

Modern Slavery Statement 2021



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This is Healius Limited's second Modern Slavery Statement ("Statement") covering FY 2021, issued under the Australian Modern Slavery Act. This Statement outlines what Healius and its subsidiaries ("Healius") have done to detect and prevent modern slavery and human trafficking risks in its business and supply chains.



Message from the Chief Executive Officer

On behalf of the Board of Healius, I am pleased to present our 2021 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 are committed to respecting 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 supported by the Executive Sustainability Committee. Our approach builds upon our 'WE CARE' values, and we believe a strong stance against modern slavery is essential to a sustainable future.



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

December 2021

About Healius

For over 30 years, Healius has been one of Australia's leading healthcare companies. We are committed to supporting quality, cost-efficient and accessible healthcare, leading Australia to a healthier future.

Healius has three businesses, Pathology, Imaging and Day Hospitals. Through its unique footprint of centres and its 11,000 employees, Healius provides speciality diagnostic services to consumers and their referring practitioners, as well as enabling independent healthcare professionals to deliver care in its day hospitals.

Healius' commitment to human rights and the eradication of all types of modern slavery is overseen by the Healius Board and supported by the Executive Sustainability Committee. Our approach to modern slavery risk management builds upon our 'WE CARE' values and 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.

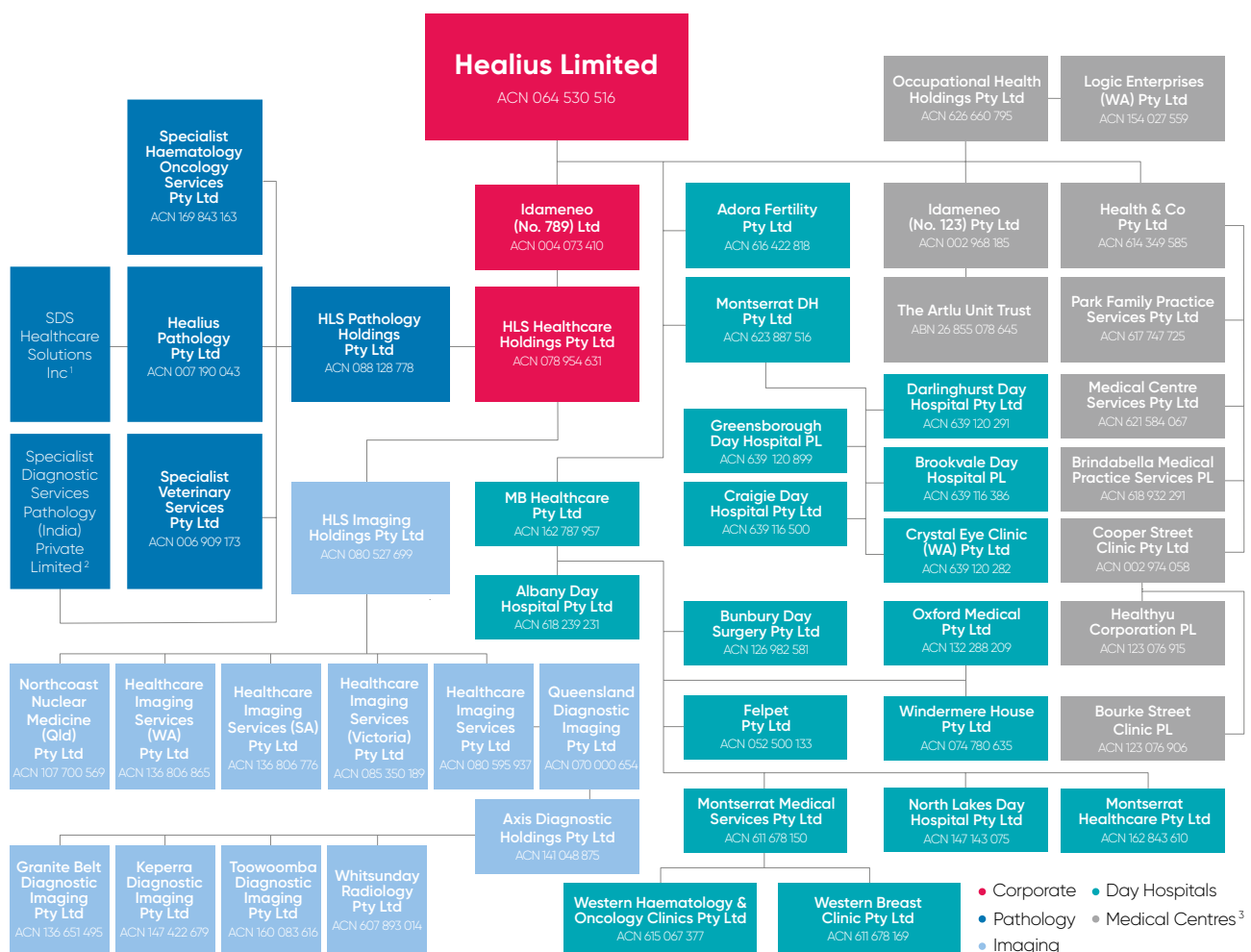
Legal entities covered by this Statement

