

SUSTAINABILITY  
REPORT 2022

# connected healthcare



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Healius aspires to be a socially responsible company that creates value for all stakeholders including consumers, employees and investors through its core values of care, compassion and quality.



Each year:



**1 in 3**

pathology samples  
tested in our  
laboratories



**3M+**

radiology  
examinations



**40,000+**

procedures in our  
day hospitals



# Chair and CEO letter

We are pleased to present Healius' 2022 Sustainability Report. Over the last two years we have been building the necessary foundations of our sustainability agenda. As we continually strive to be a socially responsible company, we will endeavour to keep our stakeholders informed of our progress and performance against our Sustainability Roadmap.



At Healius, we recognise the pivotal role we play in ensuring Australian's have access to the care they need, when they need it, irrespective of their circumstances.

In 2021, we enhanced our Sustainability Strategy, developed our sustainability ambition and undertook our first Environmental, Social and Governance (ESG) materiality assessment. Our identified priority areas are:

- **Our People** – We recognise our sustainability is underpinned by our ability to attract and retain the right talent. We are focused on enhancing employee recognition and benefits, fostering diversity and inclusion, and improving employee talent, training, and career pathways.
- **Our Customers** – With customers at the centre of everything we do, Healius aims to enhance customer experience through the development of digital products to permanently change for the better how consumers access diagnostic care in Australia. We are also focused on safeguarding the privacy and security of all consumer information in our systems.
- **Our Communities** – Our commitment and contribution to community goes beyond our customers, to a national charity partnership and a range of local initiatives which extend our support to the more vulnerable people within our society. We also continue to focus on responsible sourcing and addressing risks associated with modern slavery within our operations and supply chains.

- **Our Planet** – In achieving our goal of becoming a carbon neutral business for our Scope 1 and 2 emissions, we have developed a roadmap targeted at reducing our carbon footprint. We are also developing roadmaps for resource use and improved waste management.
- **Our Shareholders** – We understand the expectation for more comprehensive, consistent and transparent sustainability reporting, and strive to deliver meaningful and insightful reporting to all our stakeholders.

This year, we have taken steps to improve our sustainability reporting, with an emphasis on establishing roadmaps for our focus areas, measuring our performance against these maps, transitioning to data-driven reporting, and aligning our priorities with the relevant United Nations Sustainable Development Goals (SDG).

Healius aspires to be a leader in sustainability. Our executive team is aware that driving the Sustainability Strategy and the initiatives in our five priority areas is integral to our success. While there is more work to be done and we will continually re-assess how we can make a difference, we are pleased to present our progress to date as we strive to serve our stakeholders.

**ROBERT HUBBARD**  
CHAIRMAN

**MALCOLM PARMENTER**  
MANAGING DIRECTOR  
AND CEO



# About Healius

Healius is one of Australia's leading healthcare companies providing high quality, accessible and cost-efficient healthcare services through our Pathology, Imaging and Day Hospital businesses. We are focused on building a digital future for diagnostics, transforming the service experience for our patients and referrers.

With a unique footprint of more than 2,000 locations and 11,000+ employees, Healius' focus is on the provision of diagnostic services to consumers.



## Pathology

Healius Pathology is one of Australia's leading providers of private medical laboratory and pathology services.

Healius Pathology operates 97 medical laboratories and approximately 2,000 patient collection centres across metropolitan, regional and remote Australia. It employs around 200 specialist pathologists and over 6,000 scientists, technicians, collectors and team members.

Through a variety of established state-based and specialty brands, Healius Pathology provides leading medical laboratory and pathology services across key diagnostic activities. These include: anatomical pathology (histopathology and cytology), clinical pathology (biochemistry, haematology, immunology and microbiology), genomic diagnostics and veterinary pathology.

Healius Pathology brands include QML, Laverty, Dorevitch and Western Diagnostic Pathology which operate in Queensland, New South Wales, Victoria and South Australia, Western Australia and Northern Territory respectively. Key specialty brands include Genomic Diagnostics, Australia's leading non-government diagnostic genetic sequencing facility.

Each year, Healius Pathology provides one in every three pathology services in Australia. These services extend from exclusively servicing some of Australia's largest and most complex private and public hospitals to regional areas and remote Australian Aboriginal communities.

In January 2022, Healius acquired Agilex Biolabs, Australia's largest, most experienced and scientifically advanced bioanalytical laboratory with over 25 years' experience in clinical trials. Headquartered in Adelaide, Agilex Biolabs provides bioanalytical services for therapeutics, immunoassay bioanalysis of large molecules, biologics and vaccine development. With its extensive experience, Agilex is well positioned for growth in multiple therapeutics areas including oncology, which is the largest market for clinical trials.

During the year, Healius Pathology continued to play a critical role in Australia's public health response to the COVID-19 pandemic. The extensive community COVID testing, collected through the division's dedicated drive through and COVID ACC sites as well as in several hospital and aged care facilities, was supplemented by Healius Pathology's commercial and direct-to-consumer initiatives, which included testing at workplaces, mine sites, film sets and sporting codes.



## Imaging

Lumus Imaging operates a network of 146 sites across the country, comprising stand-alone community imaging centres, and imaging facilities located within private and public hospitals and in medical centres.

It has a highly-trained team of over 120 radiologists, together with radiographers, sonographers, nuclear medicine technologists, nurses, centre support and corporate teams. A full suite of modalities and services are offered which include: X-ray, ultrasound, computerised tomography (CT), mammography, magnetic resonance imaging (MRI), nuclear medicine, positron emission tomography (PET) and interventional radiology (including treatment by spinal and joint injections).

Radiologists undertake a range of imaging services including specialist women's health, cardiac, neurology, vascular, musculoskeletal and dental imaging. Over three million radiography examinations are conducted in Lumus Imaging's sites each year.



## Day Hospitals

The Montserrat Day Hospitals business comprises 11 day hospitals, 10 of these are stand-alone and one, called Warringah Day Surgery, is located within a medical centre in Brookvale Sydney. The stand-alone hospitals comprise one multi-specialist, short stay hospital called Westside Private, six smaller stand-alone day hospitals and three haematology/oncology clinics, collectively conducting over 40,000 procedures a year.

Founded in 1996, Montserrat Day Hospitals operates well-run facilities that are strategically located and accessible to both specialists and patients. Approximately 200 doctors work across Day Hospitals providing services in specialty areas including: Dermatology, ENT, Gastroenterology, General Surgery, Gynaecology, Haematology, IVF, Oncology, Ophthalmology, Oral Surgery, Plastic Surgery, and Urology.

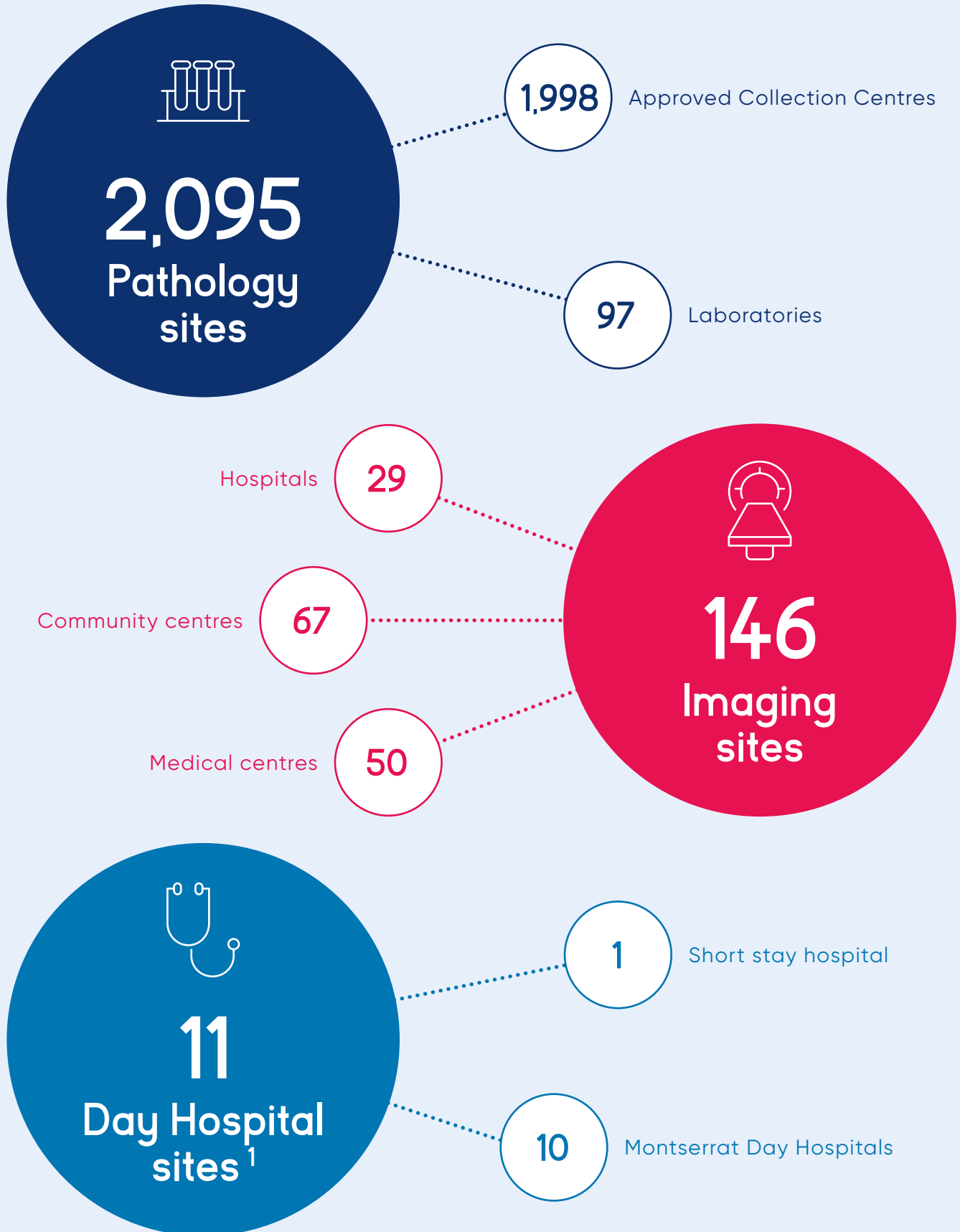
Westside Private Hospital is a short stay overnight facility located in Taringa, Brisbane which has over 50 specialists operating out of it and offers services across numerous specialty areas including Orthopaedics.

During the year, Montserrat commenced construction of Murdoch Private Hospital in Western Australia, an integrated hospital with short stay facilities and a cancer centre, due for completion in 2023.

In early FY 2023, Healius issued an Information Memorandum for its Day Hospitals division. As a result, this division will be held for sale in FY 2023.

# Our network

Sites as at July 2022



<sup>1</sup> Day Hospitals held for sale in FY 2023.

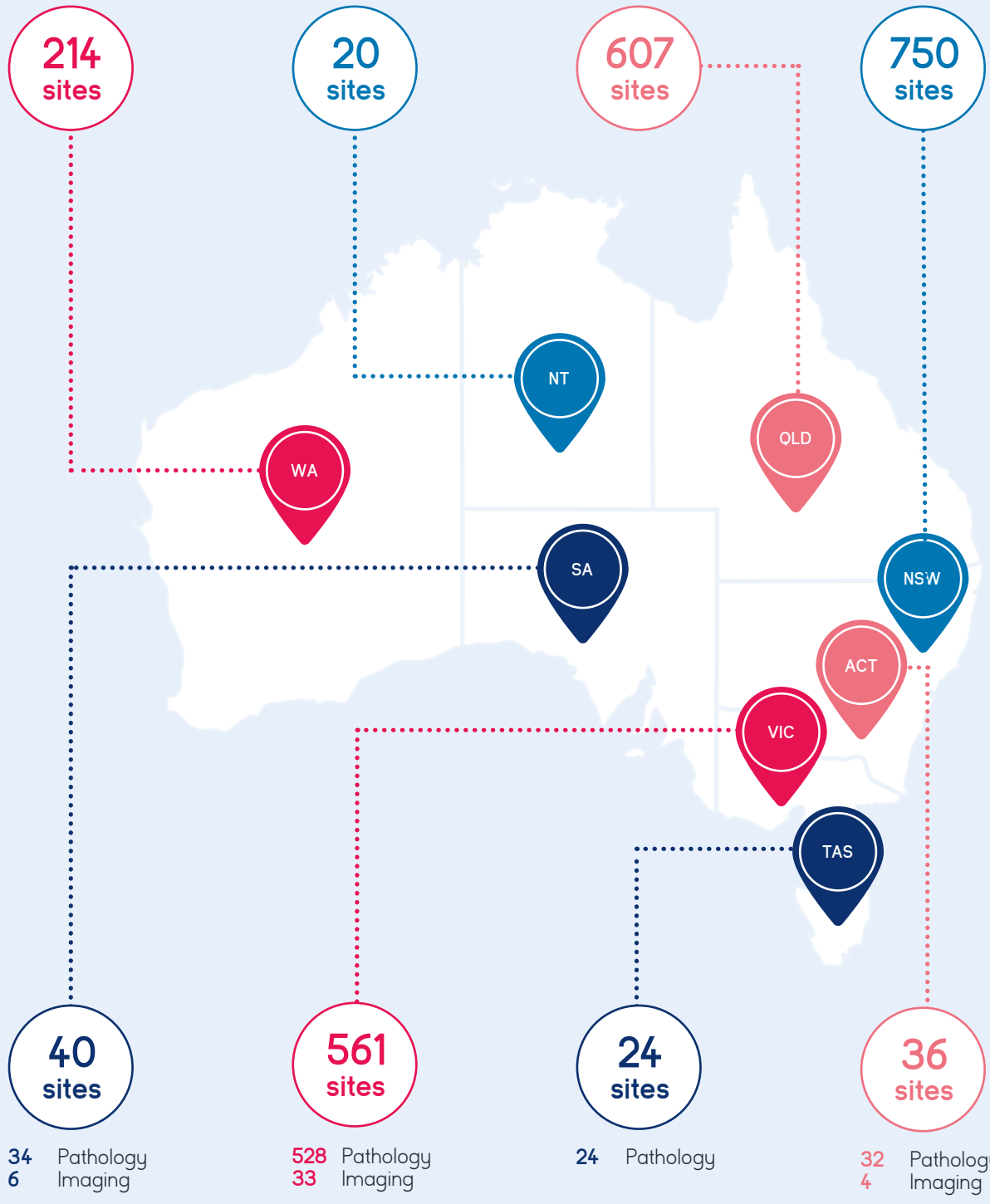


205 Pathology  
5 Imaging  
4 Day Hospitals

20 Pathology

564 Pathology  
38 Imaging  
5 Day Hospitals

688 Pathology  
60 Imaging  
2 Day Hospitals



## FY 2022 Financial Highlights



# Strategy

With our customers at the centre of everything we do and through a culture of care and compassion, Healius strives to improve existing businesses and develop new opportunities as part of our long-term commitment to being a sustainable and socially responsible company.

Our vision is to create sustainable value for all our stakeholders by supporting clinical decisions across the Australian healthcare system, realised through the provision of personalised insights and superior customer experience across our national network of general pathology and diagnostic imaging businesses.

Our strategy rests on three pillars:

- **Insights:** Delivering precise and comprehensive insights for screening, diagnosis, therapy and research & development
- **Service:** Serving patients and clinicians with superior healthcare experiences
- **Growth:** Creating clinical and financial value in new and growing diagnostic markets.

This strategy is supported by global and Australian tailwinds in healthcare including, but not limited to, the increasing importance of screening and diagnosis in reducing downstream healthcare costs, the autonomy and decision-making of individuals as healthcare consumers, the convergence of diagnostic pathology and radiology in the treatment of disease, the innovations in diagnostic testing (especially genomics, specialty pathology, and AI), and the expansion of digital health.

Our capital allocation and group-wide programs (Sustainable Improvement Program (SIP) and Healius Digital) demonstrate our commitment to long-term sustainable growth, improving returns from core diagnostic businesses and developing the right capabilities. With a more simplified portfolio and strong balance sheet, the company is well positioned for the future. The FY 2022 acquisition of Agilix is an example of disciplined adjacency growth (clinical trials research) where Healius has a natural advantage (at-scale operator of Australian laboratory services).

The strategic focus areas for the Group can be summarised as follows:

## Grow the core

This is centred around a customer-based strategy to increase revenue in core Australian markets by optimising mix, product, price and distribution. The business also continues to improve its Pathology Approved Collection Centre (ACC) and Imaging site networks with the focus on better performance per facility.

Progress during the year included:

- B2C and B2B launches and rollouts around COVID-19 testing and a patient feedback program.
- ACC footprint optimisation based on a standardised approach supported by enhanced analytics. This is delivering efficiencies and improved collection economics, with revenue per ACC growing 10.5% since FY 2019.
- Rebranding Imaging sites to Lumus Imaging with all 124 in-scope sites completed during the year.
- Pursuing strategic opportunities with major health players to diversify revenue sources.



