

## ASX Announcement (ASX: HLS)



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23 November 2020

### Healius Sustainability Report 2020

Healius Limited (ASX: HLS) is pleased to release its 2020 Sustainability Report.

ENDS

The release of this Announcement has been authorised by the Board.

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*For over 30 years Healius has been one of Australia's leading healthcare companies with a commitment to supporting quality, affordable and accessible healthcare for all Australians. Today, Healius has three businesses, pathology, imaging and day hospitals/IVF. Through its unique footprint of centres and its 10,500 employees, Healius provides specialty diagnostic services to consumers and their referring practitioners, as well as well as enabling independent healthcare professionals to deliver care in its day hospitals and fertility clinics.*

# Sustainability Report

November 2020



# Healius

is committed to delivering excellence in healthcare in Australia, creating value for consumers, employees, investors and the many communities in which we operate.


The Healius 2020 Sustainability Report, in conjunction with the 2020 Annual Report, outlines our performance over the FY 2020 year and highlights opportunities for Healius to create additional value.

Thank you for your interest, if you have any feedback in relation to our Sustainability Report, please email [corporate.communications@healius.com.au](mailto:corporate.communications@healius.com.au).

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# Chair and CEO's letter



We are pleased to present Healius' second Sustainability Report. Although we are just at the start of our sustainability reporting journey, in essence, our very purpose is sustainable as we seek to provide life-sustaining healthcare and well-being at every stage of life, delivered by people who care.

We play a key role in Australia through the provision of quality, affordable and accessible healthcare through a national footprint of facilities where we provide services both directly to the consumer and to healthcare professionals enabling them to care for their patients in partnership with us.

We are committed to delivering the majority of our healthcare services as bulk-billed services, thereby enabling all Australians to access the care they need, irrespective of their circumstances.

More than just essential workers, our people are at the core of our strategy. Only by having the best people, are we able to deliver the best healthcare and well-being outcomes for our communities. As the COVID-19 pandemic has illustrated, excellence in healthcare can be the difference between life and death.

The impacts of the global COVID-19 pandemic have been far reaching, changing how we live our everyday, how we interact and the way we do business. However, it has also validated our purpose and the critical role our businesses and people play in providing healthcare to our communities.

In the face of adversity, our people have risen to the many challenges that the COVID-19 pandemic has presented. In this report we share some of the great responses that our people have delivered during the pandemic.

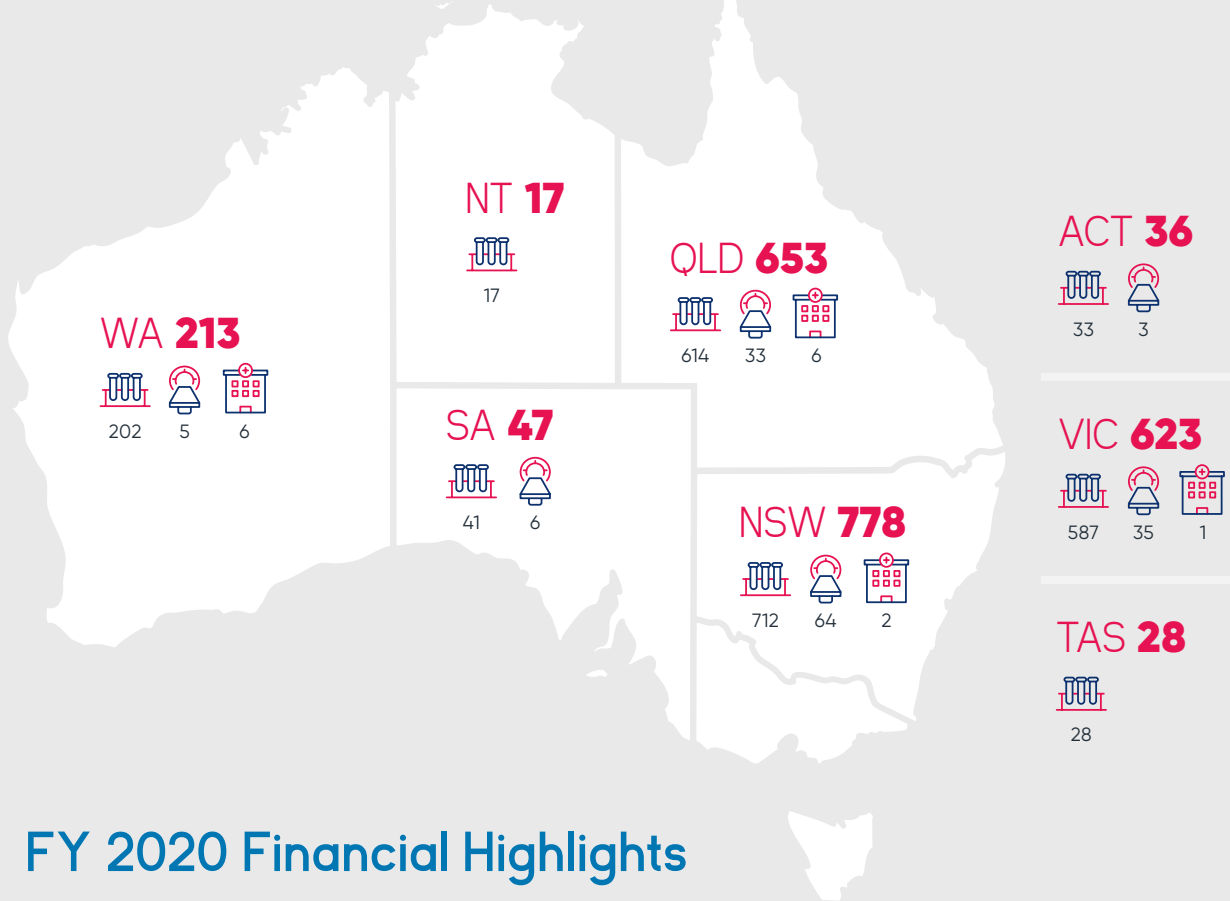
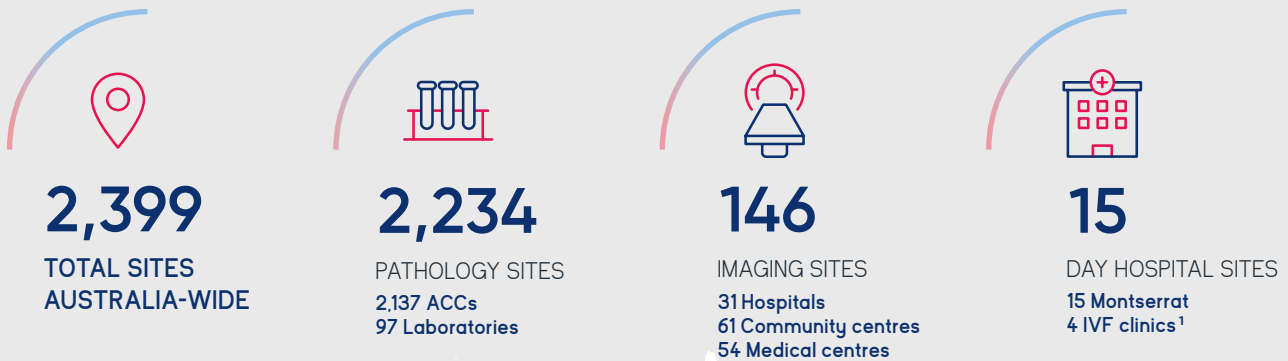
In this second report we have identified several near-term areas of focus for Healius, as we build on our credentials of affordable and accessible healthcare and deliver greater value and outcomes in social, environmental and governance matters. Major focus areas identified are as follows:

- Our sustainability is underpinned by our ability to attract and retain the right talent. Our aims are to be a workplace of choice for all healthcare professionals, to live our WE CARE values, and to deliver on gender and other diversity, inclusion and equality goals.
- We aspire to become the best customer care organisation in the sector with the patient at the centre of everything we do, including through a leading-edge digital "patient journey".
- We recognise that climate change is a global issue and that, despite not being a major emitter, we have an opportunity to play our part by developing a credible pathway to a carbon neutral future.
- While already playing a key role in society through affordable and accessible care, we aim to develop a charitable foundation to support healthcare in disadvantaged sectors in Australia both through financial contributions and through enabling our people and clinical experts to give of their time and expertise.

