

Modern Slavery Statement

Respecting Human Rights 2020



**SONIC
HEALTHCARE
LIMITED**

ABN 24 004 196 909

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Reporting entities covered by this Statement

Sonic Healthcare Limited ACN 004 196 909 (Sonic) is an Australian public company listed on the Australian Securities Exchange (ASX: SHL). Sonic's registered office is Level 22, Grosvenor Place, 225 George Street, Sydney NSW 2000.

This Modern Slavery Statement has been published in accordance with the *Modern Slavery Act 2018* (Cth). The Statement sets out the actions Sonic has taken to address modern slavery and human trafficking risks in our domestic and global operations and supply chains during year ending 30 June 2020, and includes each wholly owned entity of Sonic and other entities over which Sonic has control (the Sonic Group). Sonic Healthcare Limited makes this single joint Modern Slavery Statement to cover the Sonic Group. The Statement will be prepared and published annually on our website.

For a list of the Sonic operating subsidiaries covered by this Statement, please refer to Note 30 in Sonic's Annual Report 2020, available at www.sonichealthcare.com/annual-reports

For further enquiries, please email us at modernslavery@sonichealthcare.com





CEO Message

The practice of medicine is inextricably linked with the philosophical belief that every human life is valuable and should be respected as such. This belief is enshrined in our culture, which revolves around respect for our people, as well as the people we serve as healthcare providers. This concept of respect is also embedded into our policies and procedures, and extends to all our stakeholders, both internal and external.

As a healthcare provider, Sonic Healthcare has always been a values-based organisation. Our culture is founded on our Core Values and the principles of Medical Leadership. We recognise that modern slavery is an insidious practice and that governments and organisations share a mutual responsibility to actively monitor the environments in which we operate, and to strive for a world where vulnerable people are not exploited.

The completion of this Statement to protect human rights is a reflection of our ongoing commitment to eliminate modern slavery, and to uphold the human rights of every single person associated with our organisation. On behalf of the Board of Sonic Healthcare, which has approved the Statement, I am delighted to present it to you for your reading.

Dr Colin Goldschmidt
CEO - Sonic Healthcare
December 2020

Introduction

This is Sonic Healthcare’s first Modern Slavery Statement issued under the Australian Modern Slavery Act. It outlines the steps we have taken to assess and prevent modern slavery and human trafficking risks in our domestic and global business and supply chains.

As an international healthcare provider with specialist operations in Australia, USA, Germany, UK, Belgium, Switzerland, Ireland and New Zealand, Sonic Healthcare is committed to excellence in the delivery of medical services to doctors and patients alike. This belief informs every aspect of our company, including our Medical Leadership and people-focused culture, which views our staff as our most valuable asset.