## Laboratories of the future

This is focused on modernisation of clinical information systems in our Pathology laboratories including improvement and standardisation of operational workflows across departments.

Progress during the year included:

- Progressed development of new *LIS Modules* for cytology and microbiology to digitise effort-intensive workflows for pathologists and migrate out of legacy systems
- Commenced rollout of a new *Instrument Manager* for standardised configuration of our Pathology lab analysers
- Built and launched *Digital Pathology* in histopathology and haematology including trials of AI supported workflows through global partnerships.

## Digital journeys

This is focused on digitising core services across Pathology and Imaging to improve experiences for customers (referrers and patients) and employees, as well as process efficiencies.

Progress during the year included:

- Built and launched an *Electronic Referrals* solution for doctors to send Pathology and Imaging requests via SMS to patients
- Built and launched a *Collections Portal* for staff in collection centres to digitise paper-based manual processes across registration, test ordering, and collection of specimens
- Built and launched a *Booking System* for staff in Imaging centres to prioritise and convert incoming referrals to appointments through outbound calls to patients
- Progressed with build of a *Results App* for Specialist doctors and staff in hospitals to view patient results and order add-on tests with a market-leading experience.

## Productivity potential

We are targeting the optimisation of our internal labour productivity across the Group and ensuring disciplined procurement management through price negotiation with vendors, volume and demand management by the businesses, and procurement policies and controls.

Progress during the year included:

- In Lumus Imaging, the national rollout of our *Booking Optimisation* tool for sonography was completed
- Across the Group, a new Time and Attendance module was rolled out to underpin our dynamic rostering tool
- Savings across a number of procurement categories including voice telecommunications, teleradiology and transcription services, with additional categories expected to benefit in FY 2023.

# 2

# Our sustainability journey

## Highlights:



### Our Customers

Over **97%** of ACC's enabled to provide a seamless digital customer experience

**122**

Imaging sites enabled with new *Booking System*

### Customer feedback mechanism

successfully deployed across our business



### Our Planet

**32.1 kt**  
CO<sub>2</sub> emissions (Scope 1 & 2)

**30,872**  
MWh of energy consumed

**2,870 kL**  
of fuel used in our fleet of 1,050 cars



## Our People

**11,880**  
employees

### **Paid Parental Leave**

introduced across  
the Group

**Committed to:**  
Minderoo Foundation's  
Generation  
One Indigenous  
Employment Index  
&  
HESTA 40:40 Vision



## Our Communities

Delivering many  
services

### **bulk-billed**

enabling access  
to critical care,  
irrespective of  
circumstance

National  
partnership with

### **Children's Cancer Institute**

Supporting many  
**local charities  
and communities**



## Our Shareholders

**Prime**  
ISS ESG Rating

Aligned to seven key  
**United Nations  
Sustainable  
Development  
Goals**

**\$218.7 million**  
in total taxes paid  
and continued tax  
transparency

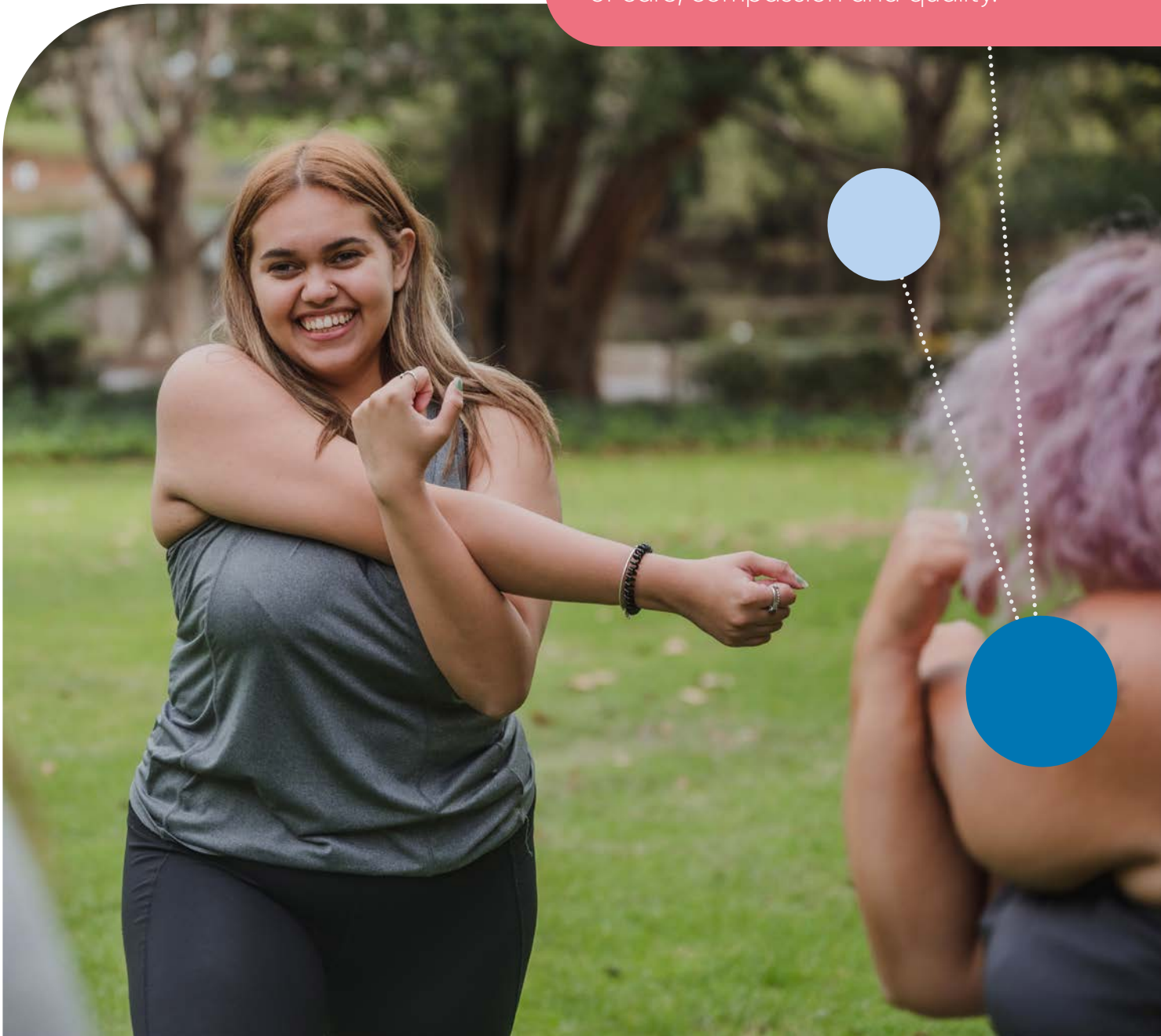
# Sustainability aspiration and priority areas

In 2021 Healius engaged Accenture to help develop our Sustainability Strategy for the future. The focus was on working with the Board and leadership team to establish the overall sustainability ambition for the company and, informed by this ambition, to identify and assess from the numerous potential environmental, social and governance issues those that are most important to the company in the near to medium-term. The review involved key stakeholder feedback around their expectations on sustainability.

The output was a sustainability aspiration and the identification of roadmaps for five priority areas.

## Sustainability aspiration

Healius aspires to be a socially responsible company that creates value for all stakeholders including consumers, employees and investors through its core values of care, compassion and quality.



Our Shareholders
Report against Sustainability Roadmap
Assess and adopt use of SDG and other global reporting frameworks
Consider review or audit of sustainability data

Our People
Improve employee recognition and benefits
Foster diversity and inclusion
Foster employee talent training and career pathways



Our Planet
Create a pathway to carbon neutrality for Scope 1 and 2 emissions through hybrid fleet, LEDs, solar power and green power purchasing arrangements
Improve the use of resources and the handling of waste including medical waste and single-use plastic
Consider other Scope 3 emissions and reduction opportunities

Our Communities
Continue involvement with local charities
Develop a national charity partnership aligned to Healius' brand and vision
Support university partnerships and student placements
Expand work on human rights within supply chains with a focus on reducing risks of modern slavery

Our Customers
Through digitisation, automation and advanced applications, improve the way diagnosis is delivered to referrers and patients
Develop regular customer feedback mechanisms and targets
Enhance privacy and cyber security controls

# Sustainability Roadmaps



## Our People

At Healius, we recognise our sustainability is underpinned by our ability to attract and retain the right talent, and we believe success depends on putting people front and centre, with the right tools and support to deliver the best possible outcomes.

This is why our Sustainability Strategy is aligned with our 'one Healius' three-year People Strategy, which aims to create a strong, collaborative, performance driven culture with a clear sense of belonging, focused on enhancing employee recognition and benefits, fostering diversity and inclusion, and improving employee talent, training, and career pathways.

## Our Workforce Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
<b>REMUNERATION:</b> Implement single integrated remuneration policy. Undertake gender parity analysis. Expand variable remuneration plans.	▶		
<b>RECOGNITION &amp; REWARD:</b> Implement improved non-financial employee recognition. Enhance leave offerings. Target further support of mental health.	▶		
<b>DIVERSITY:</b> Implement Diversity, Equity, Inclusion and Belonging Policy, set targets and training. Set up networks for non-dominant groups. Partner with external providers to expand employment opportunities for non-dominant groups.	▶		
<b>TALENT &amp; SUCCESSION:</b> Implement succession plans, continue to embed transparent KPI performance review framework. Implement e-learning pathways and graduate programs.	▶		





## Our Customers

Healius aims to enhance customer experience through the development of its digital products. Our focus is to create one leading diagnostics platform that serves the pathology and radiology operations of Healius, permanently changing how consumers access diagnostic care in Australia for the better.

Doctors, specialists, patients, pathologists, radiologists, scientists and technicians are all our customers, and what they care about is important to us. This is why one of our priorities is to develop regular customer feedback mechanisms to ensure we capture their views and provide a better customer experience.

Additionally, Healius considers information security to be a key priority and is committed to safeguarding the privacy and confidentiality of all information in our systems, including personal health information and information about our people and operations.

### Our Customer Experience Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
Electronic Referrals for patients	[Progress bar from FY 2022 to FY 2023]		
Collections Portal (Pathology)	[Progress bar from FY 2022 to FY 2023]		
Booking System (Imaging)	[Progress bar from FY 2022 to FY 2023]		
Results Portal for GP and Specialists	[Progress bar from FY 2022 to FY 2023]		
Laboratory Portal (Pathology)	[Progress bar from FY 2022 to FY 2024]		
Develop feedback mechanism	[Progress bar from FY 2022 to FY 2023] ✓		
Set feedback targets and address any concerns	[Progress bar from FY 2023 to FY 2024]		
Enhance privacy and cyber security controls. Data platform modernisation	[Progress bar from FY 2023 to FY 2024]		



## Our Communities

Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible care. Our founding principle and ongoing commitment to offer bulk-billing for many of our services, enables all Australians to access the care they need, irrespective of their circumstances.

Our contribution to community goes beyond our consumers, which is why Healius wanted to develop a national charity partnership and, at local level, support a range of charitable initiatives, providing both funds and key medical assistance and expertise where it is needed. We are also aware of the need to support clinicians at an early stage of their training through university partnerships and student placements.

At Healius, we recognise that responsible sourcing is fundamental to ensuring a sustainable and regenerative working environment. Conscious of the risks of modern slavery within our supply chain, we are committed to supporting human rights by eliminating any modern slavery (or risk of) from our operations.

### Our Community Involvement Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
Develop a national charity partnership aligned to Healius' brand and vision	[Progress bar from FY 2022 to FY 2024]		
Continue involvement with local charities	[Progress bar from FY 2022 to FY 2024]		
Support university partnerships and student placements	[Progress bar from FY 2022 to FY 2024]		
Expand work on human rights within supply chains with a focus on reducing risks of modern slavery	[Progress bar from FY 2022 to FY 2024]		



# Our Planet

At Healius, we recognise the importance of conserving and protecting our environment and that climate change is a global issue requiring the collective effort and co-operation of every person, business, community, and government to ensure that our planet remains sustainable into the future.

There are two key areas of concern, the first is the impact of a company’s operations on the environment, in particular, its greenhouse gas emissions and the second is the environmental vulnerabilities of a company due to climate change.

While not a major emitter of greenhouse gas, Healius’ key priority is centred around reducing our carbon footprint, with the goal of achieving carbon neutrality for our Scope 1 and 2 emissions by FY 2026, while also focusing on reducing the use of resources such as film and single-use plastics, improving medical and general waste management and recycling.

## Our Planet – Emissions Reduction Roadmaps

### Scope 1 & 2

Initiatives	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
LED upgrade complete for all feasible sites	[Red arrow spanning from FY 2022 to FY 2026]				
Solar installed at all feasible sites		[Red arrow spanning from FY 2023 to FY 2025]			
Replace courier fleet with hybrid vehicles		[Red arrow spanning from FY 2023 to FY 2026]			
Head office relocation	[Red arrow]				
Convert to renewable energy at all independent sites			[Red arrow spanning from FY 2024 to FY 2026]		
Explore carbon offset programs			[Red arrow spanning from FY 2024 to FY 2026]		

### Scope 3 & resource use

Initiatives	FY 2022	FY 2023	FY 2024
Improve the use of resources (e.g. film, paper, water, packaging)	[Red arrow spanning from FY 2022 to FY 2024]		
Improve disposal, processing and recycling of medical waste		[Red arrow spanning from FY 2023 to FY 2024]	
Develop waste reduction roadmap		[Red arrow]	
Identify and implement other Scope 3 emission reduction opportunities	[Red arrow spanning from FY 2022 to FY 2024]		



## Our Shareholders

Healius is committed to improving our sustainability reporting to our shareholders through the initial issue of annual Sustainability Reports and subsequently through updating key sustainability data online to align with our financial reporting cycle.

The Sustainable Development Goals (SDGs) were developed by the United Nations (UN) and adopted by all UN Member States in 2015 as a blueprint to achieve a more sustainable and equitable future for all by 2030. The SDGs consist of 17 goals and 169 related targets that seek to end poverty, protect the planet and ensure all people enjoy peace and prosperity.

During the year, Healius completed an analysis of our operations and identified the following seven SDGs, where we can make the greatest contribution.



In the FY 2022 Sustainability Report we have mapped our activities against these goals, refer to Appendix 1 for details.

Over the next few years, we will keep up-to-date with new reporting requirements and frameworks and update our sustainability reporting accordingly. We will also consider external assessment and audit of our sustainability data.

## Our Shareholder Reporting Roadmap

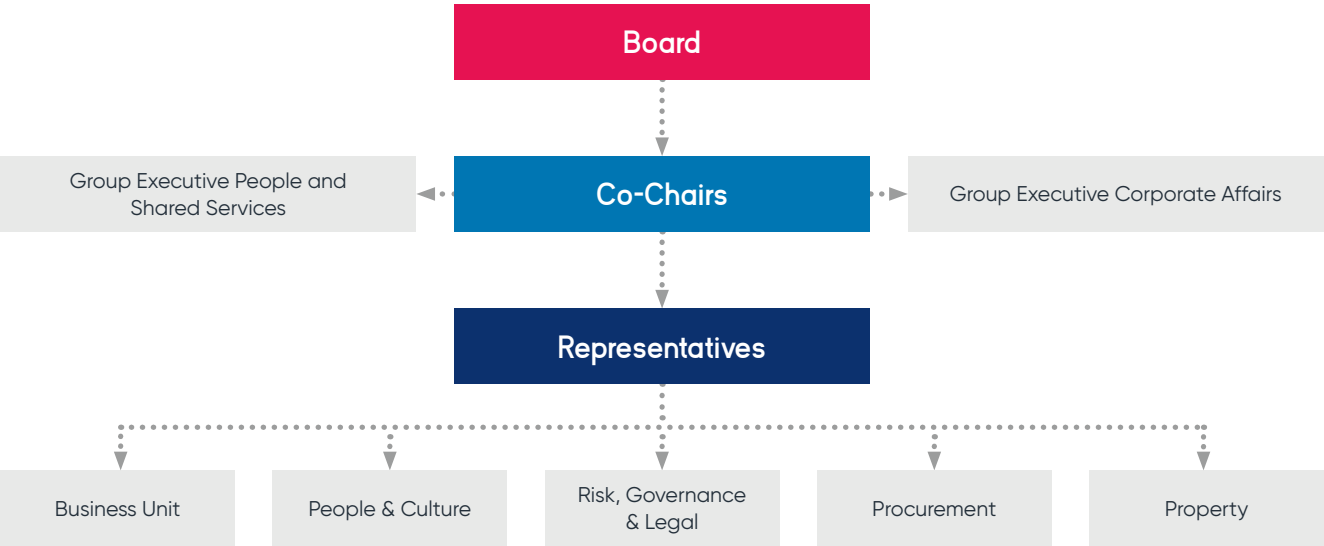
Initiatives	FY 2022	FY 2023	FY 2024
Commence reporting against Sustainability Roadmap	[Progress bar spanning all three years]		
Adopt SDG reporting framework	[Progress bar with checkmark]		
Continue to ensure good risk management and tax transparency	[Progress bar spanning all three years]		
Consider other global reporting frameworks		[Progress bar spanning FY 2023 and FY 2024]	
Review and audit of ESG data			[Progress bar in FY 2024]



# Governance

At Healius, we recognise that it is through the concerted efforts of everyone within the Group that we are able to build a sustainable future for our business. Healius works within an accountable system that includes corporate governance policies and practices and risk management processes.