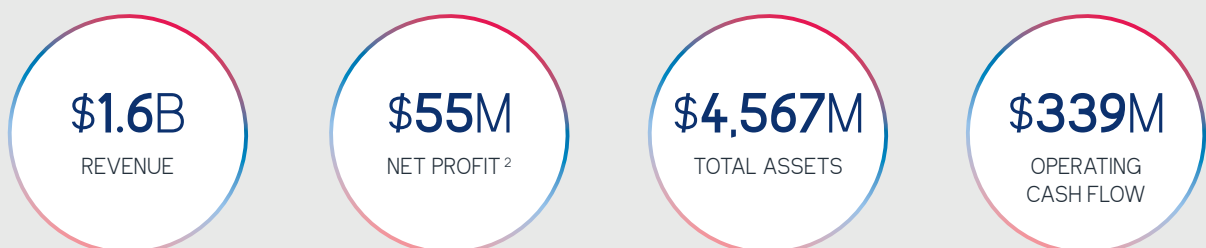
We look forward to developing and delivering on our focus areas to create positive change into the future. We have started collecting data on our emissions and hope to share our environmental performance with you in our next report.

We are proud of Healius' achievements over the last year. Going forward, as a specialist diagnostics and day hospitals business, Healius is well placed to deliver value to our stakeholders and make a difference in our communities. We would like to thank our people for their continuing commitment and hard work to serve our customers and communities.

# A market leading network



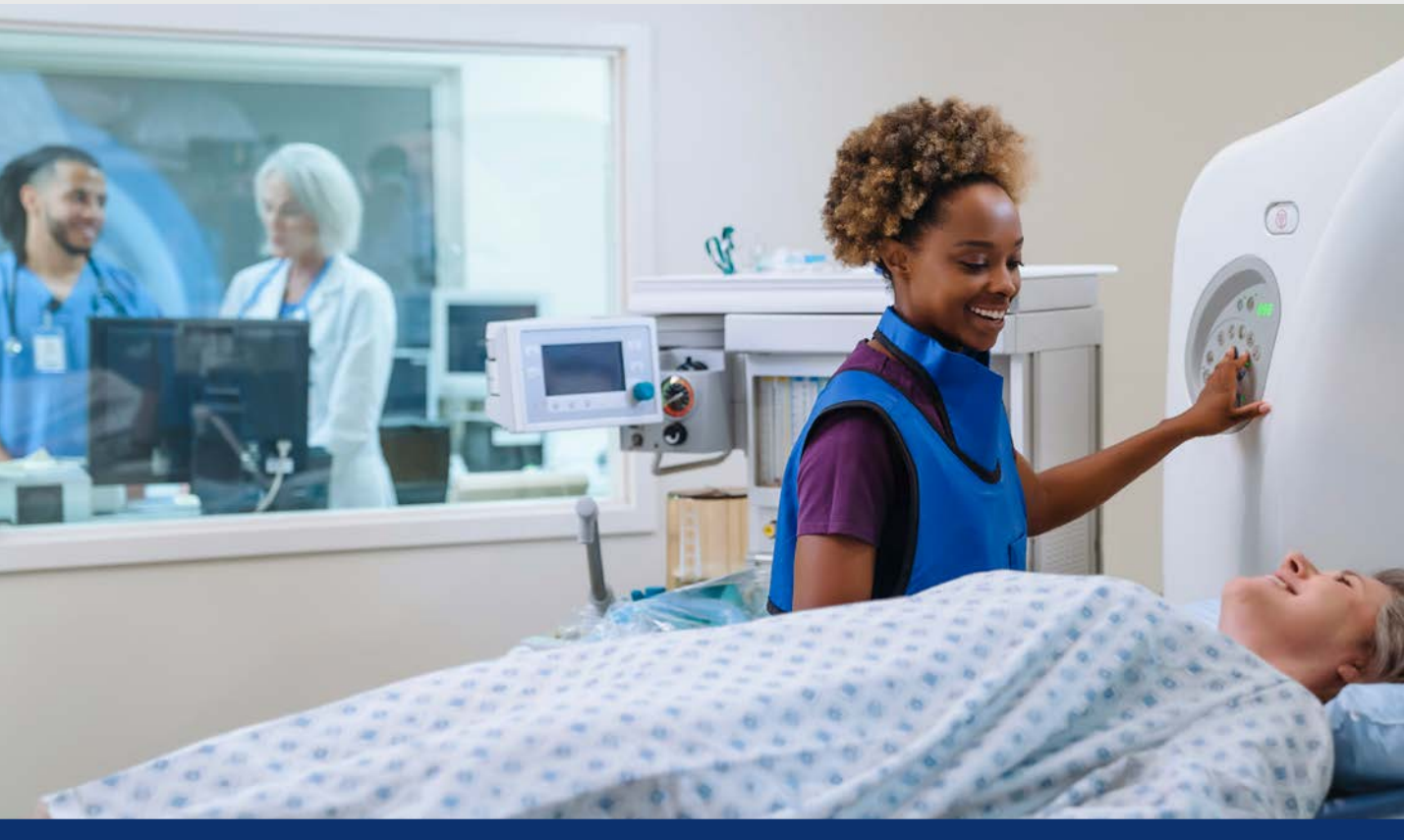
## FY 2020 Financial Highlights



1 Sites that are co-located are counted as one site. As at July 2020.  
2 Underlying figures.



# About Healius



Healius has been one of Australia's leading healthcare companies for over 30 years with a commitment to supporting quality, affordable and accessible healthcare. Today Healius has three main businesses – Pathology, Imaging and Day Hospitals/IVF – and Healius Primary Care (which includes Healius' GP and Dental businesses and Health & Co), which is held for sale.

Through its unique footprint of centres and 12,500 employees, Healius provides diagnostic services to consumers and their referring practitioners, as well as enabling a range of independent healthcare professionals to deliver patient care in partnership with Healius' nurses and support staff in its Day Hospitals and Medical Centres.

With the sale of Healius Primary Care announced in June 2020 and due to be completed in FY 2021, Healius will transition out of the medical centres and dental businesses and focus on the specialist diagnostic businesses – pathology and imaging – along with day hospitals and IVF.

# Our businesses

## Pathology



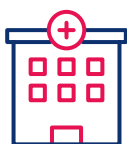
The pathology division is Healius' largest business. It provides leading medical laboratory and pathology services covering key diagnostic activities of anatomical pathology (histopathology and cytology), clinical pathology (biochemistry, haematology, immunology and microbiology), genomic diagnostics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

## Imaging



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

## Day Hospitals/IVF



Healius has 15 day hospitals, 11 of these are stand alone and four Healius Day Hospitals are located within medical centres, all operating under Montserrat's management. Healius also operates four major, and a number of satellite, IVF clinics.

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

## Medical Centres



The Medical Centres division has been central to Healius' health services strategy for the past 30 years with its footprint of large scale centres. The division has 69 Medical Centres<sup>1</sup> across Australia and 13 Health & Co clinics along with 62 dental facilities.

Following the divestment of the Medical Centres business, or Healius Primary Care, in FY 2021, Healius' Imaging and Pathology collection centres will continue to operate within the network of medical centres under long-term lease agreements.

<sup>1</sup> Four small scale medical centres are in the process of being closed.

# Strategy



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

The Board and Executive Leadership Team have collective responsibility for strategy formulation at Healius.

For us at Healius, long-term sustainable growth can only be delivered if we constantly strive to improve our existing businesses and develop new opportunities, while putting the consumer at the centre of everything we do, creating a culture of care and empathy for our people that mirrors the care and empathy patients expect from them, playing a positive role within the communities we serve, undertaking good governance and prudent risk management within our operations, and developing a credible pathway to a carbon neutral future.

We continue to focus on sustainability within an evolving healthcare landscape, a sector which is going through a period of significant change, influenced by trends in:

- On-going population and life expectancy growth
- Improving survival rates from common diseases and improving treatment options
- Emergence of new diseases and pandemics
- Increasingly informed and empowered consumers demanding better ways of accessing healthcare when, where and how they want it
- Private health insurers and government looking for more cost efficient methods of surgery and healthcare delivery
- Artificial intelligence (AI), robotics and big data analysis.



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

We are committed to positioning ourselves at the forefront of diagnostic services and short-stay hospital care in Australia and to creating a sustainable working environment for healthcare professionals and our people. To deliver this, Healius:

- Has created a Purpose, Mission and Values that set out what Healius stands for, its culture and values
- Has developed a new brand identity for the parent company along with some consumer-focused brands in the operating businesses, for example Adora Fertility. Our brands are continually evolving and developing as we move towards greater consumer-centricity
- Is undertaking a multi-year program to upgrade its core technology platforms in diagnostics to improve front-end consumer experience and back-end office efficiencies

- Is aiming to become the leading customer care organisation in healthcare
- Has invested in Montserrat Day Hospitals in FY 2019 as a platform for growth in a sector with economic, technological and regulatory tailwinds as an alternative to traditional overnight care
- Following a strategic review in 2019, decided to divest the Medical Centres business, enabling the simplification of the portfolio of businesses and the strengthening of the balance sheet
- Is currently driving sustainable margin expansion through a range of operational initiatives in its diagnostic businesses, including optimising its footprint of facilities and improving its productivity
- Is looking for selective M&A opportunities to grow and support its businesses while delivering synergies from scale and cost-efficiency.