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 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 2021 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 2021



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 2021 and shows all operating companies in segments reporting >A\$100m consolidated revenue.

Our businesses



Pathology

Healius Pathology is one of Australia's 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. The division continues to be 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 over 110 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 over 130 sites in hospitals, medical centres and stand-alone community sites, is the number three national provider.



Day hospitals

Healius has 11 short-stay day hospitals, 10 of which are stand alone and operate under the Montserrat brand and one, called Warringah Day Surgery is located within a medical centre, all operating under Montserrat's management.

Approximately 500 doctors work across Day Hospitals, collectively conducting over 50,000 procedures a year. The business delivers referrals to the pathology business and diversifies funding into non-Medicare revenue.



Adora IVF (held for sale)

Healius' IVF business model, which brings together a team of IVF specialists, GPs, nurses and scientists, delivers excellence in patient care at a more affordable cost. The business has four major clinics around the country and a footprint of satellite clinics that enable wider access to high quality and affordable fertility services for couples residing outside of major treatment centres.

Adora Fertility performs in excess of 7,500 IVF cycles per year.

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 2021 there were approximately 11,000 people and 150 HCPs.

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 India, made up of approximately 570 employees.

Healius' offshore employees are compensated in line with, or exceed, local government minimum wage compliance in the relevant locations. Healius conducts site visits of our offshore operations and 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 and services 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 our Supplier Code of Conduct.



Procurement Policy

Healius' Procurement Policy was updated in 2021 to ensure that procurement activities are conducted commercially, ethically and sustainably to generate optimum value with a whole-of-life focus, it covers:

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 suppliers to be accountable and responsible for managing their 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

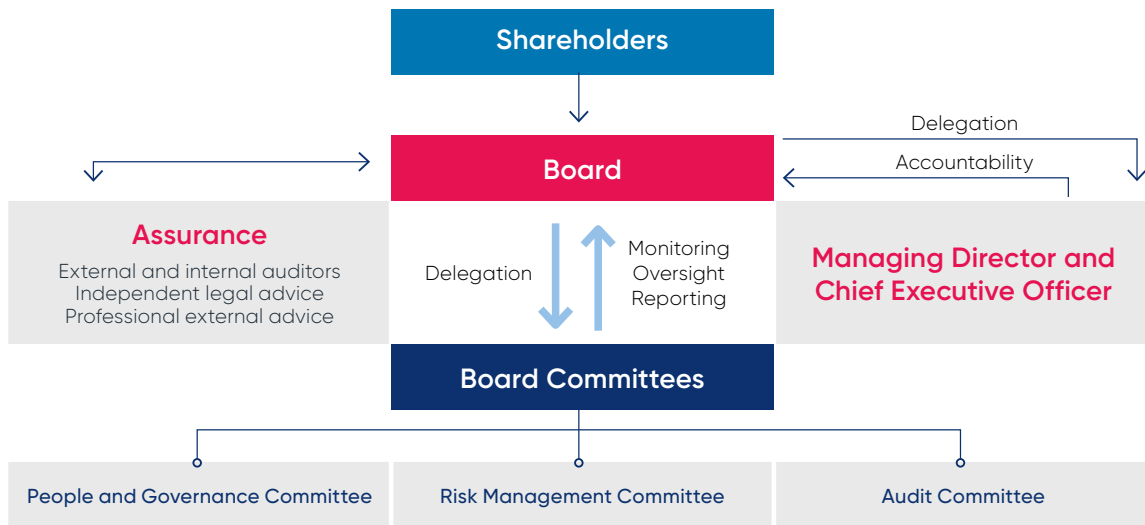
We recognise that a diverse and inclusive workplace in which all individuals, with a broad range of backgrounds, skills, experience and perspectives, contributes to our success. We also expect our suppliers to promote an inclusive and diverse workforce.