To oversee Healius' Sustainability Strategy, we have formed an executive Sustainability Steering Committee, reporting directly to the Healius Board. The Committee is responsible for driving our strategy, embedding sustainability throughout the business and providing oversight and management of key environmental, social and governance issues. It is co-chaired by two members of the Healius Executive Leadership Team and has a wide range of functions represented on it.



Other governance matters are set out in Appendix 2 to this report.

# 3

# Our People

OUR PEOPLE



## Our Workforce Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
<b>REMUNERATION:</b> Implement single integrated remuneration policy. Undertake gender parity analysis. Expand variable remuneration plans.	Progress bar	Progress bar	Progress bar
<b>RECOGNITION &amp; REWARD:</b> Implement improved non-financial employee recognition. Enhance leave offerings. Target further support of mental health.	Progress bar	Progress bar	Progress bar
<b>DIVERSITY:</b> Implement Diversity, Equity, Inclusion and Belonging Policy, set targets & training. Set up networks for non-dominant groups. Partner with external providers to expand employment opportunities for non-dominant groups	Progress bar	Progress bar	Progress bar
<b>TALENT &amp; SUCCESSION:</b> Implement succession plans, continue to embed transparent KPI performance review framework. Implement e-learning pathways and graduate programs.	Progress bar	Progress bar	Progress bar

Our people are the heart of Healius. Together, we are united by our common purpose – caring for the health and wellbeing of Australians at every stage of life. In FY 2022, we witnessed the continued strong commitment from our people to deliver great service and care to our patients and customers, under very challenging circumstances.

Since 2020, Healius Pathology has been agile in responding to COVID-19 outbreaks by creating testing capacity in its laboratories and opening dedicated public COVID screening sites in addition to testing in hospital and aged care facilities. Through heat waves, rain and floods, our people have worked tirelessly to provide COVID testing for Australians, wherever and whenever it's needed.

For many of our people, the COVID pandemic has brought challenges to their personal lives as well. With the threat of illness and the trials of lockdowns compounding the issues presented by working in the healthcare industry at this time, our people have responded magnificently with hard work and sacrifice.

## 'one Healius'

We are focused on creating a working environment where our people thrive, by ensuring they have the right tools, support, and opportunities to bring out their best. We have developed a three-year People Strategy through to the end of June 2024. To ensure Healius reaches its potential, we are fostering a culture of resilience and capability, positioned to take advantage of strategic opportunities. Our People Strategy aims to create 'one Healius'; a strong, collaborative, performance driven culture with a clear sense of belonging to team, Business Unit and Group.

### 'one Healius'

A strong collaborative, performance driven culture with a clear sense of belonging to team, Business Unit and Group.

**Year 1**  
Strong Foundations

**Year 2**  
Enable our People

**Year 3**  
Lead the way



# Sustainable people practices

We have defined our roadmap for targeted initiatives to improve our sustainable people practices across the Group. These initiatives are grouped across four key areas: **Remuneration, Recognition & Reward, Diversity, Equity, Inclusion & Belonging (DEIB) and Talent & Succession.**

## FY 2022 Achievements

We have made significant progress to date, including

### Remuneration

- Development of a Group Remuneration Policy
- Embedding a consistent annual remuneration cycle and associated practices
- Application of 2021 SGC Superannuation increase to all team members
- Application of a gender lens across all remuneration activities to support pay parity.

### Recognition & Reward

- Ongoing enhancement of benefits, including new benefits platform
- Access to novated leasing
- Paid parental leave rolled out across the Group
- Reward for those who went above and beyond in delivering our COVID-19 response.

### DEIB

- Launched Diversity, Equity, Inclusion and Belonging Policy
- Updated Standards of Behaviour and Conduct Policy and interactive training
- Interactive online Healius Values training
- Further development of flexible and hybrid working
- Commitment to HESTA 40:40 Vision
- Participation in Minderoo Foundation's Generation One Indigenous Employment Index.

### Talent & Succession

- Talent Acquisition Policy and values-based practice guide
- Research and development of Healius Value Proposition
- Executive Leadership Team and senior leadership talent and succession planning.

## FY 2023 Outlook

In FY 2023 we are focused on the next phase of 'one Healius' delivery which will involve:

- Launch of MyHub (Human Resource Information System) across the Group
- Launch and embedding our new Healius Value Proposition
- Development of Indigenous Employment Parity Plan
- Strategic sourcing plans for critical roles and skills
- Expanded approach to inclusion and diversity
- Job architecture to support career development
- Enhanced recognition tools and programs
- Launch of new variable remuneration framework and plans
- Continued focus on remuneration equity in respect to gender, generation, tenure and remuneration banding
- Enhanced benefits for our people.

# Working at Healius

## Remuneration

At Healius, we are committed to equitable remuneration. We know that this is underpinned by good remuneration governance. In FY 2022 we have made significant inroads to enhancing our remuneration governance, including a new Group Remuneration Policy and alignment of annual remuneration activities.

Across the Group we have a broad group of over 11,000 people working with us from independent healthcare professionals, scientists, to technical professionals. Terms and condition range from Modern Awards and Enterprise Agreements to Common Law contracts. Our total population has varied throughout FY 2022 as we flex up and down to deliver our COVID-19 surge response.

Our industrial instrument coverage, including Modern Awards and Enterprise Agreements across the Group, is just under 90%.

	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS	GROUP
People covered by an EA or Award	5%	90%	92%	99%	89%
People not covered by EA or Award	95%	10%	8%	1%	11%

## Gender pay equity

We aim to provide compensation that is non gender biased and focuses on an individual's role, classification, skills and experience. Our Group Remuneration policy supports these aims.

A gender lens has been applied to our remuneration activities throughout FY 2022, appointment to role, annual remuneration review and incentive payments. Analysis of outcomes shows that differences in remuneration are a result of functional specialty and experience, not other subjective factors such as gender.

## Increase to Super Guarantee Charge (SGC)

Healius recognises superannuation as an important investment in the financial wellbeing of our people. For this reason, Healius made the decision to absorb the increase in SGC compulsory contribution rate, from 1 July 2022. This increase will be funded for all our people across the Group who were not already above the maximum Superannuation Contribution limit.

## Performance based pay

Healius operates a number of incentive schemes to motivate and reward superior performance from our people. The Short-Term Incentive Plan (STIP) recognises achievement over the course of a single financial year, measured against an individual's scorecard which includes relevant and tailored financial, operational, and strategic KPIs. Our Long-Term Incentive Plan (LTIP) is aligned with shareholder interests and aims to reward multi-year performance and strategic objective and retain key talent.

In FY 2022, a sustainability goal was introduced for the Executive Leadership Team, focused on the establishment of a Sustainability Strategy for the Group including developing targets. In FY 2023 all Executives and Senior Managers who participate in these programs will have sustainability KPIs aligned to the Group's strategy.





## Recognition & rewards

### Paid parental leave

Healius launched group-wide Paid Parental Leave in July 2021 as part of our commitment to supporting our people in achieving both their work and personal goals.

We provide Primary Carers with six weeks of paid leave and Secondary Carers with two weeks of paid leave, either can be taken at half pay. We provide the full benefits of the policy in the event of miscarriage or pregnancy loss.

We are committed to enhancing the policy over time and will consider other inclusions such as continuity of superannuation contributions for the duration of paid parental leave.

### Benefits portal

In December 2021, Healius moved to a new people benefits portal, which allows our people to access a variety of already existing services as well as several new offerings which include:

- Discounts and rewards at leading retailers and service providers
- Access to vehicle novated leasing (in FY 2022, 55 novated leases were approved)
- Benestar Employee Assistance Program
- Wellbeing information and resources, including financial wellbeing.

The next stage of our benefits program will be the ongoing digitisation of processes including a mobile app which allows on-the-go management of discounts and integration into MyHub Human Resources Information System (HRIS) to enhance awareness of benefits.

## Diversity, equity, inclusion and belonging

In FY 2022, Healius launched a new Diversity, Equity, Inclusion and Belonging Policy to recognise the importance of and commitment to, building a workforce that reflects the diversity of the people and communities we serve. This will enable us to shape our organisation in responsive and culturally appropriate ways.

It is important that our people know the values we place on diversity, equity, inclusion and belonging so that together we can create welcoming workplaces and teams where people can thrive.

### Gender diversity

Across the Healius Group, gender composition is 70.5% females and 29.5% males. We participate in and are compliant with the annual Workplace Gender Equality Act (WGEA) reporting program. We remain focused on gender diversity in particular increasing female representation within the Executive and General Manager ranks.



70.5% females



29.5% males

### HESTA 40:40 Vision

Healius has pledged its support for 40:40 Vision, an initiative led by superannuation fund HESTA. 40:40 Vision seeks to achieve gender balance – 40% women, 40% men and 20% any gender – across the senior leadership of all ASX200 companies by 2030. To achieve this, Healius is looking at initiatives that will support further gender balance in our leadership roles, including ensuring gender balance in our talent identification and succession planning.

### Cultural diversity

In FY 2022 we expanded our diversity work by participating in the Minderoo Foundation's Generation One inaugural Indigenous Employment Index. Generation One's mission is to create parity with and for Indigenous Australians, within one generation.

The Indigenous Employment Index highlighted a number of areas where Healius can improve and for FY 2023 we have taken these findings and recommendations onboard to inform our first Healius Indigenous Employment Parity Plan.

The Healius Indigenous Employment Parity Plan will outline our commitment to listen to the lived experiences of First Nations Australians, take action to support Indigenous Employment Parity, provide opportunities for development and career progression and engage and partner better with Indigenous communities. With the introduction of MyHub (HRIS) across the Group in FY 2023, we will be able to better measure and report on our cultural diversity.

# Helping our people thrive

## Communicating with and listening to our people

Healius' internal communications strategy is aligned with our 'one' Healius People Strategy. Our internal communications are designed to connect with and engage our people across Healius, provide regular updates and business critical information, give our people the opportunity to provide feedback and engage in two-way dialogue.

In FY 2022 a key focus of our internal communications strategy was to connect our leadership team to the broader Healius group through regular, targeted leadership communications across a range of channels. These activities included regular CEO Updates, COVID-19 Updates and CEO Town Hall webinars, with more than 60 leadership communications shared with our people across the year.

## Freedom of association

Healius respects and supports the rights of our people to join and participate in union activity connected with the workplace, noting that we have a broad number of unions that we engage with across our sites. We provide our people with access to Union information on site and abide by all associated obligations under the *Fair Work Act*.

## Group training

Healius is committed to raising awareness and maintaining knowledge in our people through targeted training across the Group. This year we have delivered a number of Group-wide programs aimed at increasing our baseline knowledge and awareness of key contemporary business topics such as:

- Standards of Behaviour and Conduct Policy training to help people understand the relationship between our WE CARE values and the expectation we have of our people
- Cyber security, to ensure contemporary safety and security standards for the management of data and information, as well as technology usage
- Modern slavery, to increase awareness of ways in which we ensure our value chain does not participate, support or endorse any form of Modern Slavery.

## Speaking up

Across Healius we are committed to building and maintaining safe and healthy workplaces that reflect our WE CARE values and create a better working experience for everyone.

We want all of our people to feel safe and respected in their workplace and confident to give feedback, suggest an idea or speak up if there is something that's concerning them.

As well as our WE CARE values, there are a number of Healius people policies that guide our approach to building healthy workplaces.

Our Healius Group Workplace Complaints, Grievances and Investigations Policy provides our people with guidance in regard to how they can raise a complaint or grievance and how this will be handled across the group. Healius also has a Whistleblower Protection Policy and Whistleblower Hotline which allows our people to make an anonymous disclosure to an external, independent contact centre.

## Looking after our people during times of change

From time to time, Healius or its group businesses, will need to make changes to our people structures, to reflect changes in our business.

If people changes are required, we do everything we can to reduce the impact on those people effected and ensure they are treated respectfully.

During a restructure process we clearly and openly communicate the rationale behind the change, outline what the restructure process will look like, including the timeframes and opportunities for consultation and redeployment. We also provide our people with support through local managers, Human Resources and our external Employee Assistance Program.

## Working safely

As a provider of healthcare, Healius is committed to ensuring a safe work environment for our people as well as safe spaces for our patients and customers. We review our Group Work Health and Safety Management System (WHSMS) annually and regularly audit our practices to ensure the highest standards of safety are maintained.

Healius is self-insured for workers' compensation in NSW, Victoria, Queensland, and Western Australia. Self-insurance licence obligations requires that the Healius WHSMS is audited against the National Audit tool V3. The National Audit Tool V3 evaluates safety performance and compliance and is used by State-based WorkSafe regulators to measure health and safety systems of our organisation.

In FY 2022 a significant increase in reported lost time incidents (LTIFR) was seen rising from 5.8 to 18.2 per million hours worked. The increase was due to COVID-19 exposures in the workplace including incidents where our employees were required to self-isolate in accordance with the applicable Public Health Orders by being a close workplace contact of a positive case. This increase is not unexpected given the exponential increase in COVID-19 case numbers nationally and community transmission following the rise of the Omicron variant which began over the 2021/2022 holiday season and the government's transition to "living with COVID" strategy. Importantly, excluding COVID-19, less people were injured across the Group and less people needed time off work, with normalised LTIFR decreasing from 5.2 to 4.2 per million hours worked.

	FY 2022	FY 2021	FY 2020
Number of WHS prosecutions	0	0	0
Number of sites subject to WHS mini audit	162	218	189
Number of sites subject to WHS internal audit	33	35	33
Lost time incidents (LTIFR) per million hours worked <sup>1</sup>	4.2	5.2	5.0

<sup>1</sup> Normalised LTIFR. LTIFR including COVID-19 related exposure incidents in FY 2022 was 18.2, and in FY 2021 was 5.8.

Performance against key health and safety indicators remains strong. Over the past 12 months, we have not seen a decline in the site level implementation of the WHSMS, despite the operational challenges faced by the business.

	FY 2022	FY 2021	FY 2020
Compliance to the Health & Safety Plan	92%	98%	94%
Mini audits – measuring compliance to Health & Safety Management System	97%	97%	94%
Internal Health & Safety audits – measuring compliance to National Tool Version 3	94%	91%	96%



## COVID-19 and the new 'normal'

Since the onset of COVID-19 in March 2020 we have adapted our safety protocols, equipment, and processes as we navigate increased workload along with new ways of working.

As with most corporates, we have continually updated our workplace requirements in line with State Public Health Orders and have closed our offices as and when necessary. In the second half of FY 2022, the country has transitioned to a managed COVID environment, where lockdowns and restrictions have broadly ceased, and Healius has adapted accordingly.

Increasing our organisational capacity and capability to manage fatigue is a key priority for us, as we understand what it takes to keep our people fit, mentally and physically, to ensure that we can continue to provide high levels of service to our patients and communities. We will identify and address new conditions and issues that may emerge from the pandemic.

## Wellbeing

In FY 2022 we began building the foundation for the development of our wellbeing strategy which includes extending our current safety program to enhance our organisational health and wellness capability.

We continue to work closely with Benestar, our Employee Assistance Provider (EAP), to support our people by providing resources which help people and their families manage their mental health and wellbeing. In FY 2022 we also commenced a subscription to an exclusively Indigenous EAP service offered through Benestar to support our people who identify as First Nations Australians.

This increased focus on mental health and wellbeing was further reinforced through education and awareness initiatives in support of R U OK? Day, over the course of a week in September 2021. In October 2021, we also ran a program of Mental Health initiatives to support education and awareness across a broader range of mental health and wellbeing topics, such as resilience, anxiety and physical health.

We also recognise the importance of financial wellbeing. In FY 2022, Healius partnered with a number of financial services providers to deliver a series of financial wellbeing webinars throughout the year. The program addressed a broad range of topics including budgeting, financial wellbeing for women, retirement planning and raising financially savvy kids.



## Wellbeing – Case Study

In recognition of Mental Health Month, Healius CEO, Malcolm Parmenter sat down for a chat on mental wellbeing for a Healius podcast which was shared with all our people. Dr Parmenter, addressed the impact COVID had on our frontline teams, commending their resilience and commitment to patient wellbeing.

"If we continue to support each other and we keep working together the way we have over the last 18 months, I think we can do anything and we can cope with anything that comes along," he said.

