

# Sustainability Report

July 2019



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# 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. Today at Healius we have three main businesses – pathology, medical centres and imaging – and three emerging businesses – dental, IVF and day hospitals. Through our unique footprint of centres, we provide facilities and support services to independent general practitioners, radiologists and a range of other healthcare professionals (HCPs), enabling them in turn to deliver care to their patients in partnership with our pathologists, nurses and other employees.



## 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 (chemistry, haematology, immunology, and microbiology), genomic diagnostics and veterinary pathology. Healius' pathology division has strong state-based brands which are all number one or two in their markets.



## Medical Centres

The Medical Centres division is central to Healius' health services strategy and drives value to the rest of the group. The Medical Centres division has an unrivalled footprint of large scale centres. At 31 December 2018, the division had 75 Healius Medical Centres and 13 Health & Co clinics with approximately 1,200 GPs.



## Imaging

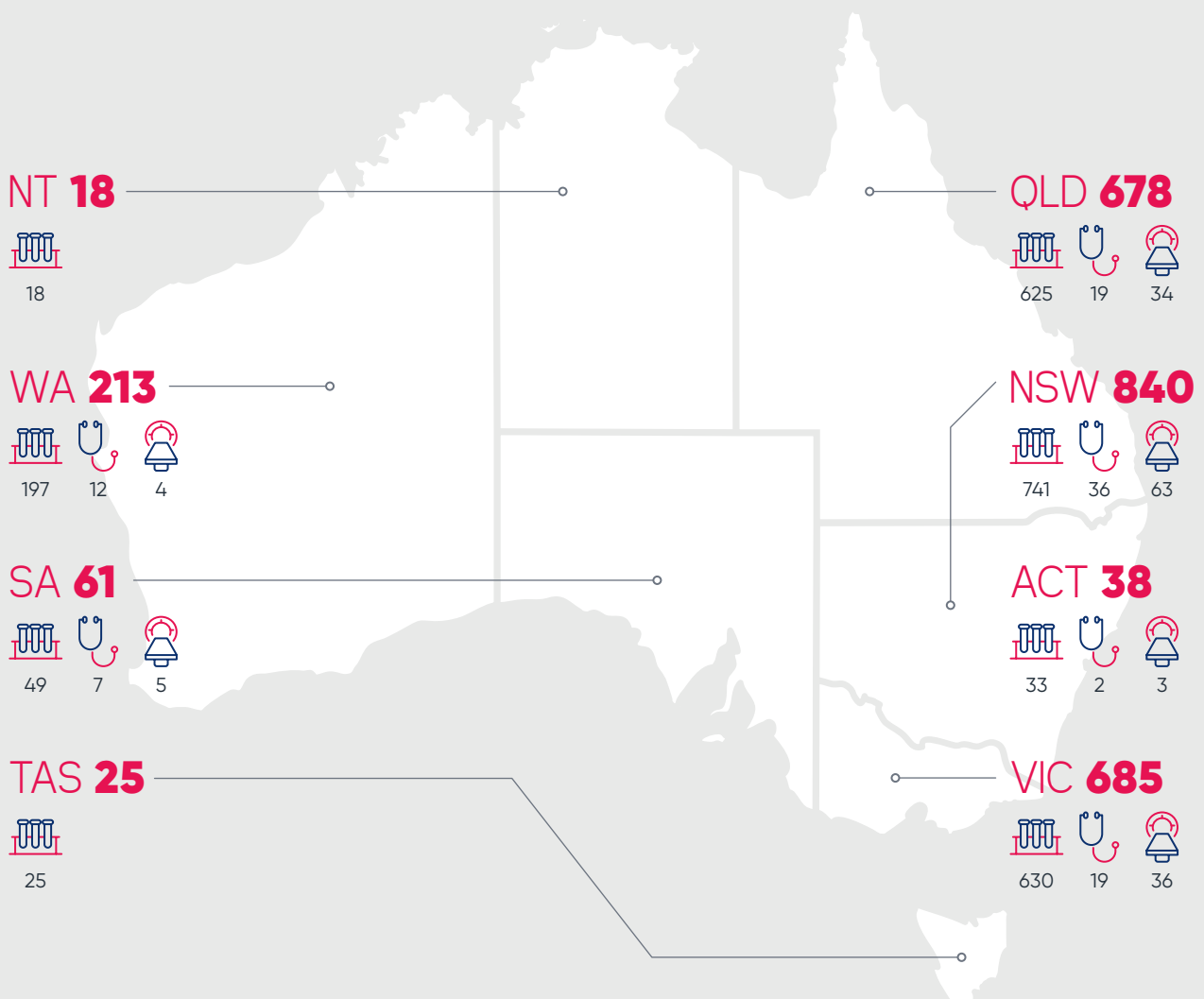
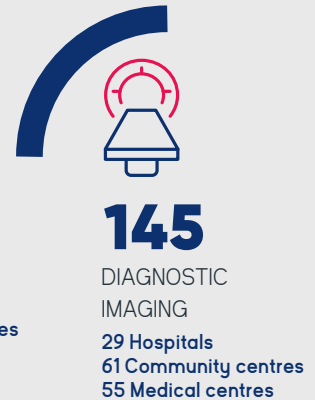
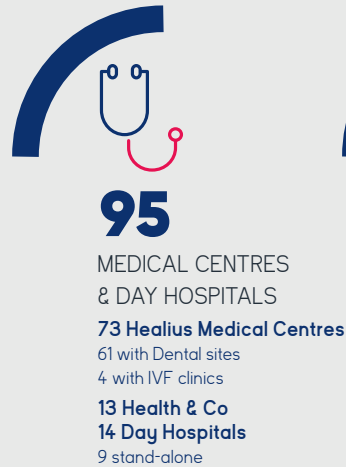
Healius' Imaging division, Healthcare Imaging Services, partners with over 100 independent radiologists to undertake a full range of medical imaging services including cardiac, neurological, vascular, musculoskeletal and dental imaging. The division, operating a network of around 146 sites in hospitals, Medical Centres and stand-alone community sites, is the number three national provider.