The divestment of the Medical Centres business, Healius Primary Care, includes 69 Healius Medical Centres<sup>1</sup> and 13 Health & Co clinics, along with 62 dental facilities. Moving forward, Healius has leading market positions and scalable platforms in its diagnostic businesses, along with a growth platform in short-stay day hospitals where demand is expected to grow in the coming years and where the division's strong management team is well positioned to profitably expand this business.

## Simplified portfolio with leading market positions



### Pathology

- ✓ Scale player in mature market (#2)
- ✓ 1 in 3 pathology samples tested in Healius laboratories
- ✓ Established brands
- ✓ Clinical leadership in growth areas including genetics and dermatology
- ✓ State-of-the-art, automated Serum Work Area
- ✓ Scalable platform where synergies can be delivered



### Imaging

- ✓ Scale player in growing market (#3)
- ✓ 3m+ radiology examinations per annum
- ✓ Strong position in attractive hospital sector, backed by success in major PPP<sup>2</sup> hospital (Northern Beaches)
- ✓ Unique customer segment in Medical Centres, secured by long-term leases
- ✓ Single, unified and leading IT platform nearing completion
- ✓ Scalable platform where synergies can be delivered



### Day Hospitals/IVF

- ✓ History of profitable growth with Montserrat
- ✓ Major player, undertaking over 50,000 surgical procedures and infusions per annum.
- ✓ Proven synergy platform
- ✓ Successful funding model including established HPPA<sup>3</sup> agreements
- ✓ Market with economic, technological and regulatory tailwinds
- ✓ Westside Private – the prototype for short-stay day surgery in Australia
- ✓ Adora Fertility – over 7,500 IVF cycles per year

1 Four small scale medical centres are in the process of being closed.

2 Public Private Partnership.

3 Hospital Purchaser Provider Agreement.

# Social



Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible healthcare.

We are proud of our on-going commitment to offer most of our frontline services as bulk-billed services, enabling all Australians to access the care they need, irrespective of their circumstances.

We are also proud of the range of facilities and services we provide both directly to the consumer and to healthcare professionals enabling them to care for their patients in partnership with us.

Our social licence is underpinned by our ability to attract and retain the right talent and to offer the right platforms upon which our businesses can flourish, delivering a competitive advantage through our brand, culture, strategic oversight and governance.

Together each year:



**1 in 3**

pathology samples in the country are tested in our laboratories



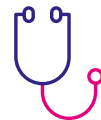
**3 million**

diagnostic imaging examinations are conducted



**Over 8 million**

doctor consults take place in our medical centres



**In excess of 50,000**

surgical procedures and infusions are undertaken in our day hospitals business



**In excess of 7,500**

IVF cycles per year in our Adora Fertility business

# Our purpose and mission

At Healius, we believe our success depends on putting people front and centre, with the right tools and support to deliver the best possible patient outcomes. Our purpose and mission statements reflect what matters most to our people and what brings them to work each day:



## Our purpose

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



## Our mission

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

# Our values

WE CARE represents our values, with the aspiration of creating a culture of care and empathy for our people that mirrors the care and empathy patients expect from them. We expect everyone at Healius to embrace and embody these values in their working lives. Our current incentive plans ensure that alignment to and demonstration of these values is demonstrated before anyone can be considered for an annual incentive.



## Work it together

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



## Empathy for Everyone

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



## Committed to Excellence

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



## Act with Integrity

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



## Recognise our People

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



## Embrace Innovation

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

# Our people

## People & Governance Committee

In July 2019, the Nomination & Remuneration Committee was officially renamed the People & Governance Committee in recognition of the importance of values, culture and diversity within the company, as well as remuneration of all employees and nomination to the Board.

An updated committee Charter was recently implemented with responsibility covering the following principles:

### Diversity

Diversity is an essential attribute in achieving superior outcomes for shareholders and other stakeholders by having a variety of approaches, views, experiences and strategies – in turn driving innovation and responsible risk-taking in achieving the Company's objectives.

### Nomination

Making recommendations to the Board about competencies of Directors, Board succession planning, process of evaluating the Board and the appointment and re-election of the Directors.

### Values

Setting, monitoring, reviewing and disclosing the Company's purpose, mission and values as well as efficacy of the Company's Code of Conduct.

### Remuneration

Covering remuneration, recruitment, superannuation, incentives, retention and termination policies and procedures for senior executives; remuneration by gender and the remuneration framework for Directors and the Company.

### People and culture

Ensuring that communication across the Company is performed regularly and ensuring the culture is monitored, with any deficiencies addressed through Board recommendations.

## People and culture

Key to our long-term sustainability and competitive advantage, is the ability to attract and retain the right people, including gifted medical professionals, to work at Healius. The Board and senior management remain committed to making Healius a great place to work for all employees.

To support this endeavour, we have created a dedicated role to oversee people and culture. The General Manager, People & Culture, is working closely with the Heads of Human Resources of each of our businesses to develop and deliver an integrated culture roadmap for the Group.

Importantly, a People and Culture Strategy is under development to support Healius Group's strategic objectives through 2024. The strategy is due to be presented to the Board committee in FY 2021 and will be promulgated through the next edition of the Sustainability Report.

Early scoping for this strategy indicates that there is a significant opportunity to focus on the fundamentals: compliance, governance, standards, alignment, information, diversity and inclusion, and our capability bench strength. These are foundational elements that will enable our people to carry out their duties with greater clarity and consistency. Focusing on these elements will also provide a platform for great leadership to flourish.

## Examples of our specialists

### Leading surgeons

We have a number of Mohs specialists operating in our Day Hospitals business. Mohs surgery is considered the most effective treatment of many basal cell carcinomas and squamous cell carcinomas, a procedure which aims to remove all the cancerous cells while sparing healthy tissue and leaving the smallest possible scar, through a staged process which includes laboratory testing while the patient waits. The Day Hospitals business also has industry leading specialists within Gastroenterology, Oncology and Haematology and Ophthalmology.

### Genomics

Dr Melody Caramins has been nationally recognised as an expert in the field of genomics and is current chair of the Royal College of Pathologists of Australasia (RCPA), Genetic Advisory Committee. Her focus at Healius has been on translating genetic technologies and discoveries into clinical tests available to all. She has recently been pivotal in ensuring certain genes which can cause breast cancer are included in the MBS schedule and has introduced into the Groups' pathology services a revolutionary advancement in pre-natal screening through non-invasive testing. Dr Caramins has recently been awarded the Meritorious Service Award by the RCPA for her outstanding contributions in pathology.

## Compensation

At Healius, we believe that fair and equitable remuneration is one of the pillars of employee engagement. We have a broad group of approximately 12,500 people working with us from independent healthcare professionals, salaried staff, employees under collective bargaining arrangements and modern pay awards, and temporary contractors. An analysis of our people (excluding independent healthcare professionals and temporary contractors) is as follows:

	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS (INCL. IVF)	MEDICAL CENTRES (INCL. DENTAL)	GROUP
People covered by an industrial instrument	25%	91%	93%	89%	92%	90%
People not covered by an industrial instrument	75%	9%	7%	11%	8%	10%

### Gender pay equality

It is Healius' policy to compensate all employees equally, irrespective of gender, on the basis of an individual's role, classification, skills and experience.

At a senior management level, the People and Governance Committee is responsible for making recommendations to the Board about recruitment, remuneration, retention, and termination policies for senior executives. The Committee engages independent external consultants in relation to the remuneration arrangement of Healius senior management.

### Enterprise Agreements (EA)

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

### Other benefits

In 2019 we launched a new Employee Assistance Program (EAP), through our partner Benestar, aimed at supporting the personal and professional wellbeing of our people and their family members through confidential professional, coaching and support in all aspects of life. Through Benestar's online platform our people can access development programs, coaching and learning.

We continue to review our benefits offering to ensure that we partner with leaders in the industry to ensure our people have access to benefits that are meaningful to them and deliver personal value.