# Our team at Healius

## Overall

EMPLOYMENT	FY 2022	FY 2021	FY 2020
Total team members	11,880	11,215	12,612
Women in workforce	8,375	9,674	9,852
Women in managerial positions	301	300	312
Team members engaged in full-time employment	4,418	2,607	4,703
Team members engaged in part-time employment	5,421	6,468	5,366
Temporary team members and contractors engaged	2,041	2,140	2,543
Team members with more than 10 years of service	2,739	3,219	2,963
Annual turnover (voluntary) rate	22%	17%	16%
Team members that took parental leave during the year	544	373	371
Proportion of team members that returned after taking parental leave	96%	93%	81%
Lost time injuries per million hours worked (LTIFR) <sup>1</sup>	4.2	5.2	5.0
Average number of hours lost per workers compensation claim lodged	29.8	29.4	28.9
Fatalities	Nil	Nil	Nil

1 Normailised LTIFR. LTIFR including COVID-19 related exposure incidents in FY 2022 was 18.2, and in FY 2021 was 5.8.

FEMALE REPRESENTATION ACROSS MANAGER OCCUPATIONAL CATEGORIES	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS
Key Management Personnel	25%	–	–	–
Other Executive/General Managers	27%	44%	16%	70%
Senior Managers	25%	31%	50%	50%
Other Managers	52%	58%	77%	80%
Total All Managers	45%	52%	70%	76%

- **Key Management Personnel (KMP)**, defined as per the *Corporations Act 2001* (Cth).
- **Other Executive/General Managers** are those general managers largely tasked with managing state operations, or functional responsibility, or a direct report of a functional Group Executive.
- **Senior Managers** are responsible for a function, department within a business unit or function, 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 may also be responsible for resourcing a budget.
- **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.

## Turnover

FY 2022 has presented both challenges and opportunities to Healius and its people with increased workloads, different ways of working, distance from colleagues and changing workplace dynamics.

Current employment market conditions across Australia include low unemployment rates and record job adverts which are predicted to continue into FY 2023 and beyond.

During FY 2022, our two largest business units, Pathology and Imaging, experienced voluntary turnover of 22% and 17% respectively which reflected the ongoing competition for talent being experienced in key roles, with the most common reasons cited for resignation being personal reasons or for a more attractive opportunity.

VOLUNTARY TURNOVER RATES	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS	GROUP AVERAGE
FY 2022	25%	22%	17%	23%	22%
FY 2021	20%	16%	16%	38%	17%
FY 2020	28%	13%	13%	26%	16%

Involuntary turnover including redundancy and terminations was low (7%) and combined with the voluntary turnover (22%) brings total turnover to 29% across the Group.

TURNOVER REASONS FY 2022	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS	GROUP AVERAGE
<b>Voluntary Turnover</b>	<b>25%</b>	<b>22%</b>	<b>17%</b>	<b>23%</b>	<b>22%</b>
Involuntary Turnover					
Redundancy	2%	1%	1%	1%	1%
Terminated	1%	2%	2%	2%	2%
Retirement	0%	1%	1%	0%	1%
Other <sup>1</sup>	5%	2%	5%	0%	2%
<b>Involuntary Turnover Total</b>	<b>8%</b>	<b>6%</b>	<b>9%</b>	<b>3%</b>	<b>7%</b>
<b>Total Turnover</b>	<b>33%</b>	<b>28%</b>	<b>26%</b>	<b>26%</b>	<b>29%</b>

<sup>1</sup> Other reasons for involuntary turnover include end of contract where the employee was on a fixed term contract and in the event of death.

## Employment mix

### Casual and other types of employment

Healius is committed to offering permanent and long-term roles to the majority of our people and is only using contractors for project-based initiatives or to meet specialist skill sets.

Within the operational Business Units, the use of casual employees allows for flexibility in rostering to assist in managing workloads. During the recent COVID-19 outbreaks, we have used casual employees to help manage surge requirements for COVID screening and testing.

CASUAL EMPLOYEES	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS	GROUP AVERAGE
FY 2022	0%	16%	19%	32%	17%

For all types of employment, compensation is in line with comparable permanent employees.

### Overseas employees

Healius currently has 197 overseas based employees working through our wholly owned subsidiary, Healius Pathology India. These employees are managed exclusively through a third-party payroll partner.

### Parental leave

We recognise the importance of family and the flexibility that is often required in managing family responsibilities. To assist with adjustments in work patterns, where possible, we accommodate changes to job functionality, hours of work and work location.

Approximately 96% of team members across the Group who took parental leave to June 2022, returned to work.

EMPLOYEES WHO RETURNED AFTER PARENTAL LEAVE	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS	GROUP AVERAGE
FY 2022	94%	96%	96%	90%	96%
FY 2021	100%	93%	90%	100%	93%
FY 2020	100%	80%	91%	100%	81%

# 4

# Our Customers



## Our Customer Experience Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
Electronic Referrals for patients	[Progress bar from start of FY 2022 to end of FY 2022]		
Collections Portal (Pathology)	[Progress bar from start of FY 2022 to end of FY 2023]		
Booking System (Imaging)	[Progress bar from start of FY 2022 to end of FY 2023]		
Results Portal for GP and Specialists	[Progress bar from start of FY 2022 to end of FY 2023]		
Laboratory Portal (Pathology)	[Progress bar from start of FY 2022 to end of FY 2024]		
Develop feedback mechanism	[Progress bar from start of FY 2022 to end of FY 2022] ✓		
Set feedback targets and address any concerns	[Progress bar from start of FY 2023 to end of FY 2024]		
Enhance privacy and cyber security controls. Data platform modernisation	[Progress bar from start of FY 2023 to end of FY 2024]		

# Our digital journey

We are committed to delivering accessible, quality healthcare services, with our customers at the centre of everything we do. Our customers include patients, doctors, specialists, pathologists, radiologists, scientists and technicians. We are enhancing our customer experience through the development of digital products, prioritising our customer feedback mechanisms and safeguarding the privacy of personal information.

Technology continues to be a primary driver and disruptor in the healthcare industry. In adapting to shifting customer needs, how our patients and medical practitioners interact with us and with one another is dramatically changing. In recognising this, Healius' technology modernisation program focuses on delivering an end-to-end, customer centric platform which aims to:

- Create one leading diagnostics platform that serves all pathology and radiology businesses of Healius, using a modular approach with a blend of in-house and off-the-shelf solutions
- Leverage synergies across Pathology and Imaging
- Prioritise patient and doctor interactions to reimagine the customer experience while modernising our systems and processes and powering clinical insight for the future.

## Innovation at Healius

To date, Healius has made considerable progress across a number of Pathology-oriented solutions, while also leveraging these for our Imaging business to ensure consistency and standardisation of design and process.

The first step was ensuring all our centres had the right technology infrastructure in place to support our digital products, where our *ACC Online* initiative has been successfully rolled out to over 97% of our collection centres. Our deployment of *Electronic Referrals* and *Collections Portal* within Pathology, which began in December 2021 is nearing completion and expected to be fully deployed by 1H 2023, making it easier for our 10,000+ GPs and Specialists across the country to refer their patients to us.

Imaging's *Booking System* is also well underway. The focus for FY 2022 (Phase 1) has been centred around booking optimisation and standardising how bookings are made across the business.

The new Lumus Imaging website features an easy-to-access link for online booking requests (Phase 2), capturing initial patient details through an online form which is sent to the relevant imaging centre. We are converting approximately 60% of online enquiries into appointments across the business and meeting the needs of our new patients by giving them a way to connect with us online.

Work has commenced on the *Results* and *Laboratory Portal* for our Pathology business. The solutions will set the foundation to deliver rich and insightful results to doctors, unlock the power of AI to deliver superior clinical insights and ultimately improve health outcomes, while also allowing for better organisation and security of fragmented health data.

### Power clinical insight

Superior AI driven diagnostic decision support for prevention and treatment of diseases

1

### Reimagine customer experiences

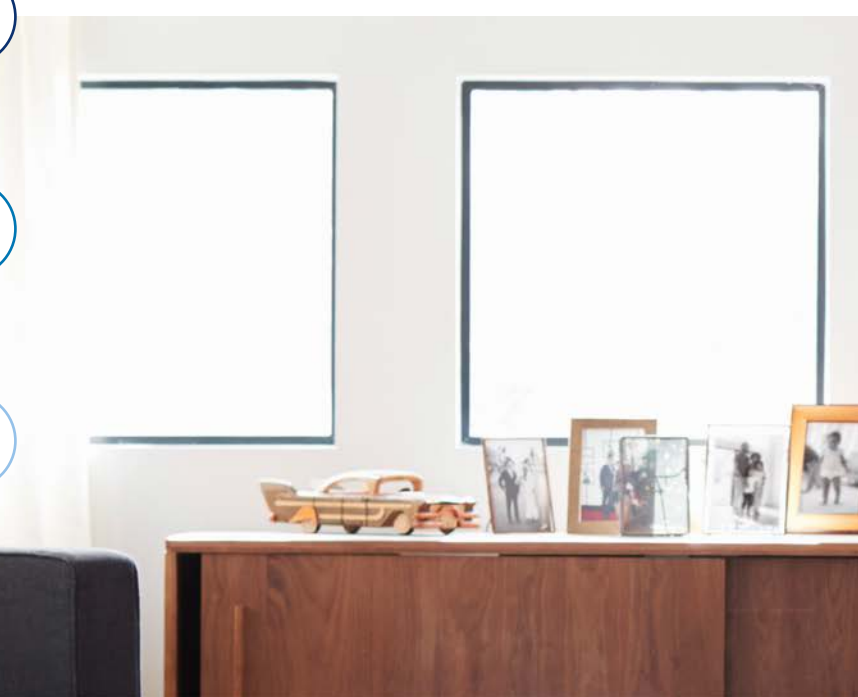
Digital journeys that improve the way we interact with doctors and patients

2

### Modernise diagnostic systems

Next generation of information systems that make life easier for clinicians

3







OUR CUSTOMERS



# Voice of the customer

Customer centricity is critical to ensuring we are providing healthcare services that meet the needs of all our customers. In order to achieve this, Healius has established a three-year Customer Experience Strategy. The initial focus has been on ensuring we have a way of consistently and regularly capturing customer feedback and on leveraging data-driven customer insights, to identify areas of improvement, new opportunities and implement changes that will have a positive impact on customers.

During FY 2022, Healius, in partnership with Medallia, a global market leader in experience management, successfully deployed a feedback platform across our Pathology and Imaging business. To date, over 45,000 instances of feedback has been captured across the business, helping us to better understand our patients. Regular reviews and the ability to view feedback live enables our management team to focus on key customer metrics and drive action and change throughout our operations.

The Medallia tool has helped us identify key problem areas and opportunities, enabling us to implement insight driven initiatives such as:

- **COVID drive-through automation** – Since the Delta outbreak in July 2021, our Pathology business needed to rapidly respond to increased volume but also increased patient concern around infection control with traditional pen and paper registrations. Our solution was to allow patients to register their details via a QR code, which also enabled our laboratories to deliver results faster by removing the need for data entry.
- **Collector up-skilling** – Collection supervisors can now leverage feedback to target collector training.
- **Alternative language translations** – Operating within a multicultural society, we have been translating our surveys and other key patient facing material to broaden our reach and to make our patients feel more comfortable by using a language familiar to them.

At Healius, we will continue to gather insights across all customer segments to better understand their key choice drivers, and what matters most when selecting a preferred provider. In turn this will help us to provide a more tailored experience and ensure any new product or service we deliver will meet customer needs and expectations.

The feedback and insights gathered from this program will also inform Healius' overall technology modernisation program.

## Patient feedback and complaints

Within Healius, patient feedback including complaints, are also captured using the Group's incident management system and then assigned to relevant team members for action and response. Our underlying philosophy is to empower patients by giving them multiple channels to provide feedback (including phone and online), and to empower our people by giving them the authority and the tools they need to resolve issues with patients. We encourage the resolution of complaints at the front line where possible. If required, patients can escalate complaints from front line to Head Office level. Importantly, we also ensure patients have the ability to leave compliments and other positive feedback.

Patients are advised of their right to complain to external bodies such as the various state-based Healthcare Complaints Commissions or Health Ombudsmen. Feedback data including numbers and trends are reported up to the Board through the Executive Risk Committee and the Risk Management Committee. Each division's senior management team is included in reporting so that they can address trends and take remedial action. Healius continues to work on broadening the focus of feedback and complaints to the entire patient journey with us.

## Patient complaints

	FY 2022	FY 2021	FY 2020
Total patient complaints from continuing operations	814	492	815
Patient complaints per 100,000 patient services	2.94	2.03	3.85

The impact of COVID-19 restrictions and lockdowns throughout FY 2021 saw a significant decline in patient complaints on an aggregate and per-patient service basis in line with the reduced activity. In FY 2022, following the easing of COVID-19 restrictions across the states and the resumption of patient and diagnostic activity, the number of patient complaints has increased but remains below pre-pandemic levels.

# Government relations

Healius believes that a well-supported and funded frontline health system is key to delivering efficient and effective healthcare in the country. With rising healthcare costs, 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.

At Healius one of our founding principles is to offer affordable healthcare, enabling Australians to access the care they need irrespective of their circumstances. As a result, bulk-billing our services to patients and receiving reimbursement through the Federal Government's Medicare Benefits Schedule (MBS) represents a substantial proportion of the Group's revenue, with the Government being our largest customer or payor.

Healius undertakes regular dialogue and active engagement with the Government and the Opposition by means of its Government Relations initiatives in order to deliver the best policy outcomes for Australia.

Healius also drives diversification of its revenue stream, targeting non-MBS services including through its specialty pathology services and commercial diagnostic contracts and other initiatives.



## Australian Pathology

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.

Healius, in conjunction with Australian Pathology, has helped deliver for the sector and for patients. This includes the establishment of a stand-alone Medicare item for SARS-CoV-2 testing. Australian Pathology, working in partnership with the Government, was able to put in place mitigation strategies and plans to deal with the expected, then actual, global shortage of personal protective equipment, supplies, equipment, tests and reagent.

Australian Pathology is now focused on medium to long-term goals of investment into the Medicare Schedule, new tests for patients and working with the Minister to make genomics an integral part of the Australian healthcare system.

## Australian Diagnostic Imaging Association

After several years of co-operation, Lumus Imaging joined the Australian Diagnostic Imaging Association (ADIA) in 2022. Membership of ADIA will further enhance Healius' advocacy and engagement with Government and other key stakeholders on policy and regulatory matters in radiology.

## Political donations

Under Healius' Political Donations Policy, staff members are unable to make political donations on behalf of Healius without prior approval. Healius also complies with the laws regulating the offering of personal gifts, entertainment or bribes to Government Officials.

Healius is an apolitical company and aims to donate similar amounts to the Coalition and Labor Party each year.

Members of Healius' executive team have attended several events, corporate dinners and business conferences organised by Labor, Liberals and Nationals. This is an important part of our government relations strategy.

Payment for these events are publicly disclosable as political donations. Healius' political donations are publicly disclosed annually through the relevant Commonwealth and State electoral authorities.

# Data privacy and information security

Data privacy, confidentiality, integrity and availability of medical records and its supporting systems and networks is of utmost importance in healthcare. At Healius, we manage large volumes of personal health data in delivering diagnostic services to our patients, which is why Healius prioritises information security and has measures in place to protect sensitive information and manage information security risks.

## Information security management framework

Healius' **Information Security Policy** sets the baseline security principles for the Group governed by our Information Security Management Framework (ISMF), which is based on ISO27001 and NIST best practice standards. The purpose of the ISMF is to proactively identify, manage, mitigate and monitor security threats and risks to IT systems and assets. It applies to all employees, contractors, temporary employees and supporting service providers of the Healius Group and its subsidiaries.

Healius' information security strategy is communicated to the Board annually, security risk management activities are reported to the Board Risk Committee quarterly, and information security metrics are reported to the Executive Risk Committee monthly.

Additional investment to strengthen our security position has been provided and we continue to work with threat intelligence provided by the Australian Cyber Security Centre (ACSC) to strengthen our defence against attack. Strong security incident response procedures are a key focus for the Group, with regular testing in place in the event an attack occurs.

## Security awareness

Cyber security training and awareness programs have been rolled out to all employees with mandatory training undertaken at least annually. In addition, 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 employees' on-boarding and a new training module provides 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 1988* (Cth).

Following the Notifiable Data Breach scheme inclusion in 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.

	FY 2022	FY 2021	FY 2020
Number of notifiable privacy breaches	2	5	5

# 5

# Our Community



OUR COMMUNITY



## Our Community Involvement Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
Develop a national charity partnership aligned to Healius' brand and vision	Progress bar	Progress bar	Progress bar
Continue involvement with local charities	Progress bar	Progress bar	Progress bar
Support university partnerships and student placements	Progress bar	Progress bar	Progress bar
Expand work on human rights within supply chains with a focus on reducing risks of modern slavery	Progress bar	Progress bar	Progress bar

# Support for our communities

Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible care. Being a sustainable business goes beyond our operations, our people, and our consumers, and extends to the communities in which we operate. As a part of our commitment to enhance wellbeing of all Australians, Healius actively seeks out opportunities to make a difference and support local communities.

## National initiative: Children's Cancer Institute

During the year Healius set the goal of developing a national aligned charity partnership, and while there are numerous charities with worthwhile causes, it was imperative for us to find one that demonstrates similar values (WE CARE) and aspirations as Healius.