## Emerging businesses

Our emerging businesses are Dental, IVF and Day Hospitals. At 31 December 2018, Healius had 61 dental facilities, five day hospitals and four IVF clinics within the Medical Centres. In addition we operated eight stand-alone Day Hospitals under the Montserrat brand. All these operations are delivering unprecedented patient flow opportunities while dental and day hospitals are delivering revenue diversification away from a reliance on the Medicare Benefits Schedule.

# A market leading network



As at July 2019.

# Strategy

The Board and Executive Leadership Team have collective responsibility for strategy formulation at Healius. Through accessible, high-quality, consumer-centric healthcare services, we are committed to delivering excellence in frontline care in Australia, creating value for investors, consumers, employees and the many communities in which we operate.

We continue to focus on sustainability within an evolving healthcare landscape in the belief that long-term value is only possible if we play a positive role within the communities we serve, undertake good governance and prudent risk management, and continually look to develop growth opportunities.

The healthcare sector itself is going through a period of significant change, influenced by trends in:

- On-going population growth and life expectancy growth
- Improving survival rates from common diseases and improving treatment options
- Artificial intelligence (AI), robotics and big data analysis
- Increasingly informed and empowered consumers demanding better ways of accessing healthcare when, where and how they want it.

As a result both the costs of, and demands for, healthcare services are growing in this country. We believe those companies who can provide healthcare services which combine clinical excellence, consumer-friendly delivery and cost-efficiency within a frontline community setting will be sustainable into the future. These services will support well-being, prevention and early intervention, core to successful healthcare in the future.

We are committed to positioning ourselves at the forefront of community healthcare delivery in Australia and to creating a sustainable working environment for HCPs and staff. To deliver this, Healius is investing in:

- A Purpose, Mission and Values that set out what Healius stands for, its culture and values
- A new brand identity for the parent company along with consumer-focused brands for some of the operating businesses which underscore the changes occurring within the group
- A raft of people, process and property initiatives to reposition the Medical Centres including an expansion of HCP numbers and diversification of patient services, and upgrades to core technology platforms, including a new Laboratory Information System in Pathology.

## Initiatives across the Group

	PEOPLE	PROCESS	PROPERTY
Group	<ul style="list-style-type: none"> <li>✓ Purpose, Mission and Values</li> <li>✓ Performance management framework</li> <li>✓ Learning and development programs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Modernisation of corporate support services infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Outsourced facilities management/leasing</li> <li>✓ Property cost optimisation program</li> </ul>
Pathology	<ul style="list-style-type: none"> <li>✓ Staff engagement</li> <li>✓ LIS<sup>1</sup>/SWA<sup>2</sup> delivering improved pathologist/referrer experience and enhanced brand</li> </ul>	<ul style="list-style-type: none"> <li>✓ LIS<sup>1</sup> delivering efficiencies and improved consumer experience</li> <li>✓ Optimisation of pre-analytical processes</li> <li>✓ Technology upgrade to SWA<sup>2</sup></li> <li>✓ Specialty service expansion</li> </ul>	<ul style="list-style-type: none"> <li>✓ ACC<sup>5</sup> and regional laboratory network optimisation</li> <li>✓ ACC expansions in Medical Centres</li> <li>✓ Core laboratory uplifts and centralisation of high-end tests</li> </ul>
Medical Centres	<ul style="list-style-type: none"> <li>✓ Quality reset = right culture</li> <li>✓ Attracting the right HCPs<sup>4</sup> with simplified contracts, career pathways, skills development, appointment model</li> <li>✓ New streams via registrars, roll-in, M&amp;As</li> <li>✓ Improving nursing and front-line support staff</li> </ul>	<ul style="list-style-type: none"> <li>✓ Appointments enabling better continuity of care</li> <li>✓ Modernising HCP<sup>4</sup> billing practices</li> <li>✓ Better consumer experience: online access, e-recalls, join-the-queue remotely, kiosk check-in</li> <li>✓ Re-engineering clinic and support workflows</li> </ul>	<ul style="list-style-type: none"> <li>✓ Modernisation and extension to select Healius Medical Centres, with extra GP rooms and dental surgeries</li> <li>✓ Expansion of service offerings including urgent care, skin care, and women's health</li> </ul>
Imaging	<ul style="list-style-type: none"> <li>✓ Staff engagement</li> <li>✓ iCAR<sup>3</sup> delivering improved radiologist experience and enhanced brand</li> </ul>	<ul style="list-style-type: none"> <li>✓ Labour and operating model optimisation in dispersed community network</li> <li>✓ iCAR<sup>3</sup> delivering efficiencies and improved consumer experience</li> </ul>	<ul style="list-style-type: none"> <li>✓ Community site revitalisation via hub and spoke and development of high-end sites</li> <li>✓ Optimisation of hospital channel</li> <li>✓ Refurbishments in Medical Centres</li> </ul>

1 Laboratory Information System. 2 Serum Work Area. 3 Imaging Core Application Refresh. 4 Healthcare Professionals. 5 Approved Collection Centres.

# Social



Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible frontline care. We are proud of the facilities and services we provide to a range of healthcare professionals enabling them to care for their patients in partnership with our clinical and support staff. Together each year, over eight million doctor consults take place in our medical centres, one in three pathology samples in the country are tested in our laboratories and three million diagnostic imaging examinations are conducted.

## Our purpose and mission

At Healius, we believe our success depends on putting people front and centre, with the right tools and support to deliver the best possible patient outcomes. We have identified what matters most to our people and what brings them to work each day, resulting in the launch of new purpose and mission statements in 2018:



### Our purpose

We are inspired to care for your health and wellbeing at every stage of life.