### Work-life balance

For Healius, the safety and wellbeing of its people is crucial. Throughout the Healius Group, voluntary turnover rates (excluding independent healthcare professionals and contractors) are currently at:

VOLUNTARY TURNOVER RATES	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS (INCL. IVF)	MEDICAL CENTRES (INCL. DENTAL)	GROUP AVERAGE
FY 2020	28%	13%	13%	26%	26%	16%
FY 2019	22%	17%	16%	27%	27%	19%

Our Pathology and Imaging divisions, our two largest continuing businesses, have a voluntary turnover rate of 13%, below the general market weighted voluntary turnover average of 14%.<sup>1</sup>

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 81% of employees who took parental leave during financial year 2019 across the Group returned to work before or during FY 2020, with 100% of parental leavers returning within the Corporate and Day Hospital divisions.

% EMPLOYEES WHO RETURN AFTER PARENTAL LEAVE	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS (INCL. IVF)	MEDICAL CENTRES (INCL. DENTAL)	GROUP AVERAGE
FY 2020	100%	80%	91%	100%	62%	81%
FY 2019	86%	93%	99%	100%	100%	94%

<sup>1</sup> AON General Industry Remuneration Report (Australia) 2020.



## Professional development

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

### Clinical: Pathology

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

### Clinical: Imaging

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

HIS also offers registrar training rotations available at some HIS accredited public hospital sites along with fellowship training programs allowing graduate radiologists to continue their clinical career through a sub-speciality training in MRI, Interventional and Women's Imaging.

HIS enables the training of our sonographers and radiographers in specialty areas such as ultrasound and MRI. HIS provides an extensive training course for its International Medical Graduates.

### Clinical: Day Hospitals

The Day Hospitals division is committed to providing a workforce whose clinical skills remain up to date and clinically relevant. To this end, there is a comprehensive orientation program and ongoing training matrix in place that is managed through the training module of Risk Clear. This mandatory education is complimented by professional associations and industry education offerings. Funding support is available to all levels of staff to access external training programs relevant to their positions.

### Non-clinical development

Healius has a range of training programs, including online programs, and initiatives such as support for higher education which underpin its commitment to non-clinical staff training. The People & Culture Strategy, which is under development, will include an assessment of and adjustment to the programs currently available to better meet the needs and priorities of the Group for the next three years.

## Health and safety

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

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

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

	FY 2020	FY 2019	FY 2018
Number of WHS prosecutions	0	0	0
Number of sites subject to WHS Mini Audit	189 <sup>1</sup>	277	281
Number of sites subject to WHS Internal Audit	33 <sup>1</sup>	47	46
Lost time incidents (LTIFR) per million hours worked	5.0	5.4	5.6

Key health and safety compliance indicators are:

	FY 2020	FY 2019	FY 2018
Compliance to the Health & Safety Plan	94%	94%	95%
Mini audits – measuring compliance to Health & Safety Management System	94%	85%	85%
Internal Health & Safety audits – measuring compliance to National Tool Version 3	96%	94%	81%

<sup>1</sup> In FY 2020, the number of sites subjected to audit were reduced due to COVID-19 travel restrictions.

Further information on WHS can be found on page 42 of the Director's Report in the latest Annual Report under "Management of safety risks".

## Diversity

Healius has a richly diverse and inclusive workforce that consists of people from a wide range of backgrounds, skills, experience and perspectives. Together they contribute to our success. Healius' Code of Conduct promotes respect for others, integrity and fairness in the workplace. All Directors, employees and contractors must adhere to those principles.

In FY 2021, we will be increasing our focus on leveraging our diversity, by emphasising the importance and value of diversity at every stage of the employee lifecycle.

As part of Healius' Diversity Policy, the Board's People & Governance Committee is responsible for making Board recommendations in relation to:

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

In connection with its Board of Directors, when identifying candidates for vacancies, the People & Governance Committee ensures that internal and external assessments of potential candidates include a search for suitably qualified and experienced women. The Board has also recently set gender diversity targets for Healius' Board: 40% female, 40% male and 20% any gender, which we aim to achieve by 31 December 2021.



## Gender diversity

Across the Healius Group, gender composition is balanced with the workforce made up of 52.5% females and 47.5% males.

Healius participates in the annual Workplace Gender Equality Act (WGEA) public reporting program wherein Healius is considered compliant with the *Workplace Gender Equality Act 2012* (Cth). Areas of focus for diversity initiatives for FY 2020 included attraction and recruitment, as well as our remuneration practices:

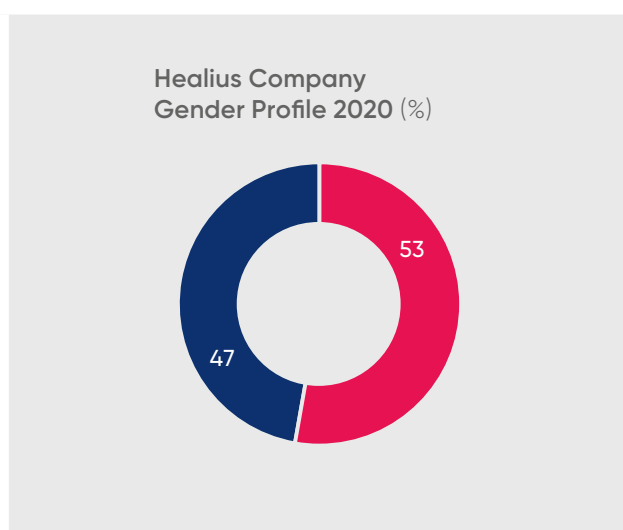
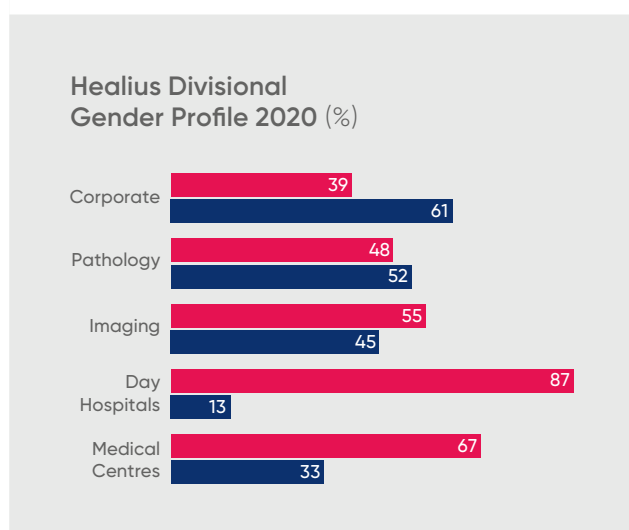
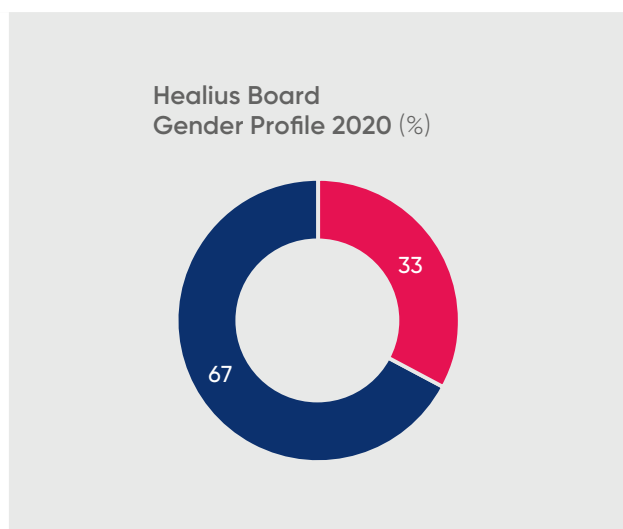
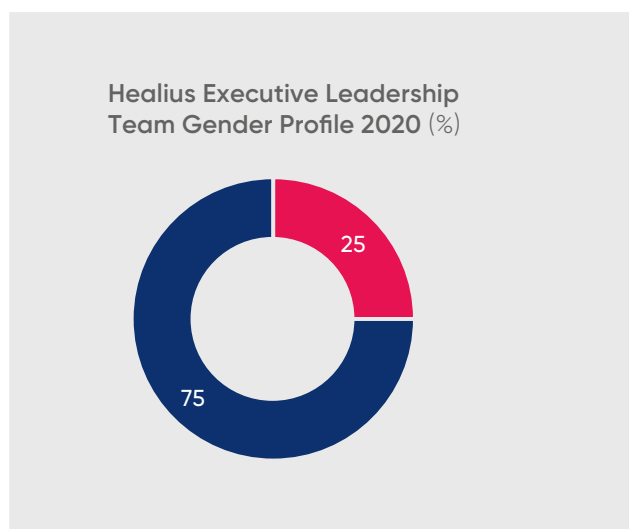
- Diversity in attraction and recruitment; skills, industry and gender
- Removing unconscious bias from existing policies
- Increasing our understanding and analysis of gender pay throughout the employee lifecycle.