In our pursuit of seeking and sustaining life-enhancing healthcare, we recognise the importance of good health in the earlier stages of life and its role to ensuring ongoing wellbeing in the future. Every single week in Australia, 20 children are diagnosed with cancer and kills more children than any other disease. In May 2022, Healius signed on as a major corporate partner of Children's Cancer Institute.

Over the next three years, Healius will support Children's Cancer Institute in their quest to find a cure for childhood cancer. Each day, our people across Healius provide specialty diagnostic services to cancer patients and now we are able to extend this care further into the community, through our partnership with Children's Cancer Institute which is the only independent medical research institute in Australia wholly dedicated to curing childhood cancer and finding safer treatments.

The life-saving research of Children's Cancer Institute is making a real difference to children who have received a devastating cancer diagnosis and we are proud to help support their journey to cure childhood cancer.



### Nearly \$100,000 raised by Healius and its teams

In March 2022, Healius supported Children's Cancer Institute's 86K for a Cure event. More than 150 people across the Healius group took part in the fundraiser which challenged participants to run or walk 86km and fundraise to support Children's Cancer Institute.

The Healius team raised more than \$48,000 through 86K for a Cure which was matched dollar-for-dollar by Healius, to a fundraising total of nearly \$100,000.

## Craig's story

Like many others across Healius, Craig Webb, a Business Development Manager at Western Diagnostic Pathology, took on the 86K for a Cure challenge to be part of something much larger than himself, that will benefit children and their families who are struggling with a cancer diagnosis.

However, Craig wasn't just stepping it out solo; he recruited his sons Rhain and Cooper, and members of his football club to join him in the challenge. Through 86k for a Cure, Craig raised almost \$1,500 for Children's Cancer Institute.

"When I saw that Children's Cancer Institute was running a task for fundraising for Children with Cancer, it was an easy decision for me. I didn't see this as a challenge, as the real challenge is the one happening behind closed doors and in the hospital wards with our children and their families. For me, it was more to the point of getting it done and assisting where we can," said Craig.

## In our local communities

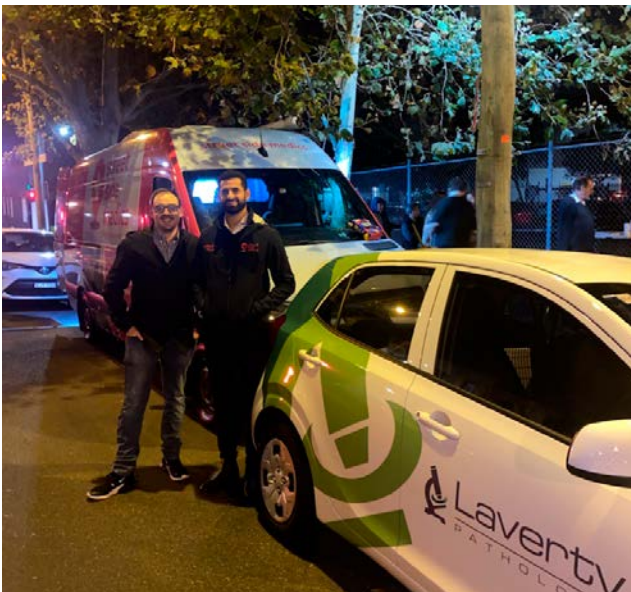
While our national initiative is crucial, it is also important to focus on what matters at the heart of our communities. Here's how our businesses are striving to make a difference in their local communities.

### Healius Pathology

#### Supporting homeless communities alongside Street Side Medics

Laverty Pathology has partnered with Street Side Medics (SSM), a not-for-profit mobile medical centre for the homeless community of NSW.

NSW has both the largest and fastest growing homeless population in Australia, with young and Indigenous Australians overrepresented.<sup>1</sup> SSM collaborates with homeless charities, shelters and services, providing primary healthcare across four clinics in NSW, and has changed the lives of more than 300 patients. SSM, in partnership with Laverty Pathology, have detected a range of conditions that would otherwise have gone unnoticed, including diabetes, thyroid disorders, hepatitis, HIV, heart disease and cancer.



To support this worthwhile cause, during the year, Laverty Pathology provided free pathology services, on-site collectors, pathology consumables and COVID testing for those experiencing homelessness who do not have access to Medicare. Laverty also provided financial support and assisted with raising funds and awareness for the charity.

### Caring for our Indigenous communities

For over 30 years, Healius Pathology has consistently been the largest provider of pathology services to communities in the Northern Territory. 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. Healius' Queensland pathology service, QML, has supported this service since 2016. From when the first truck was launched in 2014, Heart of Australia has travelled over 150,000kms, saving the lives of hundreds of Australians living in rural areas through diagnosing patients with previously undetected, critical cardiac conditions.

### Lumus Imaging

#### Our regional and local communities and the importance of being there

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

We have also 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 in Kempsey, NSW. Given current constraints on the regional health system and emergency services, time is of the essence and these resources could be the difference between life and death.

1 Australian Bureau of Statistics data.



## Radiology across borders

In 2022, Lumus Imaging became a major partner of Radiology Across Borders (RAB). Over the next three years, our support is not only in providing significant financial assistance, but also an investment in creating new learning opportunities and bringing our values to life.

This partnership marks a chance to be exposed to new collaborations and opportunities. Our sonographers and trainees will be able to undertake mini-internships overseas. Lumus Imaging will have a calendar of webinars and lectures available for RAB, and there will be opportunities to present and collaborate on an international scale.

Also, importantly, our business will be helping our colleagues in developing nations. We will be opening up our resources to an international network and investing time and finances in our social responsibility as an industry leader. Organisations like RAB increase access to important knowledge and support for radiology experts internationally, and this aligns strongly with us at Lumus Imaging, where we believe in 'knowledge that matters, people that care'.

## Montserrat Day Hospitals

### Biggest Skin Check

Our Montserrat business supports the Biggest Skin Check program. Launched in 2017, the annual program offers free pop-up skin clinics across Brisbane in conjunction with radio station Triple M. The program runs at the beginning of the summer season to promote awareness of the importance of regular skin check-ups.

## Animals matter too!

### Vetpath partners with Guide Dogs WA

Healius' Vetpath Laboratory Services WA is a partner of Guide Dogs WA for the next three years. Vetpath will be supporting Guide Dogs WA with free veterinary pathology services for all of their puppies, breeding dogs and working dogs in Western Australia to ensure a successful breeding and training program.

Guide Dogs WA is the only Western Australian based provider of Guide Dog training services. They provide life-changing Guide and Assistance Dogs to our community members who live with low vision, disability or illness, allowing them to achieve independence, inclusion, safety and confidence – with a loyal companion by their side.

### Vetnostics supports RSPCA

One of the unexpected impacts of the COVID pandemic in Australia has been the surge in demand for pets. This rise has unfortunately seen an increase in 'backyard' breeders whose stock of animals and breeding practices have led to some health issues and an increase in abandoned animals now in shelters such as the RSPCA.

In response, Vetnostics participated in RSPCA's fundraising initiative: Give to Get Them Home to support rescue, care and rehabilitation of animals in need, before rehoming them through adoption.



# Supporting university partnerships and medical student placements

Royal College of Pathologists of Australia (RCPA) Foundation – Dr Melody Caramins Trainee and Early Career Genetic Pathology Grant

In memory of the late Dr Melody Caramins, Healius Pathology has supported an annual grant through the RCPA Foundation to support trainees and early career Fellows in broadening and enhancing their training and experience in Genetic Pathology. The grant is aimed at supporting further education and development, including national or international conferences.

The inaugural recipient, Dr Lauren Akesson, was awarded the grant based on her submission for additional training in a new and emerging genetic testing technology, optical genome mapping.

Dr Caramins was Healius Pathology's National Director of Genetics, an extraordinary pathologist, an advocate for healthcare and a highly respected colleague and friend. During her career, Dr Caramins spearheaded a range of applications to achieve funding for genetic and genomic tests, with her most recent lasting legacy being the successful application to include genetic testing on the Medicare Benefits Schedule for BRCA1 and BRCA2 variants. Her work will undoubtedly save the lives of many.



# Responsible sourcing

Healius recognises that responsible sourcing is fundamental to ensuring a sustainable ecosystem for the products and services consumed through our operations. This is reflected in our procurement practices and policies. Healius spends more than \$450 million a year with more than 195 suppliers. In evaluating our preferred suppliers and strategic partners, our selection criteria includes understanding the resilience of the supply chain, methods of production, environmental sustainability in manufacture and logistics, labour hire practices and value for money. The evaluation includes detailed assessments of how the supplier addresses the risks of modern slavery both within their control and also upstream from suppliers of input goods and services. It also includes continuously working with suppliers to identify opportunities to reduce the environmental impact of our processes.

## Healius procurement framework

During FY 2021, Healius centralised its Procurement function, allowing the team to better manage spend through greater visibility, ensuring that contract terms are standardised and consistent, and ensuring compliance to Healius policies, and improving performance through greater levels of accountability and collaboration.

Healius' **Procurement Policy** in conjunction with our **Supplier Code of Conduct** forms a framework to ensure that our procurement activities are conducted commercially, ethically and sustainably to generate optimum value with a focus on the whole product of service lifecycle.

## Healius Procurement Policy



### Sustainability

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

**Economic**

**Environmental**

**Social**



### Managing risk

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

**Terms and conditions**

**Conflicts of interest**

**Capability**

**Integrity**

**Templates, tools and procedures**



### Supplier relationships

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

**Strategic partnerships**

**Continuous improvement**

**Reduce number of vendors**

**Strategic supply chains**

**Supplier code of conduct**



### 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 rigorous benchmarking.

**Competition**

**Benchmarking**

**Track benefits**

**Leverage group purchasing power**



OUR COMMUNITY





## Supplier Code of Conduct

Our **Supplier Code of Conduct** outlines Healius' expectation around appropriate and expected behaviours of our suppliers:

### 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 & 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.

### Labour, Human Rights & 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.

### 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 & 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. Accordingly, we expect our suppliers to also promote an inclusive and diverse workforce.

# Modern slavery












Healius acknowledges that modern slavery is a global and systemic issue. The International Labour Organisation estimates more than 40 million people are subject to modern slavery conditions worldwide and up to 15,000 people estimated for Australia.

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.

To address modern slavery, Healius has completed a number of focused initiatives including:

- Completing and publishing our **2021 Modern Slavery Statement**
- Developed a modern slavery risk questionnaire for Suppliers
- Developed a modern slavery supply chain risk stratification tool
- Adding modern slavery risk into the company Risk Registers including any risk associated with our offshore subsidiaries
- Developing a remediation plan in the event that we, our suppliers or other sources (such as media) identify any evidence suggestive of modern slavery in our (or our supplier's) supply chains
- Authoring and implementing mandatory modern slavery compliance clauses for use in all third-party contracts, and
- Notifying our suppliers to read, understand and comply with our Procurement Policy and Supplier Code of Conduct in relation to modern slavery.

The key risks to our operations and supply chains, as identified in the latest Modern Slavery Statement, are outlined in the table below:

CATEGORY	INHERENT RISK LEVEL	ASSESSMENT/ANALYSIS/MITIGATION	RISK RATING
<b>Medical consumables</b> 49% spend	Moderate 	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.  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.	Low 
<b>Rental</b> 5% spend	Low 	Healius engages with major landlords. Key landlords have been assessed, with internal evaluation indicating that risk of modern slavery is low.	Low 
<b>Utilities and property services</b> 6% spend	Moderate 	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.  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.	Low 
<b>Repairs and maintenance</b> 5% spend	Low 	Repairs and maintenance are undertaken by local Australian vendors engaged by a third-party facilities management organisation which undertakes modern slavery due diligence.	Low 
<b>IT hardware, software and third-party support</b> 8% spend	Moderate 	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.  IT support services are outsourced to a provider in India. The agreement has been reinforced with obligations on the vendor to comply with our <i>Modern Slavery Act</i> requirements.	Low 
<b>General</b> 27% spend	Low 	Healius generally engages top tier providers and service firms with strong corporate governance.  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 <i>Modern Slavery Act</i> requirements.	Low 

Low  Moderate  High 

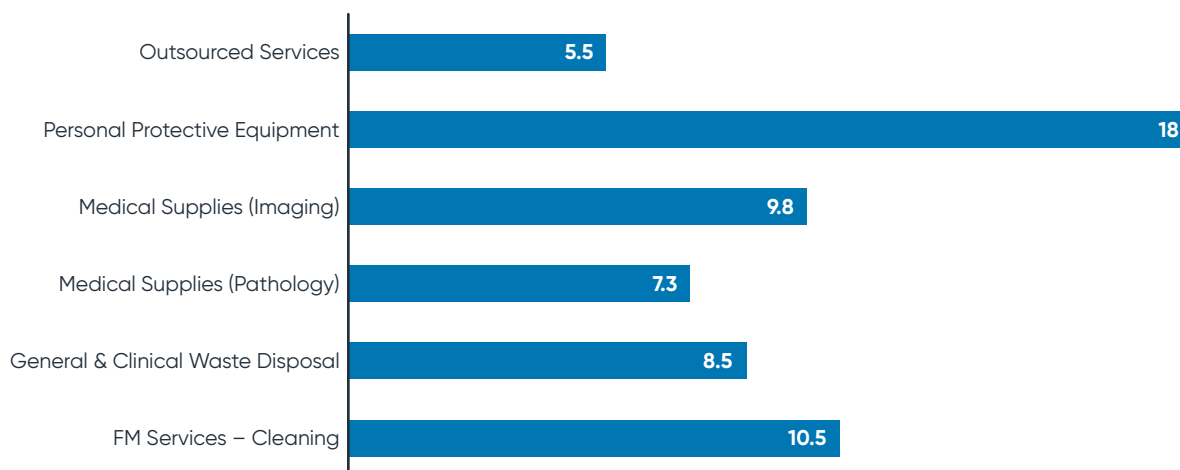
Our annual questionnaire requires suppliers to provide detailed information on internal practices in the management of modern slavery risk including whether the following are in place.

- Full transparency of their full supply chain
- Modern slavery policies
- Governance models to address modern slavery risks
- Whistle-blower policies
- Staff training
- Vendor due diligence and screening
- Low utilisation of low-skilled and temporary labour.

In circumstances where we have identified these practices are not in place Healius has surveyed approximately 50 suppliers to assess whether these companies warrant further investigation. Evaluation criteria include the following:

- Employment practices which rely on temporary labour, international student labour, itinerant workers
- Business models which rely on high levels of labour hire, outsourced services or manufacturing in developing countries, franchises, known complex supply chains
- Sourcing of goods or services from geographic locations where corruption indices are high, rule of law is poor, displacement of people is high, known State failures in protection of human rights.

The chart below demonstrates risk assessment scores by supply category.<sup>1</sup>



Manufacturers of personal protective equipment represents the greatest risk due to manufacturing practices in some Asian countries where our suppliers operate. Healius is monitoring closely any supplier that is approaching our risk threshold. As set out in our latest Modern Slavery Statement, we became aware of a possible incidence of modern slavery involving the exploitation of migrant labour through debt bondage and poor living conditions by a manufacturer of our medical consumables. We engaged with the supplier who confirmed that employees’ past debts to recruiters had been fully paid out and living conditions met required standards. In addition, the supplier outlined the steps taken and subsequent policies and procedures implemented by them to mitigate any further modern slavery incidents.

<sup>1</sup> The maximum a supplier can score is 58 points. Healius’ risk threshold for warranting more a detailed investigation is 20 out of the available 58.

# 6

# Our Planet



OUR PLANET

 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>13 CLIMATE ACTION</p>
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# Pathway to carbon neutrality

Healius recognises that climate change is a global issue where every person, business, community, and government will have a role and a responsibility to contribute and effect change, and through our collective efforts and co-operation to ensure that our planet remains sustainable into the future.