### Our mission

We share a mission to seek and sustain life-enhancing healthcare delivered by people who care.

# Our values

From these statements, we have developed WE CARE to represent 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. Our remuneration targets include assessment of individual's alignment to and demonstration of these values.



## 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.

# Our people

## Compensation

At Healius, we believe that fair and equitable remuneration is one of the pillars of engagement. We have a broad group of over 13,000 people working with us from independent healthcare professionals, salaried staff, employees under collective bargaining arrangements and modern pay awards, and temporary contractors. An analysis of our people (excluding independent healthcare professionals and temporary contractors) is as follows:

	CORPORATE	MEDICAL CENTRES	PATHOLOGY	IMAGING	GROUP
People covered by an EA	0%	<1%	76%	87%	<b>63%</b>
People covered by a Modern Awards	33%	92%	5%	6%	<b>21%</b>
People not covered by an industrial instrument	67%	8%	19%	7%	<b>16%</b>

Healius appointed a Head of Compensation and Benefits in 2018 to review our current practices and deliver a refreshed reward, recognition and benefits schemes, with an aim of attracting and retaining talent within the group.

## Enterprise Agreements (EA)

Healius supports the right of freedom of association for all our employees to collectively negotiate the terms and conditions of their employment. With 63% of our people covered by EAs, Healius regularly engages with unions and other employee representative groups in good faith. In addition, we take steps to ensure that we do not discriminate against, or deny access to workers' representatives in the workplace.

## Modern Awards

With 21% of our people covered under Modern Awards such as the Health Professional Support Services Award and the Nurses Award, correct treatment of our people through an increasingly complex raft of Award classifications and entitlements is considered essential.

We recently identified a potential error in classifications and entitlements in our Medical Centres division and engaged a third party to undertake an audit of the previous six years' payments under the modern awards to ensure all discrepancies were accurately quantified. Subsequently, we announced our commitment to finding everyone who had been impacted regardless of the size of the amounts owing and to remediate this issue as transparently and as quickly as possible. We have since contacted all current employees, and all the past employees we could reach, to rectify the matter, including paying interest on the amounts owed.

## Benchmarking for salaried staff

For industry-specific healthcare activities with technical knowledge requirements, we endeavour to benchmark the various roles against industry peers. This is achieved by selecting comparator groups of peer organisations that are competing directly or indirectly for the same talent pool.

For support role functions the comparator group is broader, covering multiple industries. Subject to the availability of relevant remuneration data, we provide facts to support sound and defensible decisions.

## Other benefits

Moving towards our vision of becoming a Workplace of Choice, in 2019 we launched a new Employee Assistance Program (EAP) aimed at supporting the personal and professional wellbeing of our people and their family members through confidential professional, coaching and support in all aspects of life.

MyBenefits is an online employee discounts program that we launched late 2018 as part of our engagement program. The benefits portal gives our people the opportunity to extend their income by accessing retail discounts from everyday purchases from Australian and New Zealand retailers.

## Flexible work environment

Healius recognises the importance of family, and that flexibility is often required in managing family responsibilities. To assist with adjustments in work patterns following parental leave or when providing care to family members, where possible we accommodate adjustments to job functionality, hours of work and work location.

Approximately 94% of employees who took parental leave during financial year 2018 across the group returned to work, with 100% of parental leavers returning within the Medical Centres division.

	CORPORATE	MEDICAL CENTRES	PATHOLOGY	IMAGING	GROUP AVERAGE
% of employees who return after parental leave	86%	100%	93%	99%	94%

## Professional development

Healius recognises the importance of education and training and has a range of training programs for clinical staff, healthcare professional contractors as well as all functional and support staff.

### Clinical: Medical Centres

The Healius Institute is unique in general practice and is one of the largest hosts of registrars in Australia. With 80 registrars taking placements in one of the Healius medical centres in the 2019 year, the Institute makes a strong contribution to training young doctors in Australia. In addition the Institute partners with the Royal Australian College of General Practitioners (RACGP), the General Practice Registrars Association (GPRA), the Department of Defence as well as a number of universities in the development and delivery of a raft of programs.

Ensuring clinicians stay at the forefront of oral care, FORWARD was launched by Primary Dental in 2018 as a new Continuing Professional Development education program for dentists in collaboration with industry leaders ADA NSW, Prime Practice and Henry Schein Halas.

Our medical centres support the training of undergraduate nursing students by providing invaluable work experience through student placements.

### Clinical: Pathology

Our state-based pathology divisions are involved in various training programs for pathology registrars, in a variety of pathology disciplines, participating in centralised training schemes organised by the College of Pathologists such as: anatomical pathology, haematology and microbiology, chemical pathology and endocrinology. Other programs include rotations from the public sector and training GPs through regular education sessions. As an example, through Kossard Dermatopathology, we provide direct education in the speciality of skin pathology.

### Clinical: Imaging

Committed to supporting training, research and professional development, Healthcare Imaging Services (HIS) hosts a CPD accredited Annual National Imaging Conference that provides a collegiate forum for healthcare professionals to exchange ideas and best industry practices.

HIS also offers fellowship training programs allowing graduate radiologists to continue their clinical career through a sub-speciality training in MRI, interventional and women's imaging in our larger hospital sites. In conjunction with the Australasian Sonographers Association (ASA), HIS enables the training of our sonographers in specialty areas such as ultrasound. HIS provides training for all our International Medical Graduates and through HIS affiliations registrars can train to become radiologists.



## Non-clinical: group-wide

### Leadership programs

During the 2018 financial year, 100 executives and their direct reports took part in a leadership development program. In the 2019 financial year a new leadership development framework was developed, L.E.A.D @ Healius, which is planned to be rolled out to 100 participants within the first six months of the 2020 financial year. In addition, each division runs their own role-based management and supervisory training.