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

Female representation in the broader management categories were published in the Corporate Governance Statement 2020 as follows:

MANAGER OCCUPATIONAL CATEGORIES	CORPORATE	PATHOLOGY	IMAGING	DAY HOSPITALS (INCL. IVF)	MEDICAL CENTRES (INCL. DENTAL)
% Key Management Personnel	50	18	67	–	–
% Other Executive/General Managers	33	50	25	100	44
% Senior Managers	37	53	58	–	61
% Other Managers	42	–	56	91	69
% Total All Managers	39	48	55	87	67

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



Key: ● Female ● Male

## Employment metrics

EMPLOYMENT	FY 2020	FY 2019
Total employees	12,612	12,937
Women in workforce	9,852	10,083
Women in managerial positions	312	321
Employees engaged in part-time employment	5,366	5,396
Temporary staff and contractors engaged within total workforce	2,543	2,545
Employees with more than 10 years of service	2,963	2,900
Annual employee turnover (voluntary)	16%	19%
Employees that took parental leave during the year	371	345
Employees that returned after taking parental leave	81%	94%
Lost time injuries per million hours worked (LTIFR)	5.0	5.4
Average number of hours lost per workers compensation claim lodged	28.9	28.7
Fatalities	Nil	Nil



# Our people during COVID-19

With the onset of the COVID-19 pandemic in FY 2020, we experienced a significant reduction in revenue across the Group from mid-March until the end of April 2020, with a varying rate of decline across the businesses. At the extreme, with the temporary cessation of elective surgery and dental procedures, our day hospitals, IVF and dental businesses were all temporarily closed.

Our prime concern during this period was our people and our customers; keeping everyone safe, keeping our services operational, and keeping our people employed.

## Keeping our people employed

Despite our businesses not qualifying for the Government's JobKeeper scheme (other than a few hospitals in Montserrat), we maintained all our permanent workforce in employment with a reliable source of income during the national lockdown in FY 2020. We were able to do this by implementing a number of temporary initiatives including:

- Sharing the load through a voluntary reduction in remuneration for salaried staff
- Redeploying frontline staff where possible
- Encouraging staff to use up accrued annual leave balances.

We also managed costs across the business, including:

- Rationalising facilities in Pathology and Imaging via temporary closures and redeployment
- Reducing property costs via negotiations with landlords for rental reductions or deferrals
- Moth-balling non-essential capital and projects-related expenses
- Deferring the Interim FY 2020 dividend payment to shareholders, FBT and payroll tax and payments to major suppliers to after year-end
- Working with the Federal Government on support in pathology through a fee increase for COVID-19 tests.

## Working from home

During the COVID-19 pandemic in FY 2020, our IT team acted quickly to set up a new cloud-based network to allow our support staff to work safely and efficiently from their homes. To ensure the safety and protection of the more vulnerable GPs who work in our medical centres, we also enabled them to work remotely where they were able to perform patient telehealth consultations in a safe environment.

With the ending of the national lock-down in May 2020, we have maintained reduced capacity in our corporate offices in late FY 2020 and into FY 2021, to ensure that social distancing measures can be adhered to. Looking to the future, we expect that we will see a mix of people working from home and from the office, for some time to come.

## Communications

Extensive communication was maintained across the business and within each division during the COVID-19 shut down and continues to-date, ensuring people remain connected to the business. Our people are aware of the status of their businesses reopening, on what was happening across the Group and deployment opportunities during their divisions' shut down period.

## Our people's responses

We have received a tremendous response from all of our people during the pandemic. Many have gone above and beyond to ensure the success of business; keeping everyone safe, keeping our services operational, and keeping our people employed.

Here are some examples of the incredible work that our people have done:

### Frontline heroes

Our frontline, including our nurses, GPs, collectors, healthcare practitioners and medical support staff, have risen to the many challenges of combatting COVID-19. Many have worked additional hours, and with restrictions and border closures, have undergone mandatory isolation and some have been separated from family for extended periods. Our pathology collectors and couriers have been at the forefront of this crisis, working long days, especially at our drive-through COVID-19 collection sites. During the second wave in Victoria, many of our labs were running 24 hours a day to keep up with demand and ensure appropriate turnaround of results.

### Leading specialists

In our imaging business, the Diagnostic Imaging National Quality team, which includes infection control specialist Lori McLeod-Mills, have played an integral role in making sure our business adapted to the new COVID-19 guidelines, protocols and procedures to maintain the safety of our patients and our people. The expertise and exemplary work of Lori was recognised by the World Health Organisation. Lori is a member of the World Health Organisations' Western Pacific Infection Control Network, which provides support to countries in the Western Pacific Region in implementing infection prevention and control measures to manage COVID-19.

As an active participant in the Radiology Across Borders Mentor program, Lori also works with Radiographers and Sonographers in developing nations to improve their knowledge and practices in infection prevention and control. Lori is a credentialled Infection Control Professional through the Australasian College for Infection Prevention and Control (ACIPC).



# Our customers

At Healius, we aim to build on our credentials of affordable, accessible healthcare and to become the best customer care organisation in healthcare in Australia where the consumer is at the centre of everything we do.

We have three key customer groups:

- **Consumers of frontline healthcare services:** Patients who come to our centres, hospitals or diagnostic facilities and experience the quality of our facilities and support services and, through their referrers, the quality of our diagnoses
- **Referring Healthcare professionals:** GP and specialist referrers, and healthcare organisations such as private and public hospitals, for whom we deliver diagnostic services in our pathology and imaging operations
- **Healthcare professionals within our day hospitals:** Healthcare professionals for whom we provide day hospital facilities, support services and staff.

## Consumers

For the ultimate consumers of our healthcare services, the patients, we are developing and investing in an improved patient experience through digital enablement. This involves the whole "patient journey" from online appointments and a join-the-queue remotely facility, to check-in kiosks, e-reports and e-recalls, supported by upgrades to our core platforms in Pathology and Imaging.

To track the patient experience, we already undertake Net Promoter Score surveys to gain greater understanding and improve our consumer focus. We are currently looking at a range of more advanced customer experience tools using AI to establish data collection and virtuous feedback loops so that employees are directly rewarded for positive consumer experience and feedback, embedding consumer-centricity in everything that we do.

## Referring healthcare professionals: Pathology and Imaging

Retaining and increasing the number of individual healthcare referrers and healthcare organisations for whom we deliver our diagnostic services is another key plank of our success. Current initiatives, including the investment in core technology platforms in Pathology and Imaging, will improve referrer experience and interaction, including via digital portals for both clinicians and patients, and thereby enhance our brand, reputation and service delivery.

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

## Healthcare professionals: Day Hospitals

Attracting and retaining healthcare professionals to work in our day hospitals is considered key to our success. We use a combination of multi-channel strategies in attracting and retaining specialist healthcare professionals:

- **Location:** well located, convenient surgical facilities accessible to patients and doctors
- **Modern facilities:** latest surgical equipment and facilities are provided with commitment to ongoing investment
- **Specialist suites:** access to support services at conveniently located suites for Surgeons and Physicians
- **Growth:** identifying greenfield sites in areas of high levels of private health insurance and undersupply of surgical options for doctors and patients
- **High quality M&A:** acquisition opportunities are continually assessed for ongoing growth, doctor engagement and viability.

## Customer telehealth during COVID-19

In late March 2020, the Centre Support Telehealth team knew they had to think and act fast. With restrictions escalating and many patients nervous about visiting a medical centre, a solution was needed that would enable GPs to consult with patients remotely. And in just a few days, over many Zoom meetings and sleepless nights, they developed a telehealth solution for the first time in Medical Centres' history.

### Making history: Healthcare from the comfort of your home

When the COVID-19 pandemic hit us there was only one thing we could do: adapt.

To ensure our patients could still access the healthcare they required, our Centre Support team put their heads together to quickly develop a solution.

We wanted to create a telehealth solution that enabled providers to access these new items without any significant change to their normal workflow. And we had to do this rapidly, as we recognised that telehealth was a crucial tool to enable continuity of care for patients unable to attend the centre.

The introduction of MBS-funded telehealth item has been a huge transformation for the primary care industry.

But, for a business that primarily operated face-to-face, there were a number of key challenges for the team to overcome, including:

- Creating processes that enabled providers and patients to seamlessly transition to telehealth without a lengthy period of training and support
- Ensuring that documents are provided to patients under an efficient, secure and reliable process
- Providing clarity to our medical centre teams with rapidly changing regulations.

And our team did. In just a few days.

The implementation relied heavily on our support teams in the office and the operational and clinical management teams in the field. However, the biggest factor in the success of this project at Healius has been the way our medical centre teams embraced and

supported the change, including staff, GPs and other healthcare providers.

We will continue to lead the way as telehealth develops in Australia.