Our governance and risk framework

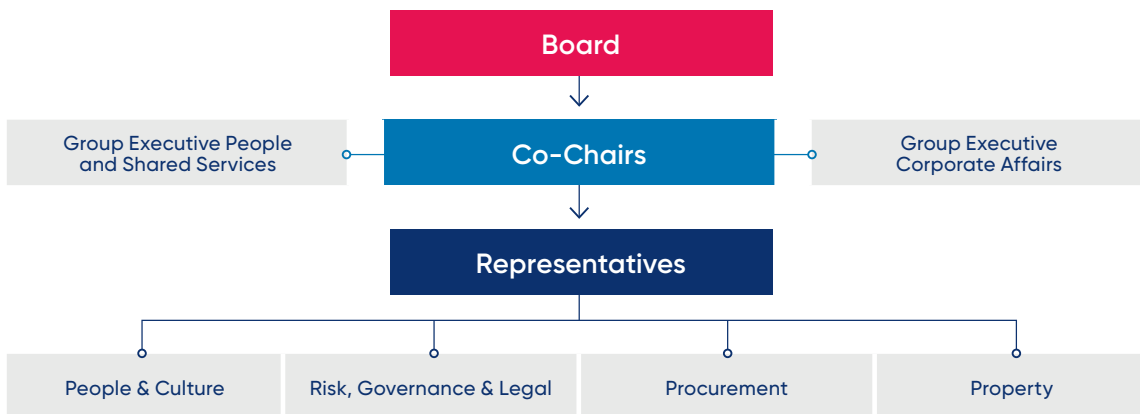
Overseen by the Healius Board and the Board’s Risk Management Committee, Healius is committed to maintaining high ethical standards and conducting business with integrity, which is one of our core values. This includes a commitment to human rights and the eradication of all types of modern slavery.

Governance structure



Executive Sustainability Committee

Healius has also established an Executive Sustainability Committee co-chaired by two Executives and includes representatives from a broad cross section of disciplines across the Group. The Committee is responsible for providing oversight on the identification and response to key ESG issues, including 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 responsible management.

A Risk Management Framework has been designed that is both consistent with best practice and meets the specific needs of the Group. 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 2021 measures to address modern slavery risks

Healius is fully committed to uphold human rights and to the eradication of all types of modern slavery associated with our business. Healius believes that this commitment is pivotal to a sustainable future.

Healius continues to build on and improve its response to modern slavery. This includes a steadfast focus on detecting potential modern slavery risks in our operations and supply chains, implementing mitigating actions and educating our people. In FY 2021 and up to the date of this report, Healius has completed a number of focused initiatives including:

Consultation and collaboration

Consultation with relevant stakeholders including suppliers and industry peers to understand their approaches to modern slavery and actions going forward. Healius has requested that suppliers submit their modern slavery compliance statements.

Healius is reviewing a number of platforms that enable collaboration with peers, providing access to real time information on modern slavery risks within the industry.

Risk framework

Executive Sustainability Committee

The multi-functional Executive Sustainability Committee is responsible for providing oversight on the identification and response to key ESG issues, including modern slavery. The Committee reports to the Board and meets on a regular basis.