In line with the repositioning of the Medical Centres business and the focus on up-skilling front-line leadership roles, a significant review of the training program for that division was undertaken in 2018 and refreshed training programs are now being rolled out. The imaging division is also trialling a new partner-delivered program aimed at enhancing the management capabilities in the frontline to more effectively lead and manage their teams.

### Learning portal

Healius is launching a new learning portal, SAP Litmos, in 2019. Litmos offers employees a modern and user-friendly online learning experience with benefits including an expansive library of eLearning modules, educational videos and articles, easier access and greater flexibility.

### Support for higher education

Financial support of external tertiary or higher education for employees is available, following an application and approval process, at the discretion of business leaders and typically provided as a partial sponsorship.

### Induction of contractors

All contractors, employees of contractors, training organisations, service engineers and agency, students and student nurses and labour hire workers are required to complete an online induction program prior to commencing any work with Healius

## Engagement and feedback

The Board and senior management remain committed to making Healius a great place to work. An engagement survey was undertaken in 2016 covering both our people and the independent healthcare professionals across the group. The aim was to develop a baseline indicator for our relationships with our people and partners, provide insights into opportunities for improvement, and to help us to set and meet appropriate expectations.

The results showed that our people and partners were wanting a significant shift in culture, better leadership capabilities, improved goal-setting and a reward, recognition and benefits scheme. With Board and senior management support, key developments have been undertaken in all these areas.

Subsequent engagement surveys were conducted in 2018 for staff and in 2019 for healthcare professionals. The 2018 staff survey delivered improvements in terms of individual engagement levels and some highly engaged teams. The 2019 healthcare professional survey showed promising results with clinical sovereignty, work-life balance and quality of on-site pathology ranking as the strongest areas of performance.

Further engagement studies will be undertaken with the aim of monitoring and improving our engagement and satisfaction scores.

## Retention rates

Throughout the Healius group, voluntary turnover rates (excluding independent healthcare professionals and contractors) are currently at:

	CORPORATE	MEDICAL CENTRES	PATHOLOGY	IMAGING	GROUP
Voluntary turnover rates	22%	27%	17%	16%	19%

## Diversity

Healius has a richly diverse and inclusive workforce that consists of people from a wide range of backgrounds, skills, experience and perspectives. Together they contribute to our success.

Healius' Code of Conduct promotes respect for others, integrity and fairness in the workplace. All Directors, employees and contractors must adhere to those principles. In addition, Healius' employment-related policies acknowledge diversity in the workplace. This includes gender, ethnicity, religion, culture, language, sexual orientation, disability and age.

When developing and implementing recruitment and selection processes for employees and contractors, Healius ensures that all candidates are considered and selected on the basis of individual skills, experience and merit, in line with all equal opportunity and anti-discrimination legislation.

## Gender diversity

As part of Healius' Diversity Policy, the Board's Nomination and Remuneration Committee is responsible for making Board recommendations in relation to:

- Initiatives that support and encourage diversity throughout Healius.
- Objectives that address gender diversity, particularly at Board level, selection, performance evaluation and succession planning processes.
- The annual assessment of the effectiveness of the objectives relating to diversity.

In connection with its Board of Directors, when identifying candidates for vacancies the Nomination and Remuneration Committee ensures that internal and external assessments of potential candidates includes a search for suitably qualified and experienced women. In order to promote equality and gender diversity when appointing Board members, at least one woman forms part of the interview and selection panel.

Healius participates in the annual Workplace Gender Equality Act (WGEA) public reporting program wherein Healius is considered compliant with the *Workplace Gender Equality Act 2012* (Cth). The focus of diversity initiatives for financial year 2018 included:

- Strengthening internal recruitment functions with a greater focus on ensuring gender equity in short-lists for advertised positions.
- "Promise of Leadership" – a new leadership program targeted specifically for emerging female leaders.
- Scholarship opportunities provided to middle and senior female managers in an external leadership program run during 2018.
- Sponsored coaching and mentoring opportunities for junior and senior female managers.

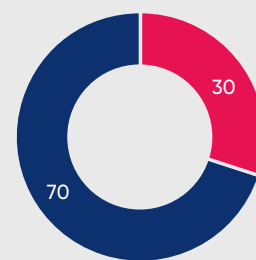
The full details of the WGEA report and a copy of Healius' Diversity Policy are both available at [www.healius.com.au/about-us/corporate-governance](http://www.healius.com.au/about-us/corporate-governance).

Female representation in the broader management categories were published in the Corporate Governance Statement 2018 as follows:

MANAGER OCCUPATIONAL CATEGORIES	CORPORATE	MEDICAL CENTRES	PATHOLOGY	IMAGING
% Key Management Personnel	50	40	18	67
% Other Executive/General Managers	33	40	50	25
% Senior Managers	37	53	53	58
% Other Managers	42	86	N/A	56
% Total All Managers	39	82	48	55

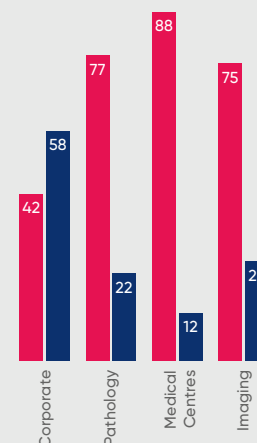
- **Key Management Personnel**, for the purposes of WGEA reporting on separate business entities, are those who sit on the divisional or functional executive leadership team as direct reports of the divisional CEO or functional Group Executive.
- **Other Executive/General Managers** are those general managers largely tasked with managing state operations, smaller businesses or a direct report of a functional Group Executive.
- **Senior Managers** are charged with one or more defined function, department or outcome. They are more likely to be involved in a balance of strategic and operational aspects of management. Some decision-making at this level would require approval from either of the two management levels above. They are also responsible for resourcing a budget and assets (capital expenditure).
- **Other Managers** are those who plan, organise, direct, control and coordinate an operational function. They usually oversee day to day operations, working within and enforcing defined company parameters. These individuals implement, determine, monitor and review strategies, policies and plans to meet business needs relating to their own function/work area. An "Other Manager" is accountable for a defined business outcome which generally involves the management of resources that also includes time management, coordination of different functions of people, financial resources and other assets. Line managers are also included in this category.