The transition to telehealth has been the most significant change to the delivery of General Practice in a generation. At Healius we went from zero to around 40% of consults on the phone or online in a matter of weeks, enabling our GPs to maintain excellent access and continuity of care for patients, and to ensure the stability of their incomes.

We believe telehealth is here to stay, bringing benefits of consumer convenience, access in remote areas and less travel.



## Our IVF customers during COVID-19

Our Adora Fertility clinics were closed during the four-week government-imposed shut-down of IVF centres due to COVID-19. During this period, our Adora team rolled out a series of virtual webinar events as many patients were anxious about their IVF journey being put on hold. These webinars allowed existing and potential IVF patients to remain connected to their clinic and IVF team from the comfort and safety of their homes. The series of events were hosted by our experienced Fertility Specialists and National Medical Director, who spoke on a range of fertility topics and answered questions for around 200 potential new patients on the following:

- Initial Investigations and Treatment Options
- Polycystic Ovarian Syndrome and Ovulation
- Assisted Reproductive Treatment
- Elective Egg Freezing.

# Our suppliers

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

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

## Healius Procurement Policy

Healius' Procurement Policy was created in 2019 to ensure that procurement activities are conducted commercially, ethically, and sustainably to generate optimum value with a whole-of-life focus. The Procurement Policy is available at <https://www.healius.com.au/about-us/corporate-governance/> and covers:

- **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
- **Managing risk:** Our aim is to ensure that all procurement is conducted within a framework in compliance with Group procedures, tools and templates, based on a risk-based approach. Conflicts of interest are considered and managed appropriately
- **Supplier relationships:** Healius is committed to building a strong reputation with suppliers by demonstrating probity, integrity, impartiality, confidentiality, transparency, accountability and respect by partnering and managing relationships strategically with suppliers
- **Value for money:** Healius is committed to obtaining the best overall outcome in terms of value for money, performance and whole-of-life-costs by leveraging the full purchasing power of the Healius Group. Value for money is demonstrated through competitive process and/or rigorous benchmarking.

### Procurement Policy coverage



#### Sustainability



#### Managing risk



#### Supplier relationships



#### Value for money

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

## Supplier Code of Conduct

Healius has created a Supplier Code of Conduct, to be published online. The Code of Conduct covers:

- **Ethics:** Healius is committed to a culture of corporate compliance and ethical behaviour and expects its suppliers to carry out their duties ethically, responsibly and without improper influences, and thereby protect the integrity of the business
- **Health and Safety:** Our aim is to provide a safe and efficient workplace without injuries to staff, contractors and the public. We expect our suppliers to take accountability and responsibility for managing health and safety risk
- **Labour, Human Rights and Modern Slavery:** Healius is opposed to all forms of modern slavery and expects its suppliers to respect human rights and ensure that they do not engage in or are complicit with human rights abuses, including modern slavery
- **Environment:** Healius is committed to managing operations in an environmentally sustainable manner and expects its suppliers to maximise resource efficiency and reduce the consumption of energy and natural resources and waste
- **Diversity and inclusion:** We recognise that a diverse and inclusive workplace in which all individuals, with a broad range of backgrounds, skills, experience and perspectives, contributes to our success. We also expect our suppliers to promote an inclusive and diverse workforce.

## Modern Slavery Act

Healius has taken action in FY 2020 to comply with its Modern Slavery Act reporting obligations and to address the risk of modern slavery in its supply chain, as follows:

- **Procurement Policy:** as aforementioned, creation of a Procurement Policy, published online, which incorporates specific reference to modern slavery
- **Supplier Code of Conduct:** as aforementioned, development of a Supplier Code of Conduct, to be published online, for incorporation into its supplier contracts and purchase orders
- **Procurement Procedures:** updating of procurement procedures with the required due diligence and remediation requirements, including the incorporation of modern slavery risk identification and management in procurement planning processes
- **Supplier due diligence questionnaire:** implementation of supplier due diligence questionnaires for tender documentation, to understand the risk of modern slavery in its supply chain and the actions taken (or not taken) by suppliers to respond to those risks
- **Risk registers:** inclusion of modern slavery in Group and divisional risk registers, which are ultimately reported to and reviewed by the Board Risk Committee
- **Offshore subsidiary due diligence:** ensuring the risk of modern slavery in Healius' offshore subsidiary is assessed and managed
- **Modern Slavery clause in contracts:** Healius has developed a contract clause that prohibits conduct or activities that would constitute Modern Slavery and compels suppliers to provide records as required for Healius to comply with the Modern Slavery Act.



# Healius in the community

## Group

Healius plays a key role in society through supporting the health and wellbeing of the Australian community by means of quality, affordable and accessible care. We are proud of our historic and on-going commitment to offer most of our frontline services as bulk-billed services, enabling all Australians to access the care they need, irrespective of their circumstances. We are also proud of the range of facilities and services we provide to a range of healthcare professionals enabling them to care for their patients in partnership with our clinical and support staff. Together each year, one in three pathology samples in the country are tested in our laboratories, three million diagnostic imaging examinations are conducted, over eight million doctor consults take place in our medical centres, while in excess of 50,000 surgical procedures and infusions are undertaken in our day hospital business and over 7,500 IVF cycles are performed by Adora Fertility.

### Supporting communities through COVID-19 testing

With a priority to protect the health and safety of its people and the communities around Australia, Healius set up dedicated COVID-19 collection centres, diagnostic testing capability and GP isolation rooms.

As the global COVID-19 pandemic continued to develop in Australia, this also brought a level of fear of the virus spreading within communities through gatherings, which include waiting rooms in Healius' medical centres and collection centres.

Dedicated COVID-19 testing centres were rolled out across the Healius network, followed by pop-up drive-through testing clinics in convenient locations within cities and regional towns by our state-based pathology brands: Lavery in NSW and ACT, QML Pathology in Queensland, Dorevitch Pathology in Victoria and Western Diagnostic Pathology in Western Australia.

These clinics were set up at short notice to provide fast and convenient testing of patients, with new clinics continuing to be rolled-out as required, supporting and servicing the health and safety of local communities. Our drive-through process can be viewed using the following link: <https://vimeo.com/417505970/27c11b437a>.

In response to the exponential growth in testing volumes from May 2020 onwards, Healius' capacity for testing COVID-19 has been increased including with equipment brought into Australia by the Minderoo Foundation. This was foremost in Victoria where Healius' Dorevitch Pathology operation partnered with the Department of Health and Human Services (DHHS) to provide testing to many of the public hospitals and direct to GP-referred patients during the second wave of COVID-19.

Dorevitch Pathology increased COVID-19 testing capacity with laboratories in Victoria operating 24 hours a day, modified its laboratories to enable more COVID-19 testing equipment to be installed and prioritised cases according to clinical needs to ensure optimal turnaround times, while maintaining its capacity to manage general pathology testing. As a result, over 50% of Dorevitch's COVID-19 test results were reported within 24 hours in Victoria in July 2020.

Lavery Pathology, NSW and QML Pathology, QLD have also increased laboratory testing capacity through the installation of new equipment as well as employing additional scientists, laboratory technicians and collectors to service the increased community testing volumes.

Our pathology operations are well equipped to handle more testing for businesses and government as and when businesses and travel reopen.

By 30 June 2020, we had undertaken 435,000 COVID-19 PCR tests. By 30 September 2020, this had increased to 1,374,000.

*"Never before has pathology testing made such a contribution to the wellbeing of the community as it has now, during this COVID-19 pandemic. The entire healthcare system has been able to wisely use the knowledge gained from COVID-19 testing to locate the virus and protect the community."*

The Royal College of Pathologists of Australasia





## Kicking Goals

Our Pathology division played a pivotal role in allowing the Australian Football League (AFL) to resume their Premiership season following the outbreak of COVID-19 earlier this year.

Healius has a long-standing relationship with the AFL and was well placed to ensure the safety of players, officials, administration staff and fans.

To get the AFL up and running again, prior to the commencement of training sessions in May, Healius performed COVID-19 testing for all AFL players across the country.

With a leading network and vast capability, Healius, through its state-based businesses, Dorevitch Pathology in Victoria and South Australia, QML Pathology in Queensland, Laverty Pathology in NSW, and Western Diagnostic Pathology in Western Australia, performed regular COVID-19 testing for AFL players, their families, officials and staff to ensure the safety of all involved.

A dedicated drive-through clinic was set up at Marvel Stadium for the Victorian clubs, before Victoria's second wave and subsequent lockdown forced the Victorian clubs into other hubs across Australia, with all teams eventually relocated to Queensland.

All areas of the business contributed to the success of this partnership, including pathologists, operations, collections, couriers, stores, laboratory teams and IT, as well as the commercial teams in each business unit. In total, Healius performed over 55,000 COVID-19 tests for the AFL.