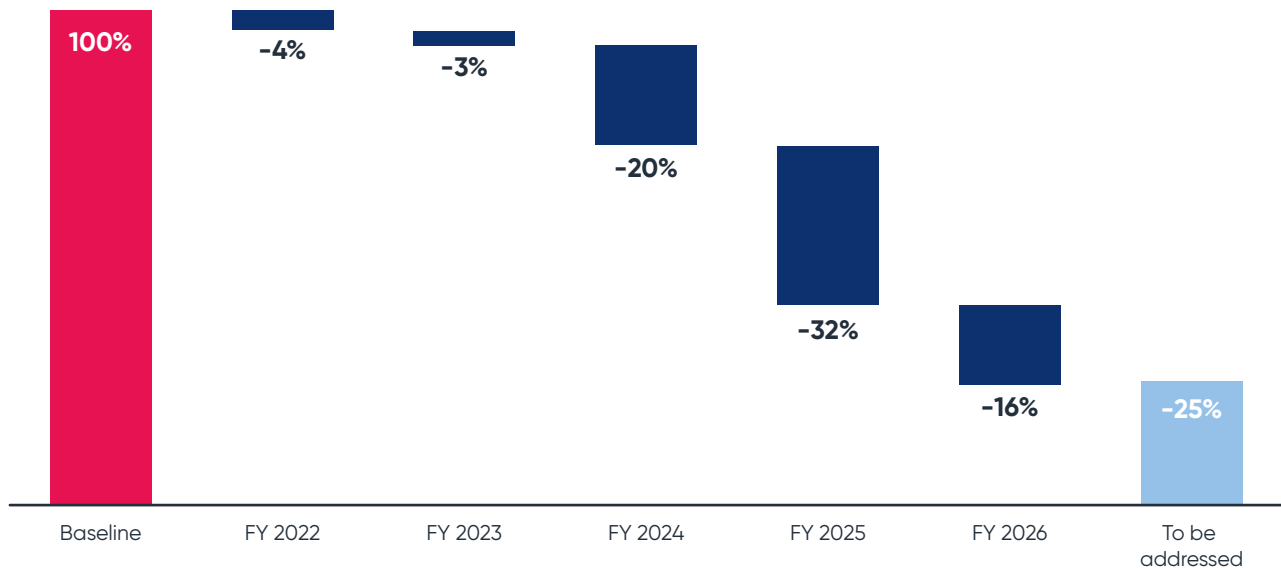
While not being a major emitter of carbon nor a significant consumer of energy and natural resources, we are committed to managing our operations in an environmentally sustainable manner. Our **Environmental Policy** seeks to minimise the environmental impact of our operations through reducing consumption, emissions and wastage, leveraging advancements in technology to deliver our services and information more efficiently, continually monitoring and assessing risks and potential impacts, and embedding environmental considerations into our work practices to promote awareness and environmentally conscious decision making.

In support of the 2015 Paris Agreement, which aims to strengthen the global response to the threat of climate change by limiting global warming to well below two degrees Celsius compared to pre-industrial levels, and preferably to 1.5 degrees Celsius, Healius has a goal of achieving carbon neutrality for our Scope 1 and 2 emissions by FY 2026.<sup>1</sup>

Scope 1 emissions represents carbon emissions through operating our fleet, predominately couriers that are used to collect and deliver specimens from our collection centres to our laboratories. Scope 2 emissions represent those generated by our sites (excluding sites under gross leases where energy consumption information is not available) in the form of purchased electricity from the energy grid. While there may be other greenhouse gasses generated from our operations, Healius recognises that carbon dioxide (CO<sub>2</sub>) is the primary greenhouse gas emitted and all our emission reduction targets are aimed at reducing carbon in the atmosphere.

Based on our current pipeline of initiatives, Healius believes that we will be able to reduce our carbon footprint by approximately 75% by FY 2026 compared to our FY 2021 baseline levels as follows:

## Our pathway to carbon neutrality – Scope 1 and 2 emissions



As the ecosystem for reducing carbon emissions (such as electric and hybrid cars and green energy offering) is continually evolving, we will continue to actively explore new opportunities to address the remaining emissions to reach net zero by FY 2026.

<sup>1</sup> Reference to "net zero" relates to carbon dioxide emissions only, as this is the primary greenhouse gas produced through our operations.



# Our Emission Reduction Roadmap

## Scope 1 and 2

Initiatives	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
LED upgrade complete for all feasible sites	[Progress bar from FY 2022 to FY 2025]				
Solar installed at all feasible sites	[Progress bar from FY 2023 to FY 2025]				
Replace courier fleet with hybrid vehicles	[Progress bar from FY 2023 to FY 2026]				
Head office relocation	[Progress bar from FY 2022 to FY 2022]				
Convert to renewable energy at all independent sites	[Progress bar from FY 2024 to FY 2026]				
Explore carbon offset programs	[Progress bar from FY 2024 to FY 2026]				

Our pathway focuses on the activities that have the greatest impact and the best prospects for reducing our carbon footprint and we have developed a suite of initiatives to transform our goals into achievable targets:

### Target 1

By FY 2025, we will have upgraded 100% of our existing sites to LEDs where feasible.

### Target 2

By FY 2026, we will have installed solar systems on all major sites where feasible.

### Target 3

By FY 2026, we will have converted 50% of our courier fleet to hybrid vehicles.

### Target 4

By FY 2026, we will source up to 100% renewable electricity to power all our independent sites.

### Target 5

Between FY 2023 and FY 2026, we will develop a plan to address remaining emissions to reach carbon neutrality, including exploring potential for investment in carbon offset programs and looking at new options that arise, including the availability in Australia of cheaper electric or hybrid cars for our courier fleet.



# Achievements in FY 2022



**11 sites**  
upgraded with LEDs



**495 MWh**  
saved from LEDs



**4%**  
reduction in CO<sub>2</sub>  
compared to  
FY 2021



**1,863**  
lights upgraded

## Environmental Metrics<sup>1</sup>

	FY 2022	FY 2021
<b>Energy</b>		
Total energy consumed (MWh)	30,872	32,665
Energy intensity (kWh/employee)	2,599	2,913
<b>Carbon Emissions (tonnes)</b>		
Scope 1	6,533	6,602
Scope 2	25,610	27,038
<b>Total</b>	<b>32,144</b>	<b>33,640</b>

<sup>1</sup> Energy consumption and Scope 2 carbon emissions relate to Healius continuing operations and specifically for our independent sites and sites on net leases (i.e. excludes sites on a gross lease as energy consumption data not available). Scope 1 carbon emissions are those generated by our fleet operations.

## LED upgrades

There are significant benefits from upgrading our existing light fittings with LED. Not only do they provide improved aesthetics for our work environment, but they also consume a lot less energy and by extension emit less carbon. LEDs are also a more durable product, which require less maintenance and produce less waste.

Following a successful pilot at Laverty's laboratory located in North Ryde, Sydney, Healius is rolling out LED across our portfolio where we don't already have LEDs installed. The multi-year LED upgrade program will continue until FY 2025 where we aim to have upgraded all feasible sites.

To date, we have completed upgrades at 11 sites and replaced 1,863 lights with LEDs, resulting in an estimated energy saving of 495,000 kWh, and reducing our carbon emissions by 383.1 tonnes in the year and 440 tonnes annually going forward.

For our existing light fittings, Healius is committed to responsible waste management, where all globes are recycled using certified fluorescent globe recyclers, Lamp Recyclers, to ensure any mercury bearing waste is appropriately treated and recycled, reducing what gets sent to landfills. All salvageable metal is also recycled where possible.





## North Ryde Pilot Case Study

In 2021, Laverty engaged Ecovantage to upgrade its lighting. The existing lights were not providing adequate lighting and we wanted to improve this aspect of our work environment as well as reduce our carbon footprint.

The project involved the replacement of 1,187 fluorescent lights with new LED panels.

### Key Benefits



**Safer and more pleasant work environment**



**Reduction in carbon emissions of 360t per year**



**75% reduction in energy usage, more than 450,000 kWh saved**



**36% reduction in lighting costs per year**

## Solar upgrades

By FY 2020 Healius had completed rooftop solar installations to one Imaging centre and five Medical Centre sites. Following our divestment of the Medical Centre business, the latter are no longer part of the Healius group and no longer included in our journey to becoming a more sustainable business.

In FY 2022 Healius reassessed the feasibility and viability of our property portfolio for rooftop solar. Despite having over 2,000 sites nationally, only nine sites are suitable for rooftop solar installation, after assessing minimum requirements for unobstructed rooftop space, lease tenure and landlord approval. Our portfolio is primarily composed of small, leased pathology collection centres which are not suitable for conversion to rooftop solar. Additionally, even at the larger sites Healius is dependent upon landlord consent and cooperation, and requires a lease term of at least seven years, before installing solar panels.

The QML Murrarie laboratory in Queensland is targeted to be completed in FY 2023, with COVID lockdown restrictions and recent weather events, coupled with constraints in building supplies and labour, delaying the project's commencement in FY 2022.

## New facilities

### Purpose-built Western Diagnostic Pathology (WDP) and Vetpath Laboratory

Western Diagnostic Pathology (WDP) has supported the medical community in Western Australia for almost 50 years, reporting up to 10,000 tests per day. We are also proud to be the largest provider of diagnostic services to the indigenous communities in the NT and WA, as well as the broadest veterinary reference service in the state.



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The new purpose-built laboratory facility was officially opened by Attorney General of Australia, Senator the Honourable Michaela Cash in Jandakot, May 2021.

The laboratory was designed utilising the most modern technology available to enable WDP to deliver high quality, timely and accessible pathology services.

Importantly, it was also designed with sustainability in mind. Key features include:

- Automated lighting control and motion sensors to reduce our energy and carbon footprint
- LEDs installed throughout the building
- Energy efficient air-cooled chillers
- Double glazed windows to reduce thermal transfer
- Instant hot water system on a continuous flow ring main, so water is only heated when needed.

Check out our new WDP lab by taking a [virtual lab tour!](#)

Along with the new laboratory in WA, Healius is moving into a new corporate Head Office in early FY 2023, which is a six-star energy rating which will further improve our green credentials. Additionally, we will continue to work with Solar Bay to regularly review our portfolio to ensure if any new sites become viable, they are included in our solar installation program.

## Summary of key Healius facilities

Site	Facility Type	Energy Rating	Features
<b>St Leonards, NSW</b>	<ul style="list-style-type: none"> <li>• Healius</li> <li>• Corporate head office</li> </ul>	<b>★★★★</b> 4 star NABERS rating for energy efficiency	<ul style="list-style-type: none"> <li>• Planned head office relocation to a carbon neutral building in Sydney, NSW</li> </ul>
<b>North Ryde, NSW</b>	<ul style="list-style-type: none"> <li>• Lavery Pathology</li> <li>• Laboratory</li> </ul>	Not formally rated	<ul style="list-style-type: none"> <li>• LED upgrade of site completed in FY 2021</li> <li>• Under assessment for solar installation</li> </ul>
<b>Murarie, QLD</b>	<ul style="list-style-type: none"> <li>• QML Pathology</li> <li>• Laboratory</li> </ul>	Not formally rated	<ul style="list-style-type: none"> <li>• LED upgrade planned for FY 2023</li> <li>• Solar panels to be installed in FY 2023</li> </ul>
<b>Heidelberg, VIC</b>	<ul style="list-style-type: none"> <li>• Dorevitch Pathology</li> <li>• Laboratory</li> </ul>	Not formally rated	<ul style="list-style-type: none"> <li>• LED upgrade planned for FY 2023</li> </ul>
<b>Jandakot, WA</b>	<ul style="list-style-type: none"> <li>• Western Diagnostics Pathology and Vetpath</li> <li>• New purpose-built laboratory</li> </ul>	Not formally rated	<ul style="list-style-type: none"> <li>• Automated lighting control and motion sensor LED lighting</li> <li>• Energy efficient air-cooled chillers</li> <li>• Double glazed windows to prevent thermal transfer and reduce HVAC load</li> <li>• Instant hot water system on continuous flow ring</li> </ul>
<b>Mile End, SA</b>	<ul style="list-style-type: none"> <li>• Abbott Pathology</li> <li>• Laboratory</li> </ul>	Not formally rated	<ul style="list-style-type: none"> <li>• Under assessment for LED upgrade</li> </ul>

## Hybrid 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 a part of the Pathology courier network. As part of the Emissions Reduction Roadmap, Healius completed an assessment of the suitability of hybrid or electric vehicles including trials with a handful of models and concluded on a viable model to be rolled out to our courier fleet.

Fleet Fuel Consumption (kL)	FY 2022	FY 2021
Diesel	7	6
Premium Unleaded	30	41
Premium Diesel	102	101
ULP Ethanol Blend	531	497
Unleaded	2,199	2,250
<b>Total</b>	<b>2,870</b>	<b>2,895</b>

Our commitment is to convert 50% of our courier fleet to hybrid vehicles by FY 2026, to reduce our carbon footprint as well as reliance and consumption of fuel, where each car converted reduces our carbon emissions by 2-5 tonnes annually. We are currently working with our suppliers to secure supply to meet our requirements, noting that there are existing challenges with the global supply chain and immediate delivery is not available.

In Australia there are less than 30 electric car models available with the majority being premium luxury cars often with limited range. As such, they do not meet our operational requirements. However, we expect that over time with increased government investment in fast charging infrastructure and as more car models become available, adoption of electric cars will become viable. With hybrids being the first step, Healius will continually monitor current market conditions to assess the suitability of adopting electric vehicles in our fleet.

# Resource consumption and waste

Healius has yet to quantify Scope 3 emissions due to constraints in collating and accessing quality and reliable data, to effectively track, manage and report. This will be an area of focus as we work through our upstream and downstream activities.

Irrespective, Healius recognises that there are opportunities for improvement in key areas of resource consumption and waste disposal, including:

- Improving the use of imaging film
- Improving the handling of general and clinical waste
- Improving the disposal of medical including single use plastics.

## Scope 3 and Resource Use

Initiatives	FY 2022	FY 2023	FY 2024
Improve the use of resources (e.g. film, paper, water, packaging)	[Progress bar from FY 2022 to FY 2024]		
Improve disposal, processing and recycling of medical waste	[Progress bar from FY 2022 to FY 2024]		
Develop waste reduction roadmap	[Progress bar from FY 2023 to FY 2024]		
Identify and implement other Scope 3 emission reduction opportunities	[Progress bar from FY 2022 to FY 2024]		

### Reduction of film usage

Following the successful deployment of ICAR in our Imaging business, we have been able to significantly reduce the extent of imaging results being printed on film by replacing it with digital images of scans. To date, we have reduced the volume of film used by 53% compared to FY 2020. We will continue to drive digital adoption as a part of our business-as-usual processes.

### Shareholder communications

With a goal to reduce paper and print production, Healius encourages its shareholders to access communication electronically. Currently, less than 3% of Healius shareholders have opted to receive the Annual Report through post, while over 50% of shareholders have opted to receive the notice of meetings electronically.

### Digital delivery to reduce paper usage

Aligned with our digital strategy, Healius is focusing on digitisation and automation of our diagnostics technology platforms, which will reduce or ideally eliminate the need for paper forms and reports, as well as remove the manual effort and cost involved with paper.

### Medical and clinical waste

At Healius, waste management is an area of focus and we are currently pursuing opportunities to improve our management of waste as well as reducing waste in our operations. As a healthcare business, a significant portion of our waste relates to medical and clinical by-products in Pathology, resulting from the collection and testing of blood and other human samples. Correct disposal of these clinical items is paramount and we use reputable, licensed businesses who specialise in dealing with these effluents.

One of the key initiatives we are looking at is our treatment of clinical waste and exploring opportunities to reduce and recycle wherever possible. While we are at the early stages of our assessment, the aim is to change our treatment of clinical waste from a linear to a circular economy.

### Continuous monitoring and education

We are currently working with our waste management service providers to consolidate, evaluate and improve the quality and accessibility of waste information, which will assist in more effective waste management across the business. To re-enforce good environmental practices and to embed in our processes, Healius is also developing an education and communications program to help guide our team members on appropriate waste disposal centred around "reuse, reduce and recycle" to divert the amount of waste that ends up in landfills.



# Climate change risk

Healius recognises that climate change is a global issue. Climate change risks may be either 'physical' with financial implications resulting from potential damage to assets, 'indirect' through impacts from supply chain disruption, or 'transitional' through changes to regulations and consumer behaviour.

Climate change risks have been assessed in accordance with the Healius Risk Management Framework. There are two main risks for the Group:

1. Risk that climate change adversely impacts supply chains for both consumables and equipment (indirect), and
2. Risk of extreme weather and/or natural disasters that impact operations (direct and indirect).

Our risk assessment has identified Pathology as the division likely to be most impacted by these two risks, and as such climate change risks are regularly monitored and reassessed within the Pathology Risk Register, as well as the Group Risk Register. Risk Registers are reported through to the Risk Management Committee and also to the Executive Risk Committee on a regular basis.

Pathology has comprehensive business continuity plans in place for our four main state laboratories, which detail our response and mitigation strategy, ensuring continuous operations in the event our laboratories are shutdown including potential threats to the supply chain.

With respect to our Imaging business, management at present has determined that the risk of climate change is inherently low and does not warrant inclusion in the Imaging Risk Register.

However, Healius recognises that climate change risk is constantly evolving, evidenced through the changing frequency and severity of natural disasters experienced to date, and will continue to monitor and reassess its risk profile and the adequacy of its mitigation strategy.

# 7

# Our Shareholders

*As part of an ongoing commitment to our shareholders, Healius' Board is dedicated to creating and maintaining high standards of corporate governance.*



## Our Shareholder Reporting Roadmap

Initiatives	FY 2022	FY 2023	FY 2024
Commence reporting against Sustainability roadmap	[Progress bar from FY 2022 to FY 2024]		
Adopt SDG reporting framework	[Progress bar from FY 2022 to FY 2023 with a checkmark icon]		
Continue to ensure good risk management and tax transparency	[Progress bar from FY 2022 to FY 2024]		
Consider other global reporting frameworks	[Progress bar from FY 2023 to FY 2024]		
Review and audit of ESG data	[Progress bar from FY 2024 to FY 2024]		

## Independent reviews

Healius' progress to becoming a socially responsible company can be evidenced through the ratings received from independent assessments conducted by third party agencies and institutions that specialise in environmental, social and governance practices. Over time as we deliver on our sustainability strategy, these ratings will help inform us on how we compare to our peers and whether we are meeting our shareholder's expectations.