Healius Executive Leadership Team Gender Profile 2019 (%)



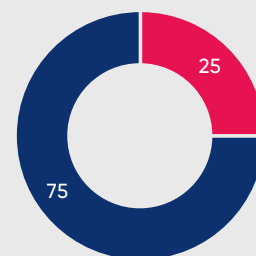
● Female  
● Male

Healius Divisional Gender Profile 2019 (%)



● Female  
● Male

Healius Board Gender Profile 2019 (%)



● Female  
● Male

# Our customers

At Healius we have three key customer groups:

- **Consumers of frontline healthcare services:** Patients who come to our centres, hospitals or diagnostic facilities and experience the quality of our facilities and support services and, through their referrers, the quality of our diagnoses.
- **Healthcare professionals within our Medical Centres:** GPs and other healthcare professionals for whom we provide Medical Centre and Day Hospital facilities, support services and staff.
- **Referring Healthcare professionals:** GP and specialist referrers to whom we deliver diagnostic services from our pathology and imaging operations.

## Consumers

For the ultimate consumers of healthcare services in our Medical Centres, the patients, we are developing:

- A range of new or more focused services including skin specialisations, women's health, urgent care clinics
- An improved patient experience through digital enablement from online appointments, a join-the-queue remotely facility, check-in kiosks, e-recalls and repeat scripts.

To track the patient experience, we are undertaking regular Net Promoter Score surveys to gain greater understanding of experiences in our Medical Centres and improve our consumer-centricity.

## Healthcare professionals: Medical Centres

Attracting and retaining healthcare professionals, in particular GPs, to work in our Medical Centres is considered key to our success. Our current strategy includes a substantial increase in GP full-time equivalent numbers.

We have implemented a multi-channel strategy around both recruitment and retention to achieve this target including:

- **Local recruitment:** bespoke centre-level strategies
- **"Roll-in" M&A:** acquisition of GP practices in Medical Centre catchment areas
- **Registrars:** recruitment of young professionals via our Healius Institute
- **Career development:** clinical management pathways and new skills training
- Repositioning of 52 Centres through upgrades, expansions and enhancements
- Process improvements including the introduction of appointments.

Success in our initiatives will be evidenced in:

- Increase in net GP FTE numbers, as disclosed in our regular half year and full year reporting
- Improvement in engagement surveys as discussed under "Engagement and feedback channels".

## Referring healthcare professionals: Pathology and Imaging


Retaining and increasing the number of healthcare referrers to whom we deliver our diagnostic services is another key plank of our success. Current initiatives include the investments in core technology platforms in Pathology and Imaging, being the Laboratory Information System and the Imaging Core Application Refresh respectively. New platforms will improve referrer experience and interaction, including via digital portals for both clinicians and patients, and thereby enhance our brand reputation and service delivery.

Additionally, the quality and accuracy of our clinical diagnoses is paramount. Our quality framework and accreditation procedures are discussed further in the Governance section under "Clinical Quality and Accreditation".


# Our suppliers

Healius is creating a new Procurement and Sustainability Policy as well a Modern Slavery Act Policy, which we aim to publish later this calendar year. The Procurement and Sustainability Policy will cover:


**Policy coverage**  
What procurement objectives does the policy cover?




**Sustainability**



**Manage Risk**



**Supplier relationships**



**Value for money**

Economic	Terms and conditions	Strategic partnerships	Competition
Environmental	Conflicts of interest	Continuous improvement	Benchmarking
Social	Capability	Reduce number of vendors	Track benefits
	Integrity	Strategic supply chains	Leverage group purchasing power
	Templates, tools and procedures	Supplier code of conduct	

Healius is committed to a choice of partners and suppliers who are not simply based around "best price". We also consider the focus of potential suppliers on how they address production, packaging, delivery and their own environmental policies and credentials.

As well as managing offshore suppliers, Healius itself operates data entry and finance activities in three locations within Asia made up of salaried staff and contracted staff. Healius' offshore employees are compensated in line with, or exceed, state government minimum wage compliance in the relevant locations. We engage experts to provide recommendations on risk and compliance requirements for our offshore operations and hold governance forums with offshore leaders and contract suppliers.

# Healius in the community

## Group

Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible frontline care. We are proud of the facilities and services we provide to a range of healthcare professionals enabling them to care for their patients in partnership with our clinical and support staff. Together each year, over eight million doctor consults take place in our medical centres, one in three pathology samples in the country are tested in our laboratories and three million diagnostic imaging examinations are conducted.

## Pathology

### Aboriginal Torres Strait Islander Support

Healius, through its pathology businesses, has consistently been the largest provider of pathology services to Northern Territory communities for approximately 30 years. Our services include the supply of consumables, transportation of specimens, testing and results and over half the volume in our Darwin and Alice Springs laboratories is from remote Indigenous communities. Healius also helps Australian communities by providing end-to-end pathology services to remote communities of Western Australia.

### Heart of Australia

Heart of Australia is an organisation providing specialist medical services including cardiology and respiratory medicine to outback and rural communities of Queensland on three custom-designed clinic-on-wheels trailer-trucks. Since 2016, Healius' Queensland pathology service, QML, has supported this service. Heart of Australia has saved the lives of more than 250 Australians living in rural areas through diagnosing patients with previously undetected, critical cardiac conditions since the first truck was launched in 2014.