We are grateful and incredibly proud of our people who went the extra mile to ensure that "Australia's game" was able to kick on.



QML collectors assisting Richmond Football Club (L to R: N Brown, V Cameron-Smith, S Skorupski and J Pierce)



Members of our QML team attending an AFL game (L to R: K Theunissen, J Pierce, L Kostova, M Rickert, V Cameron-Smith, K Mayer)

## Philanthropic activities

As a Group, we aim to develop a charitable foundation to support healthcare in disadvantaged communities and sectors in Australia both through financial contributions and through enabling our people and clinical experts to give of their time and expertise. More details will be published once the program is developed.

## Pathology

### Aboriginal Torres Strait Islander Support

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

### Heart of Australia

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



## Imaging

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

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

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

Dan Burton,  
Central West Radiology

## Day Hospitals

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. Last year, more than 200 free skin checks were performed.



# Government relations

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

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

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

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

## Industry Bodies

### 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. Australia has and continues to be a world leader in testing rates. 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.

### Primary Care Business Council

In 2019 and early 2020, Healius was proud to lead the efforts in establishing a formal network of Australia's biggest healthcare companies, called the Primary Care Business Council (PCBC), to share ideas and address common issues in caring for patients and communities. The PCBC is the sole body representing corporate Medical Centre operators in Australia.

The Founding Members of the PCBC deliver in excess of 25 million GP consultations each year and provide care to communities throughout Australia's metropolitan, provincial, rural and regional areas.

Since the COVID-19 outbreak, the PCBC has been meeting regularly and discussing ways to support GPs and primary care teams while developing skills in areas such as telehealth. The Council will continue to work with all levels of Government over the coming year and looks forward to working with the Commonwealth in developing a primary health care plan for the next decade.

## Political donations

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

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



# Environment



Healius is not a significant consumer of energy and natural resources, nor a material emitter of carbon. The operations of the Group are not subject to any site-specific environmental licenses or permits which would constitute significant environmental regulation under the laws of the Australian Government or an Australian Territory.

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

## Climate change

At Healius, we recognise that climate change is a global issue that requires the cooperation and contributions of all people, industries, businesses and governments, both in Australia and globally. Reducing greenhouse gas emissions, switching to renewable energy sources, where possible, and taking other actions to mitigate the effects of climate change are necessary to help protect our future.

We are in support of the 2015 Paris Climate Accord, which aims to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

We believe we have an opportunity to directly address climate change at Healius and hence we are committed to developing a credible pathway to a carbon neutral state including by means of rooftop solar, batteries, electric vehicles, low energy lighting, ethical and lower carbon supply chain, recyclable materials where possible, waste reduction and carbon offsets if necessary.

# Healius Energy Roadmap

Healius has commenced measuring against the Energy Roadmap, developed in FY 2019. The areas of focus are:

## 1 Energy efficiency



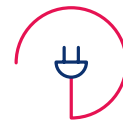
- Retro-commissioning energy assets
- Review lighting (intensity, LEDs, hours, etc.)
- Variable load reduction (people, computers, etc.)
- Air distribution systems right-sizing
- HVAC upgrades



## 2 Energy tracking

- Consolidate energy reporting
- Robotic process automation for invoice validation
- Energy benchmarking per site
- Seasonal load forecasting
- Energy spend forecasting

## 3 Energy sourcing



- Sustainable procurement policy
- Energy efficient equipment specification
- Strategic partner energy KPI's
- Energy efficiency partner (self-funded)
- Wholesale energy bidding and hedging



## 4 Renewables

- Price hedging with solar PPA
- Grid renewables
- Electric vehicles in fleet
- Energy storage and uninterrupted power supply
- Emissions reduction target



# Achievements in FY 2020

Healius partnered with Bid Energy to boost its energy management and procurement capability, completing several efficiency and renewals projects resulting in less energy being drawn off the grid and the abatement of over 330 tonnes of carbon each year. These achievements were delivered in the focus areas detailed in the Energy Roadmap as follows:



## 1 Energy efficiency

In FY 2020:

- Upgraded lighting at 13 sites with energy efficient LED lights
- Carbon reduction of more than 50 tonnes
- Upgraded air conditioning systems at two sites.



## 2 Energy tracking

Agreed a Bid Energy partnership for provision of:

- Automated energy invoice validation
- Energy spend forecasting
- Energy reporting.



## 3 Energy sourcing

Agreed a Bid Energy partnership for energy procurement sites.



## 4 Renewables

Agreed a Solar Bay partnership for installation of rooftop solar farms under power purchasing agreements.

In FY 2020, upgrades to four Medical Centres in NSW:

- Dapto: 79kW
- Wentworthville: 99kW
- Mt Druitt: 39kW
- Leichhardt: 55kW.

Carbon reduction of more than 280 tonnes carbon each year, or 120 cars off the road.

### Solar panel installation

At Healius, we engaged Solar Bay, an experienced commercial solar power installer, to rollout solar power systems across a number of our large-scale medical and imaging centres and pathology laboratories which have been identified as suitable centres to house photovoltaic solar panels.

The first site fitted with new solar panels, was our Highfield Medical Imaging centre in Port Macquarie, NSW which opened early in calendar year 2019. The building's large roof span is covered in solar panels that power much of its operations, creating one of the largest solar systems in the area for sustainable energy.

In FY 2020, we continued this program with the installation of solar panels at four of our large-scale medical centres, located at Dapto, Wentworthville, Mt Drutt and Leichhardt, all in NSW.

### Vehicle fleet

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

Additionally, our Sustainable Improvement Program is looking at courier route optimisation to both save costs and reduce our emissions.



Wentworthville, NSW

# Future initiatives for FY 2021

Healius will continue focusing on environmental sustainability initiatives during the 2021 financial year to improve outcomes:

## Carbon reporting target:

Further work is underway to establish carbon emissions reporting relating to the use of electricity at various Healius sites as well as across the Healius fleet of vehicles.

## LED upgrade:

While not cutting edge in terms of sustainability, changing lighting from halogen to LED has one of the largest impacts on both energy use and cost. Healius has identified 50 sites across the network as being potential candidates for LED lighting upgrades.

## Solar upgrades:

There are four sites scheduled to be completed in FY 2021 and further planning work is underway to identify more candidate sites for rollout across the imaging and pathology portfolio.

### Laboratories:

- Murarrie, QLD: 460kW

### Medical Centres:

- Rockingham, WA: 99kW
- Caboolture, QLD: 55kW
- Campbelltown, NSW: 18kW

## Project Targets FY 2020 and FY 2021:

In total, the planned and completed sustainability projects across Healius in FY 2020 and FY 2021 will be the equivalent of 946 tonnes of carbon abatement each year, or 401 cars off the road.

### Waste management

Healius has identified waste and waste management as a critical opportunity within its business and one where the advances in measuring and management should enable it to make substantial gains in the near-term. The COVID-19 pandemic, and the attendant increased use of disposable items such as masks and collection equipment to contain transmission, has sharpened the global focus on waste management. Key areas for Healius include:

- Medical and clinical waste
- Film and paper usage.

### Medical and clinical waste

Our largest waste products result from the blood and other human fluids we test through our Pathology businesses, along with the containers and needles used to collect them. Correct disposal of these clinical items is paramount and we use reputable, licensed businesses who specialise in dealing with these effluents.

In FY 2021, Healius intends to establish continually improving supply arrangements for its medical and clinical waste as well as delivering on identified waste reduction opportunities and reporting on waste levels.

### Reduction of film usage

With the rollout and implementation of an upgraded technology platform in our Imaging business, the extensive use of imaging results printed on film has reduced and been replaced by increased transmission of digital images of scans. This initiative will grow in coming years. In addition, the digitisation of customer services in both Pathology and Imaging operations will enable growing use of digital mediums for all results.

### Shareholder communications

With a goal to reduce paper and print production, Healius encourages its shareholders to access communication electronically. Healius issues printed Annual Reports to around 3% of shareholders while over 50% of shareholders have opted to receive the Notice of Meeting electronically.