Healius key policies

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

Procurement

Supplier Code of Conduct

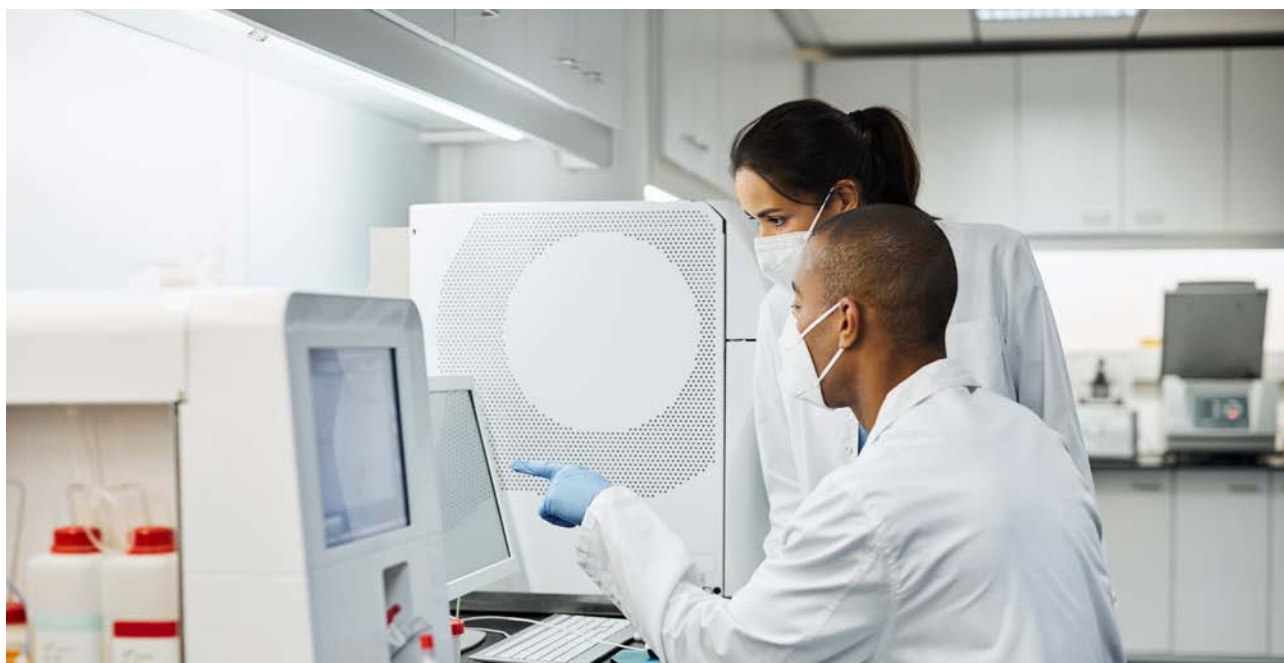
Healius' Supplier Code of Conduct has been incorporated into supplier contracts and purchase orders which specifically references our respect human rights and expectation that our suppliers ensure that they do not engage in or are complicit in any human rights abuses, including modern slavery.

Procurement Procedures

In FY 2021, Healius centralised its Procurement function, enabling greater visibility, ensuring contract terms and compliance to Healius policies are standardised and consistent across suppliers, leading to improved performance through greater levels of accountability and collaboration.

Contract clause

New agreements include provisions that prohibit the supplier from engaging in 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

Supply chain risk is assessed using a risk assessment tool which combines:

- Overall spend with the Healius Group; and
- Identification of jurisdictions and 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. Supplier questionnaires are provided to suppliers who are considered to have higher risk of modern slavery based on this evaluation. The questionnaires request further information to assist in the detection of any modern slavery risks. In FY 2021, there was 100% compliance from suppliers in responding to questionnaires.

Offshore operations

Consultation with heads of our offshore operations to ensure the risk of modern slavery in our offshore operations is appropriately assessed and managed. Due to COVID restrictions, regular site visits by Healius management were replaced by weekly online sessions. These sessions included the review of internal audits.

Modern slavery education

Development and implementation of compulsory training module to educate our people about modern slavery, including what it is, Healius' obligations under legislation, and steps that can be taken in the event there is detection of a modern slavery risk. In FY 2021, over 50% of staff completed the training module.