## Imaging

Our Imaging division supports the provision of diagnostic services to regional areas of Australia. The business partners with local communities and other healthcare providers to undertake a full range of x-ray and imaging services to Indigenous and rural communities. As an example our Central West Radiology in Orange partners with the Orange Aboriginal Medical Centre (OAMS) to provide x-ray services to patients directly following their OAMS referral, ensuring timely results.

Imaging has been providing life-saving defibrillators for regional communities in outdoor locations that are greater than 15 minutes from emergency health services including in Lake Canobolas, Orange, NSW and the Public Swimming Pool, Kempsey, NSW.

*"That golden 15 minutes could be the difference between life and death."*

**Dan Burton,**  
Central West Radiology

# Government relations

Healius believes that a well-supported and funded frontline health system is key to delivering efficient and effective healthcare in the country. The Government's healthcare policy settings point to a relatively stable regulatory environment in the near-term. However, with healthcare costs on the increase, funding pressures will always exist and private sector providers must be agile in both adapting to changes in Government funding as they arise and in diversifying their revenue base.

Healius will continue to ensure the best policy outcomes for Australia through regular dialogue with, and active engagement of, the Government and the Opposition by means of its Government Relations initiatives.

Healius will also continue to drive diversification of its revenue stream, targeting non-MBS services including through its day hospital business, specialty Pathology services and national diagnostic contracts.

In June 2018 Healius, along with other private Australian pathology providers, formed Australian Pathology as a national body to speak with one voice for the industry. Australian Pathology represents more than 95 percent of private pathology in Australia and is committed to the provision of high quality, affordable, safe and accessible pathology services to all Australians.

The Government's Medical Benefits Schedule Review, which was established in 2015 to consider how the Medical Benefits Schedule could be aligned with contemporary clinical evidence and improve health outcomes, is continuing. Healius supported this initiative, nominated a range of experts to the various committees, and has and will continue to take part in public consultations on the ensuing recommendations.

## Political Donations

Under Healius' Political Donations Policy, staff members are unable to make political donations on behalf of Healius without prior approval. In addition, the offering of personal gifts, entertainment or bribes to bias a decision of a Government Official is considered illegal.

Healius' political donations are publicly disclosed annually through the relevant Commonwealth and State electoral authorities. The Group Executive, Government Relations, ensures all relevant laws and disclosure requirements are complied with.

# Environment

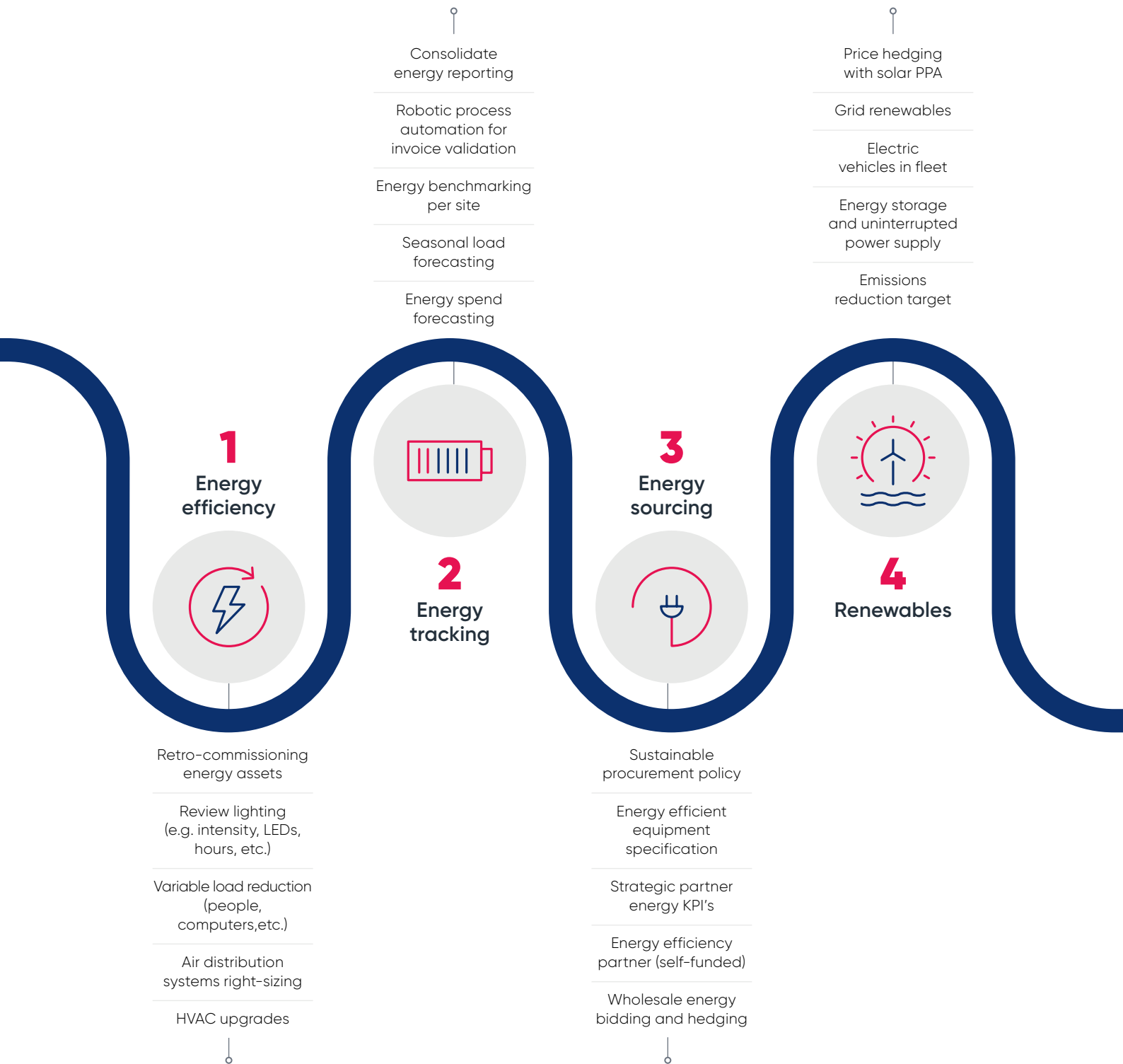


Healius, through its Environmental Policy and other policies and processes, is committed to managing its operations in an environmentally sustainable manner, to maximising resource efficiency in relation to the consumption of energy and natural resources and to minimising wastage.