# Governance and risk management

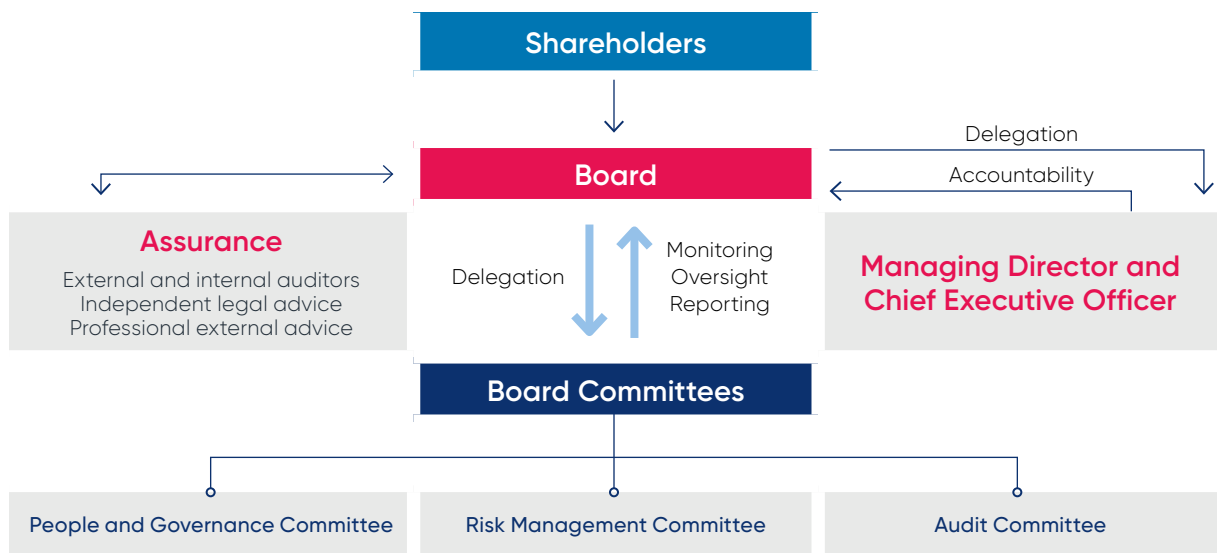
## Governance framework

As part of an ongoing commitment to our shareholders, Healius' Board of Directors is dedicated to creating and maintaining high standards of corporate governance. Recently, the structure of 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 & Remuneration Committee to the People & Governance Committee in recognition of the importance of values, culture and diversity within the Group.

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 Code of Conduct. Healius issues a Corporate Governance Statement on its website as part of its year-end reporting.

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



# Governance documents

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

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

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

# Risk management framework

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

Risk management, including Health and Safety, 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 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.

## Patient feedback and complaints

Within Healius, patient feedback, including complaints, are 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. Importantly, we also ensure patients have the ability to leave compliments and other positive feedback.

Patients can escalate complaints from front line to Head Office level. Patients are notified of their right to complain to external bodies such as the various state-based Healthcare Complaints Commissions or Health Ombudsmen.

Feedback data numbers and trends are reported up to Board level. Each division's senior management team is included in reporting so that they can address trends and take remedial action.

Going forward, Healius intends to broaden the focus of feedback and complaints to the entire patient journey with us.

PATIENT COMPLAINTS	FY 2020	FY 2019
Total Group	1,307	1,337
Patient complaints per 100,000 patient services	5.9	6.1



# Ethical standards

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

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

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

However, in performing medical services in our centres, independent healthcare professionals must comply with Healthcare Practitioner Regulation National Law and act consistently with the Medical Board of Australia's "Good Medicine Practice: A Code of Conduct for Doctors in Australia". In addition, Healius expects healthcare professionals to adhere to its own high ethical standards, including acting in a harmonious way with other practitioners and staff.

Compliance applies to matters including voluntary-assisted dying and abortion procedures.

## Animal testing

No testing of animals is conducted by Healius or any business operating under the Healius Group in the development of consumer products.

Healius through its niche specialised pathology businesses offers diagnostic veterinary pathology services to veterinarians in NSW/ACT (Vetnostics), QLD/TAS (AML Vetnostics), WA/NT (Vetpath Laboratory Services), and VIC (ASAP Laboratory Services) with main laboratories in Melbourne, Sydney, Perth and Brisbane.

# Clinical quality and accreditation

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

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

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

Our day hospitals business, Montserrat, is compliant with the National Safety and Quality Health Service Standards (NSQHSS) Health Services Accreditation with each site inspected on a three-year cycle. An accreditation statement can be found on the website <https://www.montserrat.com.au/about-us/accreditation/>.

All centres under our IVF business, Adora Fertility, are accredited to Reproductive Technology Accreditation Committee (RTAC) Standards with each site undergoing an annual audit.

# Data security and privacy

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

Healius has developed an information security management framework and information security policy which is based on ISO27001 and NIST best practice standards which align with Healius' risk appetite. The policies are published internally for all staff to be aware of obligations in relation to the security management framework and policies.

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

Healius has security incident response procedures in place and has undertaken table-top simulations of data breach scenarios.

## 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). An example can be found: <http://www.laverty.com.au/privacy/>.

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.

# Tax transparency

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

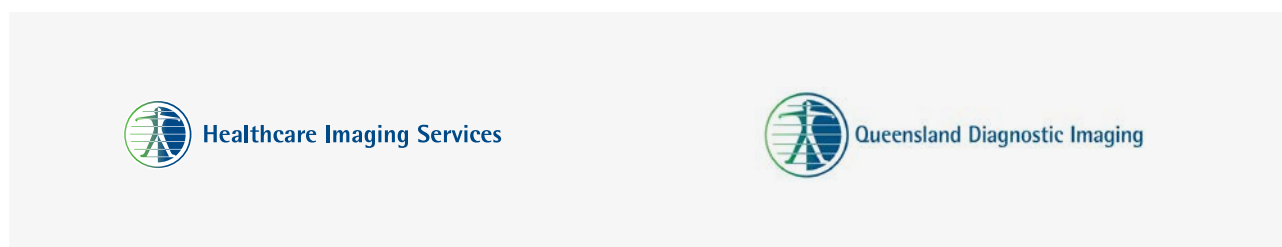
# Our brands

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 (excluding those associated with the Medical Centres sale):

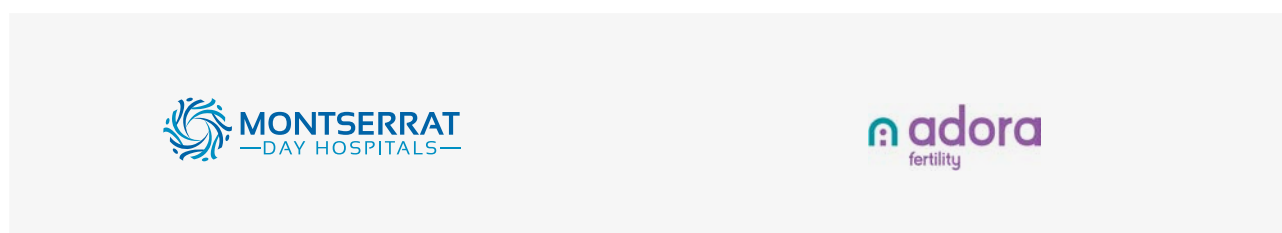
## Pathology



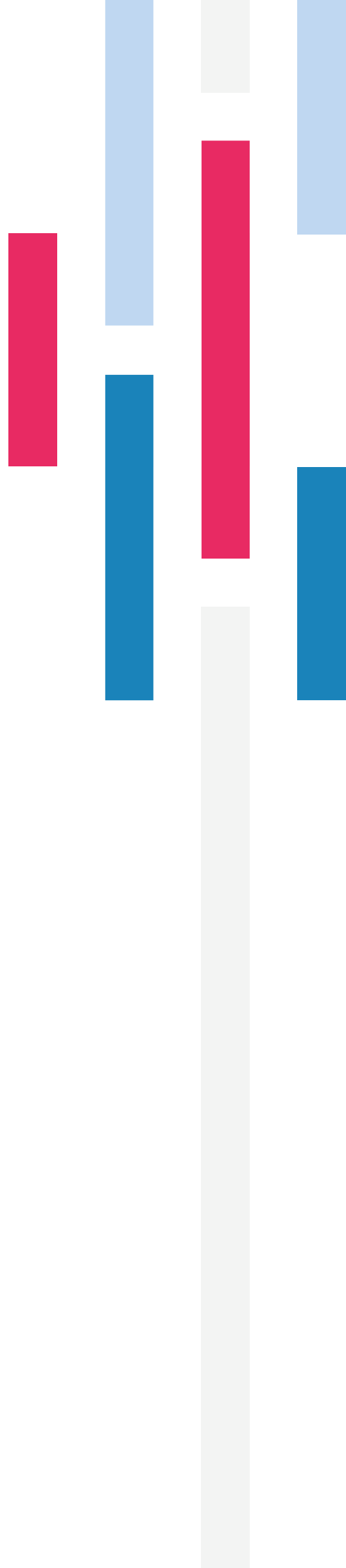
## Diagnostic Imaging



## Day Hospitals



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



 **healius**