Agency	Current Rating
ISS ESG	Prime

# United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs) were developed by the United Nations (UN) and adopted by all UN Member States in 2015 as a blueprint to achieve a more sustainable and equitable future for all by 2030. The SDGs consist of 17 goals and 169 related targets that seek to end poverty, protect the planet and ensure all people enjoy peace and prosperity.

During the year, Healius completed an analysis of our operations and identified seven SDG's that our Sustainability Strategy is most aligned with based on two key criteria, the first being where we can make the greatest contribution and have a positive impact, and the second is focused on minimising the potential negative impact from our existing activities.

## Our positive impacts

### Where we can contribute the most



At Healius, our purpose is to provide care for health and wellbeing at every stage of life. Being a market leading healthcare company that strives to provide quality, accessible and affordable healthcare for all, it was clear that "Good Health and Well-being" and "Reduced Inequalities" are the goals where we can have the most beneficial impact and contribution to society.

Additionally, our people are core to the delivery and provision of healthcare services and as such are an integral part of our value chain. To underpin our sustainability ambition of being a socially responsible company that creates value for all stakeholders, the area of greatest importance in the near to medium term was assessed as being our people and ensuring we create a working environment where they have the right tools, support and opportunities to bring out their best. This underscores our commitment to goals around "Gender Equality, Decent Work Environment, and Innovation".

## Our negative impacts

### Where we want to minimise risk and our potential adverse effects



Our main risk areas within the sustainability landscape relate to responsible consumption of resources and associated environmental impact (predominately carbon emissions from fuel and energy consumption). To facilitate accessibility to healthcare services, it is necessary for Healius to operate a diverse property portfolio (largely collection centres) and to manage a courier fleet of over 1,000 vehicles to ensure specimens are collected and brought back to our laboratory for testing in a timely and secure manner. Currently, our fleet is mainly petrol-based and the primary contributor of our Scope 1 carbon emissions. Although essential, Healius aims to limit and reduce the negative impact this activity has on the environment.

Similarly, the other key component is our consumption of energy (mainly electricity purchased from the grid) to ensure our facilities (such as our laboratories, day hospitals and imaging centres) and associated medical equipment continue to run, and the primary contributor of our Scope 2 carbon emissions.

Responsible consumption often focuses on what we use and take into our operations, however the other key aspect to be considered is the creation of waste by-products from those processes. At Healius, medical and clinical waste (a common by-product within the healthcare industry) is another focus area where we aim to reduce our negative impact.



# Risk management

## 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 appropriate managers who are responsible for ensuring clinical governance is maintained within their relevant businesses.

A Clinical Council operates in Imaging, while in our Pathology business, Discipline Networks attended by Senior Pathologists and Scientists ensure stringent quality standards are maintained.

All state-based pathology laboratory businesses have a statement on quality and accreditation published on their relevant websites. Our laboratory services are accredited by the National Association of Testing Authorities (NATA).

The Agilix Bioanalytical and Toxicology business, which is part of the Pathology division, operates under NATA accreditation (17025 and Good Laboratory Practice) and the business operates under an overarching quality management system that complies with these accreditations but also with global Food and Drug Administration and European Medicines Agency requirements.

Our Imaging practices are accredited under the Diagnostic Imaging Accreditation Scheme (DIAS) on a four-year cycle.

Our Day Hospitals business, is compliant with the National Safety and Quality Health Service Standards (NSQHSS) Health Services Accreditation with each site inspected on a three-year cycle.

## Risk management framework

Healius' operations are highly regulated and subject to a range of State and Commonwealth legislation and accreditation requirements. Risk management remains the executive responsibility of the Group Risk Manager who reports to the Chief Financial Officer and is overseen by the Board through the Risk Management Committee.

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 Risk Management Framework is subject to annual review to ensure it remains "fit for purpose" for the Healius Group. The last review was endorsed by the Risk Management Committee in February 2022. 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

### Independence of healthcare professionals

As part of the agreement with independent healthcare professionals who use our facilities and support services, Healius does not specify or direct how these independent healthcare professionals perform their services.

Independent healthcare professionals are free to exercise their professional judgment as to the manner in which they perform medical services.

Specifically, within our Imaging business, Radiologists must abide by the Royal Australian and New Zealand College of Radiologists (RANZCR) Code of Ethics, and where Nuclear Medicine Physicians are fellows of the Royal Australasian College of Physicians (RACP) they must also ensure they comply with RACP's 'Clinical Ethics Position Statement'.

In addition, our Day Hospitals business has a thorough credentialing process for all Visiting Medical Officers (VMO) working at Montserrat sites. VMOs are expected to adhere to Montserrat by-laws and policies.

Healius also expects healthcare professionals to adhere to their own high ethical standards, including acting in a harmonious way with other practitioners and staff.

### Animal testing

The Agilix Biolabs Toxicology facility in Brisbane performs rodent studies through the pre-clinical phase of drug development. All studies are approved by a registered Animal Ethics Committee which by law includes a member specifically to represent animal welfare aspects.

# Tax transparency

As a sustainable corporate citizen, Healius pays a significant amount of tax, including corporate income tax, indirect tax and employer taxes.

In the financial year ended 30 June 2022, Healius paid a total of \$218.7 million in taxes and remitted a further \$186.5 million to tax authorities on behalf of Healius' employees. Set out below is a summary of Australian and foreign taxes paid and collected by Healius for the financial year ended 30 June 2022. The majority of Healius' taxes are paid in Australia to the Australian Taxation Office (summary excludes property taxes such as land tax and stamp duties).

TAX AUTHORITY	CORPORATE INCOME TAX A\$M	EMPLOYER TAXES <sup>1</sup> A\$M	INDIRECT TAXES <sup>2</sup> A\$M	TOTAL TAXES PAID <sup>3</sup> A\$M	EMPLOYEE PAYG WITHHOLDING A\$M
Australia (Federal)	90.0	0.9	84.3	175.2	186.5
Australia (State)	–	43.2	–	43.2	–
Foreign jurisdictions <sup>3</sup>	0.3	–	–	0.3	–
<b>Total</b>	<b>90.3</b>	<b>44.1</b>	<b>84.3</b>	<b>218.7</b>	<b>186.5</b>

1 Fringe benefits tax and payroll tax.

2 GST net of recoveries is (\$30.3 million).

3 Income taxes paid in India. The subsidiary is treated as a Controlled Foreign Company for Australia income tax purposes and is subject to tax at the Australian corporate tax rate of 30% on any profits generated from activities between Healius and the subsidiary.

The following table shows the reconciliation of the corporate income tax paid in Australia to income tax expense, the latter representing an effective tax rate of 29.5% in FY 2022:

HEALIUS LIMITED	2022 A\$M
<b>Income tax expense on profit before income tax</b>	<b>122.9</b>
Timing differences recognised in deferred tax	(12.5)
Under provision in prior years	(0.1)
<b>Current income tax expense as per 2022 financial statements</b>	<b>110.3</b>
2022 tax not yet paid as at 30 June 2022	(65.6)
Tax payments and adjustments for prior periods in 2022	45.6
<b>Corporate income tax paid</b>	<b>90.3</b>

The full Tax Transparency Report is set out in Appendix 3.




# 8

# Appendix



# Appendix 1

## SDG analysis

Priority SDG	Key Target	How are we contributing
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><b>Target 3.2</b> End preventable deaths of newborns and children under 5 years of age</p>	<ul style="list-style-type: none"> <li>National partnership with Children's Cancer Institute (CCI), an independent medical research institute wholly dedicated to curing childhood cancer and finding safer treatments</li> <li>Healius will support CCI through monetary donations and participating in several fundraising initiatives.</li> </ul>
	<p><b>Target 3.4</b> Reduce by one third premature mortality from noncommunicable diseases through prevention and treatment and promote mental health and well-being</p>	<ul style="list-style-type: none"> <li>Healius offers wellbeing and employee assistance programs and resources through our partner Benestar, to all employees</li> <li>Partnered with Commonwealth Bank to offer financial wellbeing webinars to educate and help our people make better financial decisions</li> <li>Increased awareness and emphasis on the importance of mental health through internal communication channels.</li> </ul>
	<p><b>Target 3.8</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<ul style="list-style-type: none"> <li>Healius offers quality and accessible diagnostics services which is predominately bulk-billed through Medicare to ensure our patients can access our services no matter the circumstances and not have to worry about the potential financial burden</li> <li>Over the past year we have performed over 25 million pathology episodes, more than 8.8 million COVID tests, and approximately 3.2 million radiology examinations.</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<p><b>Target 5.1</b> End all forms of discrimination against all women and girls everywhere</p>	<ul style="list-style-type: none"> <li>Healius has a comprehensive governance framework that aims to create a working environment that is free from discrimination and harassment</li> <li>Key governance documents include:               <ul style="list-style-type: none"> <li>Standards of Behaviour and Conduct Policy</li> <li>Diversity, Equity, Inclusion and Belonging Policy</li> <li>Workplace Discrimination, Bullying and Harassment Policy</li> <li>Workplace Complaints, Grievances, and Investigations Policy.</li> </ul> </li> </ul>
	<p><b>Target 5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<ul style="list-style-type: none"> <li>We are committed to HESTA 40:40 Vision and developing gender diversity targets across our management teams to achieve a more balanced representation for men and women in leadership roles</li> <li>Continued compliance and reporting to WGEA.</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Target 8.1</b> Sustain per capita economic growth in accordance with national circumstances</p>	<ul style="list-style-type: none"> <li>In FY 2022, Healius generated \$2.3 billion in revenue, \$309.3 million in underlying net profits, paid \$218.7 million to tax authorities and spent over \$400 million in capital investment to grow our business</li> <li>Healius contributes to broader economic growth by ensuring we pay our fair share of tax timely and responsibly, and by complying with relevant tax laws and regulation.</li> </ul>
	<p><b>Target 8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors</p>	<ul style="list-style-type: none"> <li>Currently undertaking a multi-year diagnostics systems and platform upgrade program, which will accelerate our transition away from paper intensive processes</li> <li>We are constantly reviewing the use of AI to improve our clinical processes and free up skilled clinical labour for higher-level diagnosis, for example, in our Lumus Imaging business we use AI to triage x-ray scans and detect tuberculosis.</li> </ul>
	<p><b>Target 8.5</b> Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<ul style="list-style-type: none"> <li>Healius currently employs 11,880 people, where 70.5% are female</li> <li>As a part of our three year 'one Healius' People Strategy, our focus is on creating a strong, collaborative, performance driven culture with a clear sense of belonging to team and will continue to further embed this into our practices and processes</li> <li>We have a clear framework to ensure we maintain a working environment that is free from discrimination.</li> </ul>

Priority SDG	Key Target	How are we contributing
	<p><b>Target 8.7</b> Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour</p>	<ul style="list-style-type: none"> <li>Annual release and public reporting under the Australian <i>Modern Slavery Act</i></li> <li>Zero tolerance for slavery of any kind, or exploitation, forced labour, debt bondage, domestic servitude, deceptive recruiting for labour and illegal forms of child labour</li> <li>Further embed in our procurement practices continuous monitoring and management of modern slavery risks.</li> </ul>
	<p><b>Target 8.8</b> Protect labour rights and promote safe and secure working environments for all workers</p>	<ul style="list-style-type: none"> <li>Comprehensive work, health and safety management system, and regular audits to ensure the highest standards of safety are maintained</li> <li>FY 2022 normalised LTIFR of 4.2, which is an improvement on prior year of 5.2.</li> </ul>
	<p><b>Target 9.4</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>	<ul style="list-style-type: none"> <li>Upgrade plan of existing laboratories under development</li> <li>New purpose-built WDP laboratory completed in FY 2021, incorporating a suite of sustainability features to increase efficiency of resource use</li> <li>Multi-year LED upgrade program underway, ongoing review of property portfolio as new sites identified and included in the program</li> <li>Continued procurement of renewable energy, through rooftop solar installations and power purchasing arrangements</li> <li>Expansion of COVID testing capacity in response to the pandemic, including investment in PCR analysers</li> <li>Refresh of clinical equipment nationally including Histology tissue processors, EUROIMMUN analysers and Hematek systems.</li> </ul>
	<p><b>Target 10.2</b> Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<ul style="list-style-type: none"> <li>In addition to our efforts on achieving gender diversity, we are also focused on culture diversity and have committed to Minderoo Foundation's Generation One Indigenous Employment Index, which is focused on indigenous employment parity and equity</li> <li>Developed the Healius Indigenous Employment Parity Plan to address findings of Generation One's Indigenous Employment Index</li> <li>Released our Diversity, Equity, Inclusion and Belonging Policy in FY 2022.</li> </ul>
	<p><b>Target 10.3</b> Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action</p>	
	<p><b>Target 12.2</b> Achieve the sustainable management and efficient use of natural resources</p>	<ul style="list-style-type: none"> <li>Multi-year courier fleet Hybrid conversion initiative to reduce fuel consumption, target of 50% conversion by FY 2026</li> <li>LED upgrade program to retrofit existing light fittings to enhance energy efficiency and reduce electricity consumption.</li> </ul>
	<p><b>Target 12.4</b> Achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<ul style="list-style-type: none"> <li>Management and treatment of medical and clinical waste through licensed and accredited waste management service providers, to ensure compliance with all applicable waste regulations.</li> </ul>
	<p><b>Target 12.5</b> Substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> <li>Holistic waste management strategy under development, focused on "reduce, reuse, and recycle"</li> <li>Proactive engagement with key suppliers to reduce packaging</li> <li>53% reduction in film usage within our imaging business since FY 2020</li> <li>Development of education and training program on appropriate waste disposal and management.</li> </ul>
	<p><b>Target 13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> <li>Regular review and reporting of business risks in accordance with Healius' Risk Management Framework</li> <li>Detailed business continuity plans maintained within Pathology division, that specifically address risks associated with laboratory shutdowns, to ensure that Healius can operate with minimal disruption to patient services.</li> </ul>
	<p><b>Target 13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> <li>Established Environmental Policy</li> <li>Continual focus and delivery of energy efficiency initiatives targeted at reducing consumption and carbon emissions such as LED upgrades, solar installations, and hybrid fleet conversion</li> <li>Strong sponsorship from board and executive leadership team, driving change in behaviours and embedding sustainability into our business processes.</li> </ul>

# Appendix 2

## Governance framework

The Board's operating rhythm has also been enhanced to provide a greater strategic lens. This was crucial during the receipt and rejection of a takeover offer in February and March 2020 and during the early stages of the COVID-19 pandemic when the Board met at least on a weekly basis to guide Healius' essential operations in serving the Australian community.

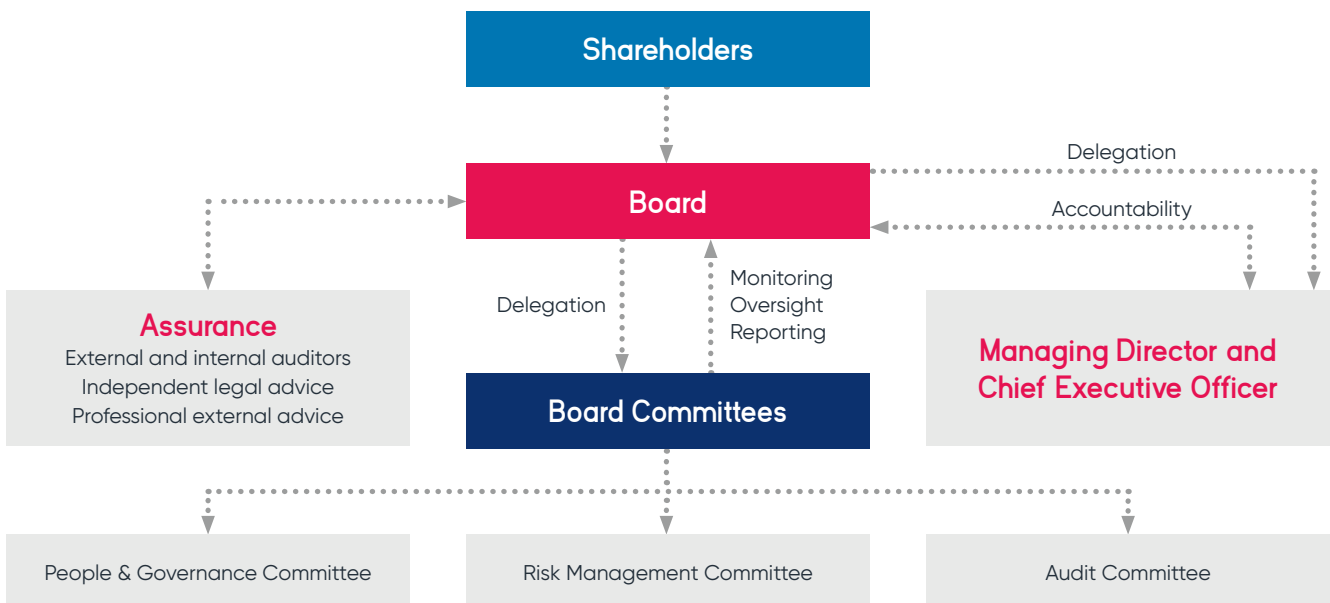
Healius works within an accountable system that includes corporate governance policies and practices and risk management processes. These are designed to promote and strengthen the company's responsible management and corporate conduct. Healius issues a Corporate Governance Statement on its website as part of its year-end reporting.