The operations of the group are not subject to any site-specific environmental licenses or permits which would constitute particular or significant environmental regulation under the laws of the Australian Government or an Australian Territory.

# Healius Energy Roadmap 2020

Healius has developed an Energy Roadmap 2020 setting out the four areas of focus for the coming financial year:



# Centre development and refurbishment

With an extensive network of centres and clinics often open 365 days of the year, at Healius we are looking for a range of energy saving opportunities and waste reduction initiatives as we refurbish existing sites and construct new sites including:

- Efficient medical equipment and whitegoods
- Lighting and motion sensors
- Upgrades of heating, ventilation and air conditioning systems
- Sun shading e.g. treated glass/blinds

## Solar panel installation

At Healius, we have engaged an experienced commercial solar power installer in 2019 to rollout solar power systems across a number of our large-scale medical and imaging centres and pathology laboratories which have been identified as suitable centres to house photovoltaic solar panels. The first site to be fitted with new solar panels, was our newly opened Imaging facility in Port Macquarie, NSW which opened early in calendar year 2019. The building's large roof span is covered in solar panels that power much of its operations, creating one of the largest solar systems in the area for sustainable energy. A further 10 sites are due to be fitted with solar panels in the coming months.



## Vehicle fleet

Healius operates a fleet of over 1,000 vehicles across its businesses, with the majority used to transport patient blood samples across the country. As part of the Energy Roadmap for 2020, Healius will be measuring and monitoring the average fleet age, which is currently around five years, with the view to moving to a clean and energy-efficient fleet of vehicles. As vehicles come up for renewal, we are aiming to replace them with vehicles with a smaller carbon footprint and, where possible, with hybrids.

## Waste management

### Medical and clinical waste

Our largest waste products result from the blood we collect and test through our Pathology businesses, along with the containers and needles used to collect it. Correct disposal of these clinical items is paramount and we use reputable, licensed businesses who specialise in dealing with these effluents. Our suppliers are regularly reviewed to ensure compliance with all relevant measures and controls.

### Reduction of paper and film usage

With the rollout and implementation of an upgraded technology platform in our Imaging business, the use of printed imaging results on film will be reduced through increased use and transmission of digital images of scans.

As part of our Medical Centres repositioning, we have been testing electronic patient reminders, or e-Recalls. Not only will the rollout of e-Recalls across all our centres reduce printing costs and improve clinical tracking processes, we will be improving the patient experience through the management of preventative care and results review.

### Shareholder communications

With a goal to reduce paper and print production, Healius encourages its shareholders to access communication electronically. Healius issues printed Annual Reports to less than 4% of shareholders while almost 50% of shareholders have opted to receive Notices of Meeting electronically.



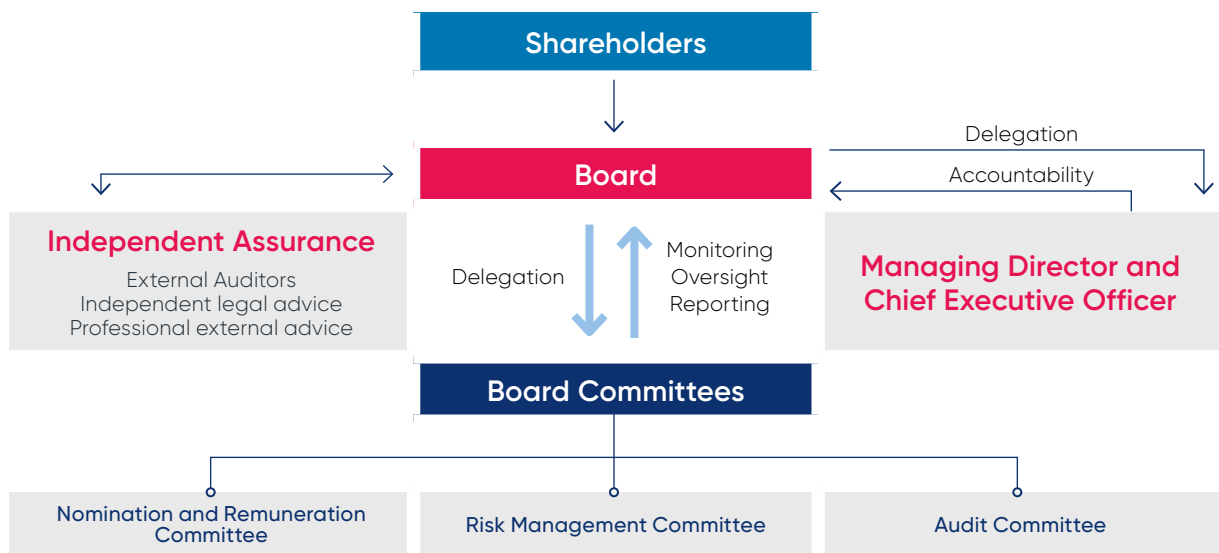
# Governance and risk management



## Governance framework

As part of an ongoing commitment to our shareholders, Healius' Board of Directors is dedicated to creating and maintaining high standards of corporate governance. 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 and corporate code of conduct. Healius issues a Corporate Governance Statement on its website as part of its year-end reporting.

