IT hardware, software and third-party support 8% spend	Moderate 	<p>Most IT expenditure is with reputable third-party suppliers. While there is an inherent moderate risk of modern slavery in the electronic components within end-user computing such as laptops, Healius' key suppliers have ethical sourcing processes in place that address the risk of modern slavery within their supply chains.</p> <p>IT support services are outsourced to a provider in India. The agreement has been reinforced with obligations on the vendor to comply with our Modern Slavery Act requirements.</p>	Low
General 32% spend	Low 	<p>Healius generally engages top tier providers and service firms with strong corporate governance.</p> <p>As above, some finance support services are outsourced to a provider in India. The agreement has been reinforced with obligations on the vendor to comply with our Modern Slavery Act requirements.</p>	Low

Low
 Moderate
 High

Our next steps

Having established an understanding modern slavery risks in the context of our own operating environment and developing the foundations upon which to effectively identify and manage these risks going forward, our FY 2021 and FY 2022 key action points are as follows.

Offshore operations

Engagement and consultation

Further engagement and consultation with our Pathology offshore operations focussing on key employment terms and key supplier contracts in greater detail, following consultation and due diligence questionnaire in FY 2020.

Consultation

Internal accountability pathways

Review the internal accountability pathways in relation to modern slavery and ensure that internal stakeholders are clear about who has accountability for the management of modern slavery risks.

Training module

Progress development of a compulsory training module to raise staff awareness around modern slavery and the Group's obligations under the current legislation.

Risk Framework

Risk Registers

Assessment of modern slavery risks and if appropriate, inclusion in Group and divisional Risk Registers, which are ultimately reported to and reviewed by the Board Risk Committee.

Procurement

Collaborative engagement

Ongoing collaborative engagement with Tier 1 suppliers in cleaning, medical consumables, uniforms and end-user computing. This includes undertaking a national tender for our cleaning and security services and addressing the inherent risk of modern slavery in this sector through rigorous due diligence in its procurement process.

Supplier code of conduct

Ensuring our supplier code of conduct is understood and adhered to by all major suppliers and follow-up as required.

Due diligence

Undertaking due diligence and, if required, remediation with key suppliers in identified key risk areas via detailed supplier questionnaires, interviews, and site visits. This includes expanding due diligence following reports of potential labour issues in medical PPE and uniforms in various Asian countries.

Automated vendor data

Exploration of automated vendor data modern slavery compliance solutions to potentially provide:

- Risk identification and classification for a wider pool of direct Tier 1 suppliers
- Transparency of upstream supply networks (e.g. Tier 2 and Tier 3 suppliers)

Key Performance Indicators

Identify and develop appropriate Key Performance Indicators to measure our effectiveness in addressing and assessing modern slavery.

Assessment

Internal Audit

The nature of Healius' operations as an ASX-listed healthcare company means we must comply with many clinical and operational requirements. To assist in this compliance, Healius has established an Internal Audit function to monitor compliance with relevant requirements and identify shortcomings and areas for improvement.

Modern slavery response

Our response to, and management of, modern slavery risks falls under the scope of Internal Audit's areas for review. In FY 2021, our Internal Audit Plan will be broadened to include evaluation of our modern slavery response.

Quality assurance and review

Consideration will also be given to the use of external quality assurance and review to assess the effectiveness of our response to modern slavery.

Consultation

This Statement has been prepared by the Modern Slavery Committee in consultation with each business and has been reviewed and approved by the Healius Board.

www.healius.com.au