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

*As part of an ongoing commitment to our shareholders, Healius' Board of Directors is dedicated to creating and maintaining high standards of corporate governance.*

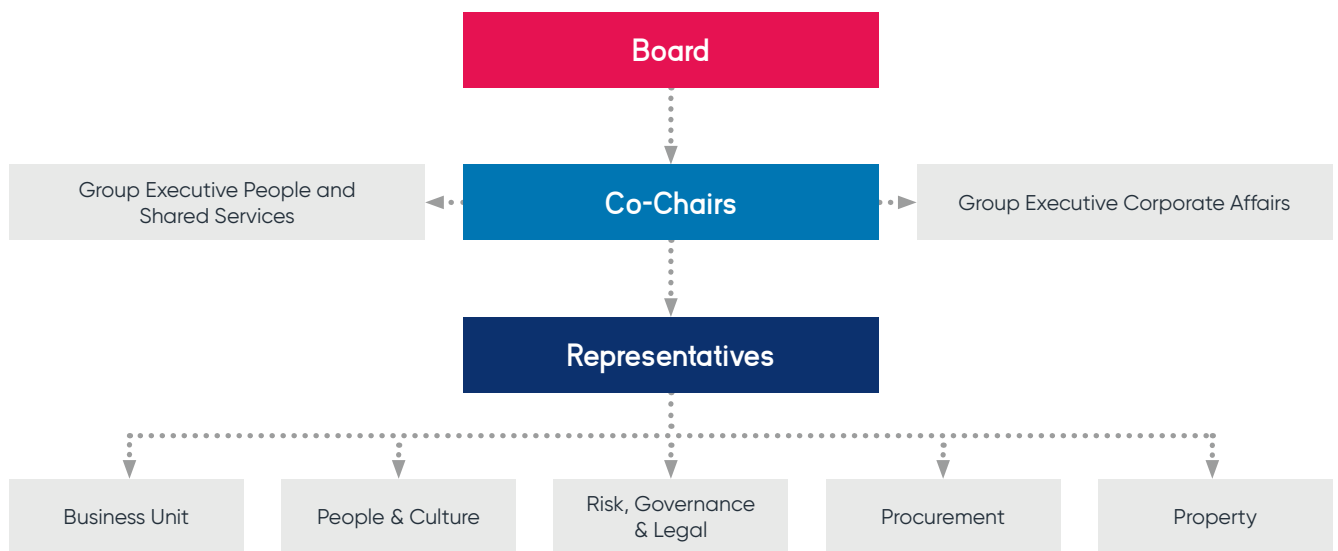
*Recently, the structure of the Board and its sub-committees has been enhanced to reflect the focus of the Board on sustainability. This has included renaming and refocusing the Nomination and Remuneration Committee to the People & Governance Committee in recognition of the importance of values, culture and diversity within the Group.*

## Governance structure



## Sustainability Steering Committee

Healius established an executive Sustainability Steering Committee, which is responsible for driving the Healius Sustainability Strategy, providing oversight and management of key environmental, social and governance issues. The committee is co-chaired by two executives and includes representatives from multiple functions across the Group. At Healius, we recognise that it is through the concerted efforts of everyone within the Group that we are able to build a sustainable future for our business.



## Governance documents

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

- Anti-bribery and Anti-fraud Policy
- Corporate Governance Statement
- Communication Policy
- Diversity, Equity, Inclusion and Belonging Policy
- Environmental Policy
- Gifts and Entertainment Policy
- Group Remuneration Policy Statement
- Information Security Policy
- Non-Executive Director Remuneration Policy & Procedure
- Political Donations Policy
- Privacy Policy
- Procurement policy
- Risk Management Policy
- Standards of Behaviour and Conduct Policy
- Supplier Code of Conduct
- 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.

# Appendix 3

## Tax Transparency Report

### Message from the Chief Financial Officer and Chief Operating Officer

Through an expansive network of multi-disciplinary pathology laboratories, diagnostic imaging centres and day hospitals, Healius provides facilities and support services to independent healthcare professionals, enabling them in turn to deliver patient care in partnership with Healius' pathologists, nurses and other support staff.

Healius is committed to delivering excellence in healthcare across Australia through accessible, high quality healthcare services.

Healius' commitment to creating value for investors, customers and employees is underpinned by our regulatory compliance and reporting obligations.

That is why Healius welcomes the opportunity to present this Tax Transparency Report for 2022. In preparing the Tax Transparency Report, Healius has adopted the disclosure recommendations made by the Board of Taxation in the Voluntary Tax Transparency Code.

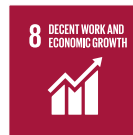
Consistent with our commitment to strong corporate governance and transparent relations with our stakeholders, we believe the Tax Transparency Report together with the Annual Report for 2022 provide comprehensive detail of Healius' tax matters including our tax strategy and approach to tax risk management.

**MAXINE JAQUET**

Chief Financial Officer and Chief Operating Officer

16 September 2022

*For over 30 years, Healius Limited has been one of Australia's leading listed healthcare companies with a commitment to supporting quality, affordable and accessible healthcare.*





# 1 Tax strategy and governance

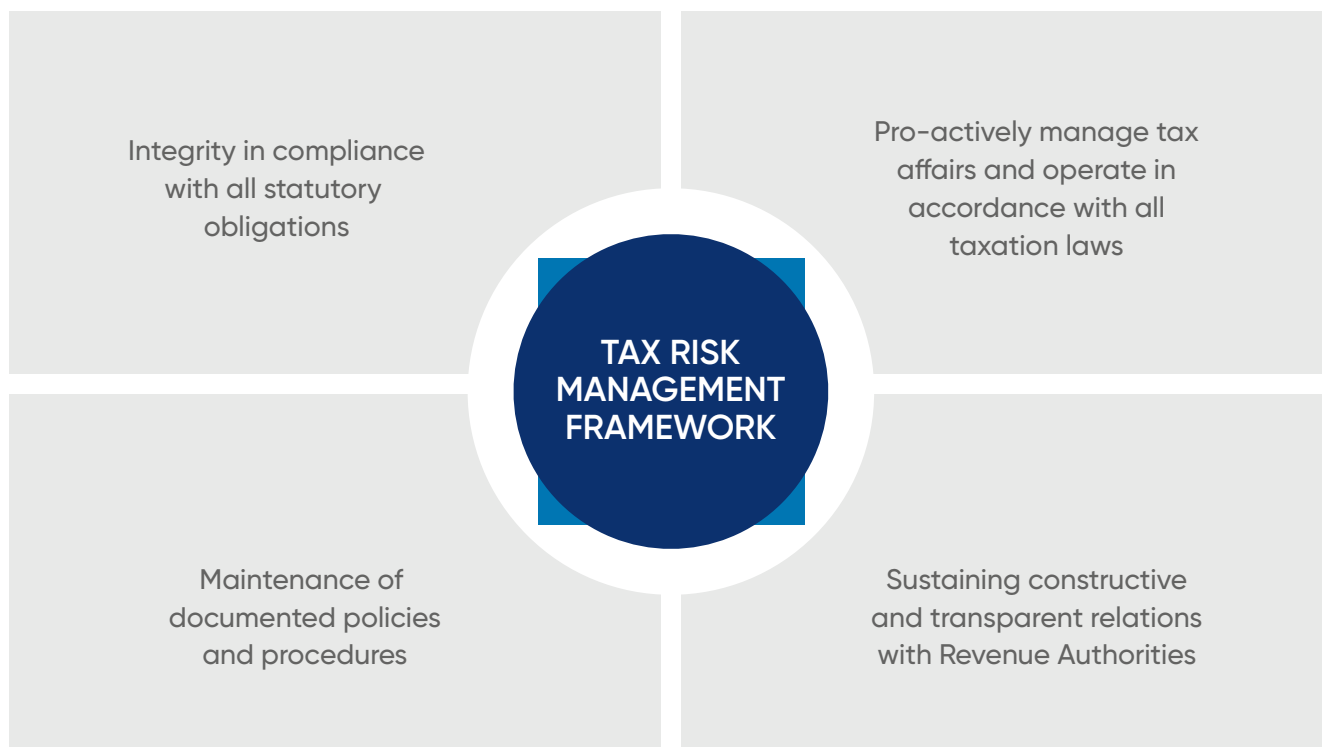
Healius pursues a tax strategy that is governed by the following principles endorsed by its Board of Directors:

- Commitment to ensuring integrity in compliance with all statutory obligations, and full disclosure to Revenue Authorities
- Maintenance of documented policies and procedures in relation to tax risk management and sustaining constructive and transparent relations with Revenue Authorities
- Management of tax affairs in a pro-active manner that seeks to enhance shareholder value, while operating in accordance with all taxation laws.

The tax strategy is implemented through Healius' Tax Risk Management Framework which is founded on a low-risk appetite to all taxation affairs including tax positions adopted in respect of strategic transactions, tax planning activities and compliance and reporting.

Healius' overarching and systematic approach to the management of tax risk involves the proactive assessment, mitigation, monitoring and reporting of identified risks. Healius' tax risks are regularly considered by its Management and Executive Risk Committees and tax is a regular agenda item for Audit Committee meetings with appropriate tax matters reported to the Board. Where appropriate, Healius engages external advisors on complex transactions and for review of compliance activities.

Healius' Tax Risk Management Framework has been documented and approved by its Audit Committee and is aligned with its overall Risk Management Policy and the Australian Taxation Office's Tax Risk Management and Governance Review Guide.



# 2 Income tax reported in Healius' 2022 Annual Report

The income tax expense disclosed in the Annual Report for 2022 is calculated based on Australian equivalents to International Financial Reporting Standards. In any year, there are common and typical differences between income tax expense reported in the Annual Report and the amount of cash taxes paid to Revenue Authorities due to factors such as timing differences and other taxes being excluded from income tax expense, such as FBT, payroll tax and employee taxes.

Healius' effective tax rate for the 30 June 2022 year is mainly impacted by the difference in tax and accounting treatment of share related costs and costs on acquisition of capital assets. These are treated as permanent difference for the purpose of calculating Healius' income tax expense.

## 2.1 Reconciliation of accounting profit to income tax expense

Healius' effective tax rate calculated as income tax expense divided by accounting profit before tax was 29.5% for FY 2022.

The following table shows the calculation of income tax expense for Healius and the impact of adjustments to the income tax expense and the effective tax rate.

HEALIUS LIMITED	2022		2021	
	A\$M	%	A\$M	%
Profit before income tax	416.9		167.8	
<b>Tax at the Australian tax rate of 30%</b>	<b>125.1</b>	<b>30.0</b>	50.3	30.0
<b>Current year items:</b>				
Share related (benefit)/expense	(4.2)	(1.0)	4.1	2.4
Acquisition related expenses	1.6	0.4	–	–
Deferred consideration for acquisitions	–	–	1.1	0.6
Other items	0.3	0.1	0.6	0.4
<b>Prior period items:</b>				
Under/(Over) provision in prior years	0.1	0.0	(1.2)	(0.7)
2003–2007 tax objections	–	–	46.6	27.8
<b>Income tax expense</b>	<b>122.9</b>	<b>29.5</b>	101.5	60.5

## 2.2 Reconciliation of income tax expense to cash tax paid

The following table shows the reconciliation of income tax expense to cash income tax paid.

HEALIUS LIMITED	2022 A\$M
<b>Income tax expense on profit before income tax</b>	<b>122.9</b>
Timing differences recognised in deferred tax	(12.5)
Under provision in prior years	(0.1)
<b>Current income tax expense as per 2022 financial statements</b>	<b>110.3</b>
2022 tax not yet paid as at 30 June 2022	(65.6)
Tax payments and adjustments for prior periods in 2022	45.6
<b>Cash taxes paid per cash flow statement</b>	<b>90.3</b>

## 3 Tax contribution summary

Healius pays a significant amount of tax, including corporate income tax, indirect tax and employer taxes. In the financial year ended 30 June 2022, Healius paid a total of \$218.7 million in taxes and remitted a further \$186.5 million to tax authorities on behalf of Healius' employees.

Set out below is a summary of Australian and foreign taxes paid and collected by Healius for the financial year ended 30 June 2022. The majority of Healius' taxes are paid in Australia to the Australian Taxation Office. The summary excludes property taxes such as land tax and stamp duties.

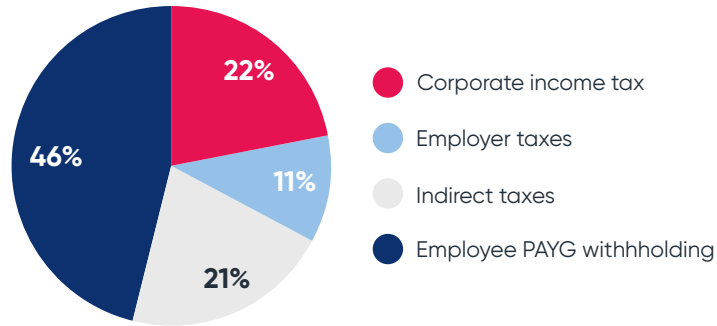
TAX AUTHORITY	CORPORATE INCOME TAX A\$M	EMPLOYER TAXES <sup>1</sup> A\$M	INDIRECT TAXES <sup>2</sup> A\$M	TOTAL TAXES PAID <sup>3</sup> A\$M	EMPLOYEE PAYG WITHHOLDING A\$M
Australia (Federal)	90.0	0.9	84.3	175.2	186.5
Australia (State)	–	43.2	–	43.2	–
Foreign jurisdictions <sup>3</sup>	0.3	–	–	0.3	–
<b>Total</b>	<b>90.3</b>	<b>44.1</b>	<b>84.3</b>	<b>218.7</b>	<b>186.5</b>

1 Fringe benefits tax and payroll tax.

2 GST net of recoveries is (\$30.3 million).

3 Income taxes paid in India. The subsidiary is treated as a Controlled Foreign Company for Australia income tax purposes and is subject to tax at the Australian corporate tax rate of 30% on any profits generated from activities between Healius and the subsidiary.

### Percentage of taxes paid by tax type



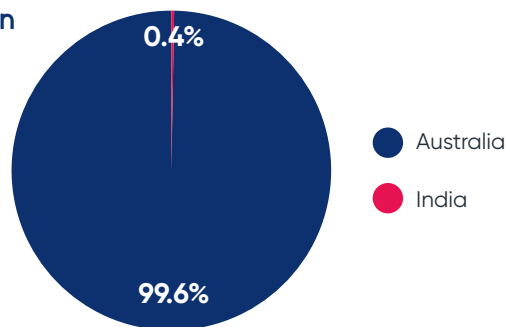
## 4 International related party dealings

There are limited international related party dealings between Healius and its foreign subsidiaries. These dealings primarily relate to the provision of administrative and data processing services by the Indian subsidiary to Australia. Healius also has presence in the US, UK, the Philippines, Netherlands and Singapore, albeit these subsidiaries were dormant for the financial year ended 30 June 2022.

All dealings between related parties reflect the commercial and legal substance of the transactions and are priced on an arm's length basis in accordance with global transfer pricing laws and OECD guidelines. Notably, Healius' international related party dealings do not have a material impact on Healius' Australian tax position. Healius' Australian operations contribute more than 99% of Healius' total income tax paid globally.

The split of income tax contributions by country is illustrated below.

### Total income tax contribution by jurisdiction



Total taxes paid in India represents the period between 1 July 2021 to 30 June 2022. No tax was paid in the Philippines in FY 2022 as the company ceased operations in FY 2021. Other subsidiaries include Healius' dormant subsidiaries in the US, UK, the Netherlands and Singapore, where similarly no tax was paid.

# Our brands

Healius' businesses operate a number of brands across Australia representing quality, affordability and accessible care. We are developing number of new brands with a shared aim of becoming the best customer-centric organisation in healthcare in Australia. Our current brands are set out below:

## Pathology



## Diagnostic Imaging



## Day Hospitals



# Corporate information

## Company's Registered Office

Level 22  
161 Castlereagh Street  
SYDNEY NSW 2000  
(02) 9432 9400

## Company's Principal Administrative Office

(and location of Register of Option Holders)

Level 22  
161 Castlereagh Street  
SYDNEY NSW 2000  
(02) 9432 9400

## Share Registry

(and location of Register of Rights Holders)

### Computershare Investor Services Pty Ltd

Level 4, 60 Carrington Street  
SYDNEY NSW 2000  
GPO Box 7045  
SYDNEY NSW 1115  
Sydney Office: (02) 8234 5000  
Investor Enquiries: 1300 855 080



 **healius**

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