This can be found at: <https://www.healius.com.au/about-us/corporate-governance>



## Governance documents

Our key governance documents are the Constitution of Healius Limited, the Charters for the Board and the three Board Committees and:

- Anti-bribery and anti-fraud policy
- Corporate Governance Statement
- Code of Conduct
- Communication policy
- Diversity policy
- Environmental policy
- Gifts and Entertainment policy
- Political Donations policy
- Risk Management policy
- Trading in Securities policy
- Work Health & Safety policy
- Whistleblower Protection policy

These policies can be found on the Healius website at <https://www.healius.com.au/about-us/corporate-governance/>. Ensuring all our people are aware of our governance requirements is part of the on-boarding process and on-going training within each of the business units.

## Risk management framework

Healius' operations are highly regulated and subject to a range of State and Commonwealth legislation and accreditation requirements.

Risk, including Health and Safety, remains the responsibility of the Group Risk Manager who reports to the Chief Financial Officer. A Risk Management Framework has been designed that is both consistent with current best practice and meets the specific needs of the company and its businesses. The description of the Risk Management Framework used across the group, along with a non-exhaustive list of key risks, both specific to Healius and of a more general nature, are set out in the latest [Annual Report](#).

By following the framework, Healius has a uniform risk management methodology that can be applied to all strategic, operational and contractual objectives. An incident notification and response procedure is in place and there is a comprehensive insurance program which is reviewed annually.

## Ethical standards

The maintenance of high ethical standards are considered essential within Healius. These standards are covered in the Code of Conduct and various core policies as detailed above under "Governance Documents".

Ensuring all our people are aware of our ethical standards and requirements is part of the on-boarding process within each of the business units. Additionally, short term incentive targets include assessment of individual's alignment to and demonstration of ethical standards as encapsulated in our values.

## Health and safety

Healius is committed to ensuring that the health and safety of employees, contractors, patients and all people attending its facilities is given the highest priority. A group-wide Work Health and Safety (WHS) program is in place and is reviewed annually.

WHS performance is incorporated into business planning, purchasing and contracting policies and the design of workplace. WHS is monitored through monthly management report reviews and quarterly Board reporting.

Key health and safety performance indicators are set out below, with a goal to continually improve these key indicators and to ultimately attain zero lost-time injury frequency rates:

	FY2018	FY2017
Number of WHS prosecutions	0	0
Number of sites subject to WHS Internal Audit	46	46
Lost time incidents (LTIFR) per million hours worked	5.6	6.2

Key health and safety compliance targets are:

	TARGET
Compliance to the Health & Safety Plan	90% of planned activities
Mini audits - measuring compliance to Health & Safety Management System	75% compliance rate
Internal Health & Safety audits – measuring compliance to National Audit Tool Version 3	75% compliance rate

Further information on WHS can be found in the Director's Report in the latest Annual Report under "Management of safety risks".

## Clinical quality and accreditation

At Healius, we believe quality underpins the delivery of clinical excellence in healthcare. All of our divisions operate under appropriate quality systems and processes, and have Clinical Directors or Medically-trained Chief Operating Officers who are responsible for ensuring clinical governance is maintained within their relevant businesses. Clinical Councils operate in Medical Centres and Imaging, while in our Pathology business, Discipline Networks attended by Senior Pathologists and Scientists ensure stringent quality standards are maintained.

All state-based pathology companies have a statement on quality and accreditation published on their relevant websites. An example can be found at: <http://www.gml.com.au/AboutUs/Quality/QualityAccreditation.aspx>. Our laboratory services are accredited by the National Association of Testing Authorities.

Our medical centres are accredited to the Royal Australian College of General Practitioners (RACGP) standards for general practices 5th edition. These standards aim to promote continuous quality improvement to protect patients from harm while fostering safe high-quality general practice. Healius uses Quality Practice Accreditation on a three year cycle. Our imaging practices are accredited under the Diagnostic Imaging Accreditation Scheme (DIAS) on a four year cycle.

## Data security and privacy

Confidentiality, integrity and availability of medical records and its supporting systems and networks is of utmost importance in Healthcare. Healius considers information security as a strategic priority and has extensive measures in place to protect sensitive information and manage information security risks.

In 2017 a Chief Information Security Officer was appointed with overall responsibility for information security. Healius has developed an information security management framework and information security policy which is based on ISO27001 and NIST best practice standards which align with Healius' risk appetite.

Healius information security strategy is communicated to the Board at least on an annual basis. Security risk management activities are reported to the Board Risk Committee on a quarterly basis, and information security metrics are reported to the Executive Risk Committee monthly.

Healius has security incident response procedures in place and have undertaken table-top simulations of data breach scenarios. Regular audits, including annual security audits and frequent security assessments are undertaken.

### Security awareness

Cyber security training and awareness programs are rolled out to all employees with a digital identity within the group to be undertaken at least annually. Security training is tailored to relevant current topics such as how to handle sensitive medical information, and how to identify and respond to phishing emails.

IT policies regarding use of technology and social media are included in all employee's on-boarding and a new training module, due for release in July 2019, will provide additional policy awareness and affirmation for all existing staff.

### Privacy and data breaches

All our websites contain privacy statements that outline why Healius needs personal information, what is done with it, and what a patient needs to do to make a complaint about a breach of the Australian Privacy Principles under the Privacy Act. An example can be found: <http://www.laverty.com.au/privacy/>.

Following the Notifiable Data Breach scheme inclusion of the 2017 Privacy Act amendment, Healius implemented Notifiable Data Breach Handling procedures and communicated procedures to its staff for reporting potential privacy breaches to the Healius Privacy Officer.

## Tax Transparency

With a commitment to meeting all tax compliance obligations and providing transparency to our stakeholders regarding the taxes we pay and the taxation policies we employ, at Healius we have adopted the Australian Board of Taxation's voluntary Tax Transparency Code, first published for the 2017 Financial Year. The Tax Transparency Reports can be found on our website under our Investor Centre '[Invest in Us](#)'.

[www.healius.com.au](http://www.healius.com.au)