Case study - Actions to address modern slavery

Through its media monitoring processes, Healius was notified of a possible incidence of modern slavery in its supply chain. The reported incident involved the exploitation of migrant labour through debt bondage and poor living conditions by a manufacturer of medical consumables. In response, Healius engaged with the supplier to investigate and discuss the reported issues. A generic response was provided to Healius which was not considered to have addressed the issues raised in a satisfactory manner.

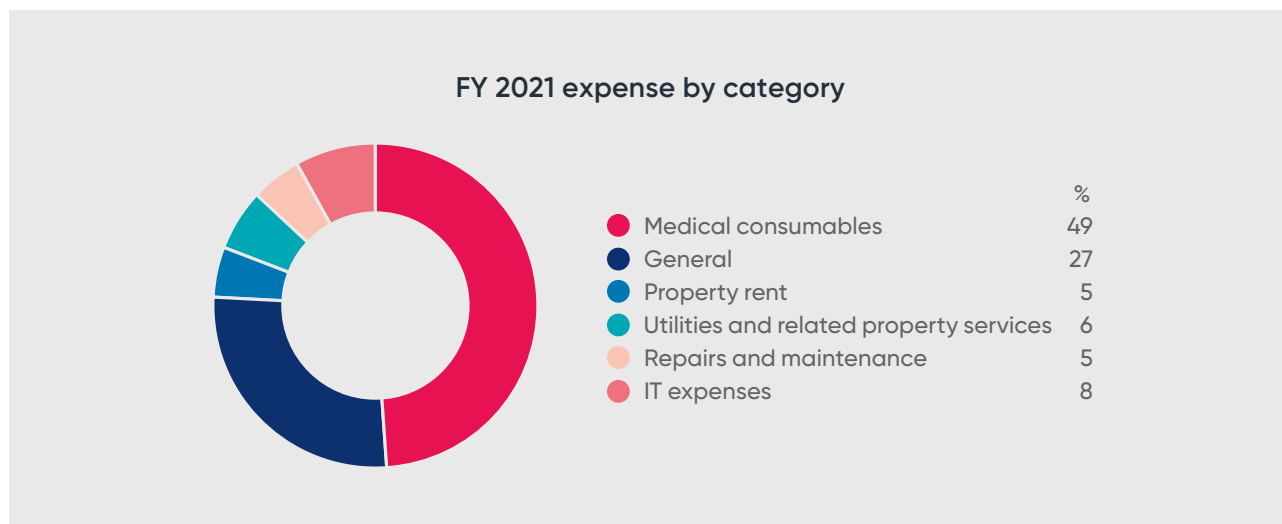
Consequently, Healius further engaged with the supplier to ensure a more detailed and appropriate response. The supplier then provided detailed information including confirmation that previous and current employees past 'debts' to recruiters had been fully paid out, living conditions met required standards. In addition, the supplier outlined the steps taken and subsequent policies and procedures implemented by the supplier to mitigate any further modern slavery incidents. This proactive approach by Healius demonstrates our commitment to the eradication of modern slavery within our supply chains.



Our FY 2021 risk evaluation

In FY 2021, as part of our approach to ensuring that modern slavery risk is appropriately managed, Healius has focused on identification and evaluation of potential risk areas including, as noted above, overall spend by the Group and identification of jurisdictions and 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 an assessment of the risk of modern slavery in our supply chains, considering 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.

General risk ratings are applied to each supplier category based on consideration of the above. Supply chain risk assessment is an ongoing process.



1 Aligned to FY 2021 P&L continuing operations disclosures (excluding salary and wages).

CATEGORY	INHERENT RISK LEVEL	ASSESSMENT/ANALYSIS/MITIGATION	RISK RATING
Medical consumables 49% spend	Moderate 	<p>Healius' medical consumables are typically purchased from reputable Australian-based Tier 1 suppliers with manufacturing operations in countries with local modern slavery or human rights legislation. Healius has engaged with some of its largest suppliers to address the inherent moderate risks of modern slavery in this category.</p> <p>In FY 2020, in response to the pandemic, there was a global shortage of personal protective equipment. The shortage led to unethical practices by some suppliers and higher risks of modern slavery. In response, Healius has agreements with assessed suppliers to ensure guaranteed supply of PPE to mitigate ongoing risk.</p>	Low
Rental 5% spend	Low 	<p>Healius engages with major landlords. Key landlords have been assessed, with internal evaluation indicating that risk of modern slavery is low.</p>	Low
Utilities and property services 6% 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>In FY 2021, Healius undertook a national tender for its cleaning and security services, with modern slavery risk being a focus area. Healius 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 5% 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 27% 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

Healius has taken further steps to assess and identify modern slavery risks in our own operating environment and in our supply chains. Healius continues to develop and improve the foundations and processes to effectively identify and manage these risks going forward, our FY 2022 and FY 2023 key action points are as follows:

Offshore operations

Engagement and consultation

Further engagement and consultation with our Pathology offshore operations focusing on key employment terms and key supplier contracts in greater detail. Resumption of site visits when travel restrictions ease.

Consultation

Internal accountability pathways

Continue to 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

Continuing to educate our people on modern slavery. Progress the deployment of the compulsory training module to raise staff awareness around modern slavery and the Group's obligations under the current legislation.

Risk framework

Risk Registers

Continue to assess modern slavery risks, and where appropriate, include in Group and divisional Risk Registers, which are ultimately reported to and reviewed by the Board's Risk Management Committee.

Procurement

Collaborative engagement

Ongoing collaborative engagement with Tier 1 suppliers in cleaning, medical consumables, uniforms and end-user computing and other areas that may be deemed higher risk.

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.

Automated vendor data

Consideration of automated vendor data modern slavery compliance solutions to 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)

A formal solution will facilitate up to date information sharing with industry peers in relation to compliance and non-compliance by suppliers.

Key Performance Indicators

Continue to assess 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' Internal Audit function is tasked with monitoring compliance with relevant requirements and identifying shortcomings and areas for improvement.

Healius' response to, and management of, modern slavery risks falls under the scope of Internal Audit's areas for review.

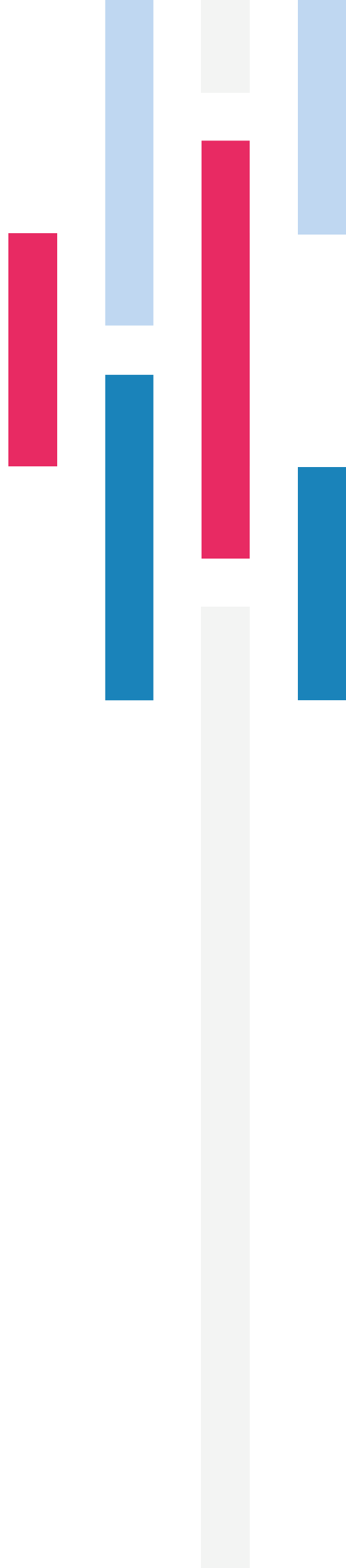
Quality assurance and review

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 Executive Sustainability Committee and has been reviewed and approved by the Healius Board.

www.healius.com.au



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