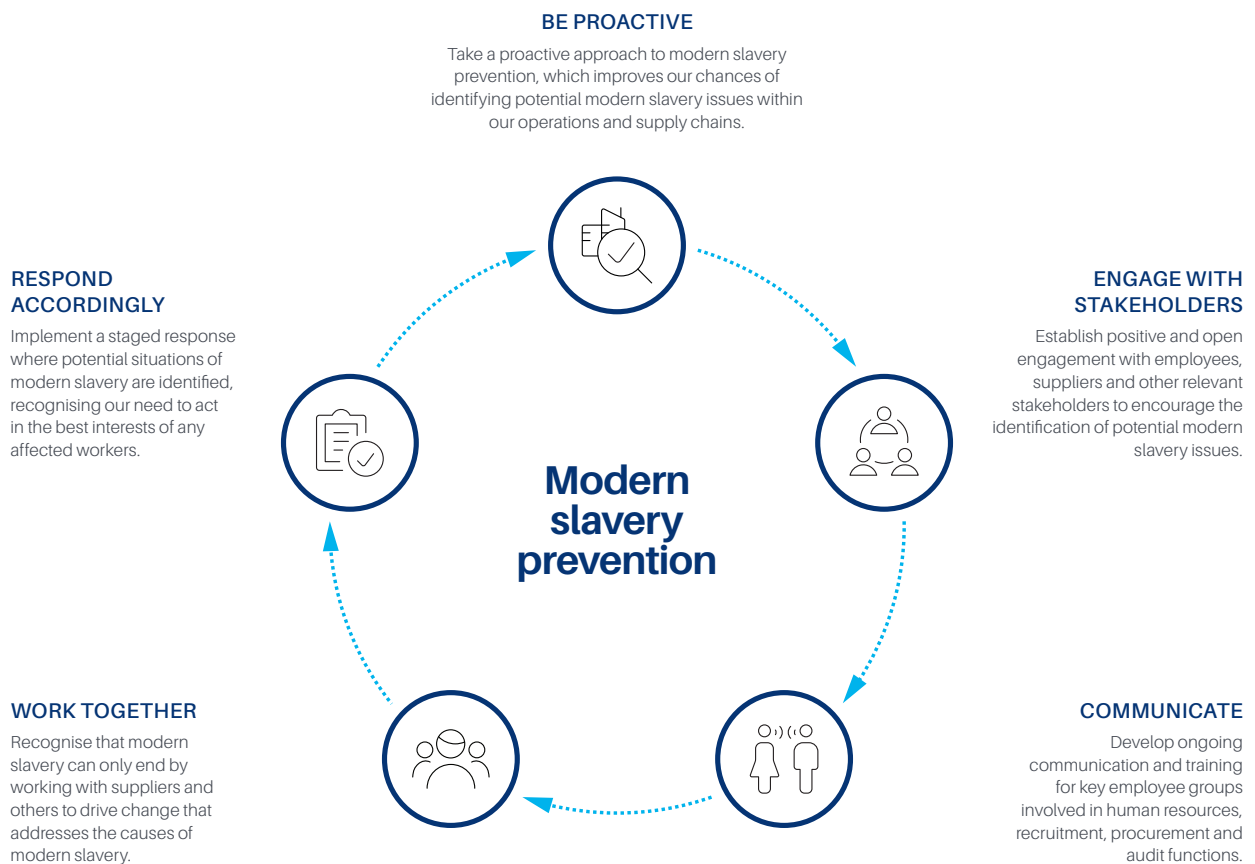
Together with all our subsidiaries, Sonic is committed to respecting human rights, including the right to be free from slavery, exploitation, forced labour, domestic servitude and illegal forms of child labour. This is backed by a firm commitment to maintaining uncompromising ethical standards in the areas of both business management and medical practice.

As a healthcare company, this commitment and respect is central to the success of our businesses in all the communities in which we operate, and Sonic considers modern slavery and human trafficking of any kind to be completely unacceptable.

Approach

Our human rights approach builds upon the established frameworks of our global Code of Conduct and Medical Leadership Principles, which include respect for our people and company conscience.


The following five principles have been used to guide our approach:



This approach is in line with our Core Values of service excellence, respect and honesty, responsibility and accountability, and continuous improvement.

Core Values

Sonic's Core Values were developed by Sonic staff in early 2000 to act as guiding principles for how we conduct ourselves as an organisation. They are used around the world to set the standard for the collegiate and supportive way in which we behave towards fellow staff members, as well as the professionalism with which we conduct ourselves in our day-to-day duties. Individually, our Core Values articulate our commitment to medical excellence. Collectively, they empower our people to deliver exceptional medical services to doctors, patients and communities.



SONIC HEALTHCARE

Core Values

- Commit to service excellence**
To willingly serve all those with whom we deal, with unsurpassed excellence.
- Treat each other with respect and honesty**
To grow a workplace where trust, team spirit and equity are an integral part of everything we do.
- Demonstrate responsibility and accountability**
To set an example, to take ownership of each situation to the best of our ability and to seek help when needed.
- Be enthusiastic about continuous improvement**
To never be complacent, to recognise increasing and opportunities for ourselves and processes and to learn through these.
- Maintain confidentiality**
To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.



Medical Leadership Principles

Medicine is a complex profession that requires insight, sensitivity and a lifelong commitment to learning, in order to provide the best possible patient care and clinical outcomes.

Sonic believes that Medical Leadership facilitates the highest standards of clinical and operational excellence for the doctors, patients and communities we serve. It also reflects a deep understanding of the special complexities, obligations and privileges of medical practice.

UN Sustainable Development Goals



Sonic supports the UN Sustainable Development Goals, with many of our priority goals supporting efforts to mitigate modern slavery. These include:



Goal 3: Good health and wellbeing

Goal 4: Quality education

Goal 5: Gender equality

Goal 8: Decent work and economic growth

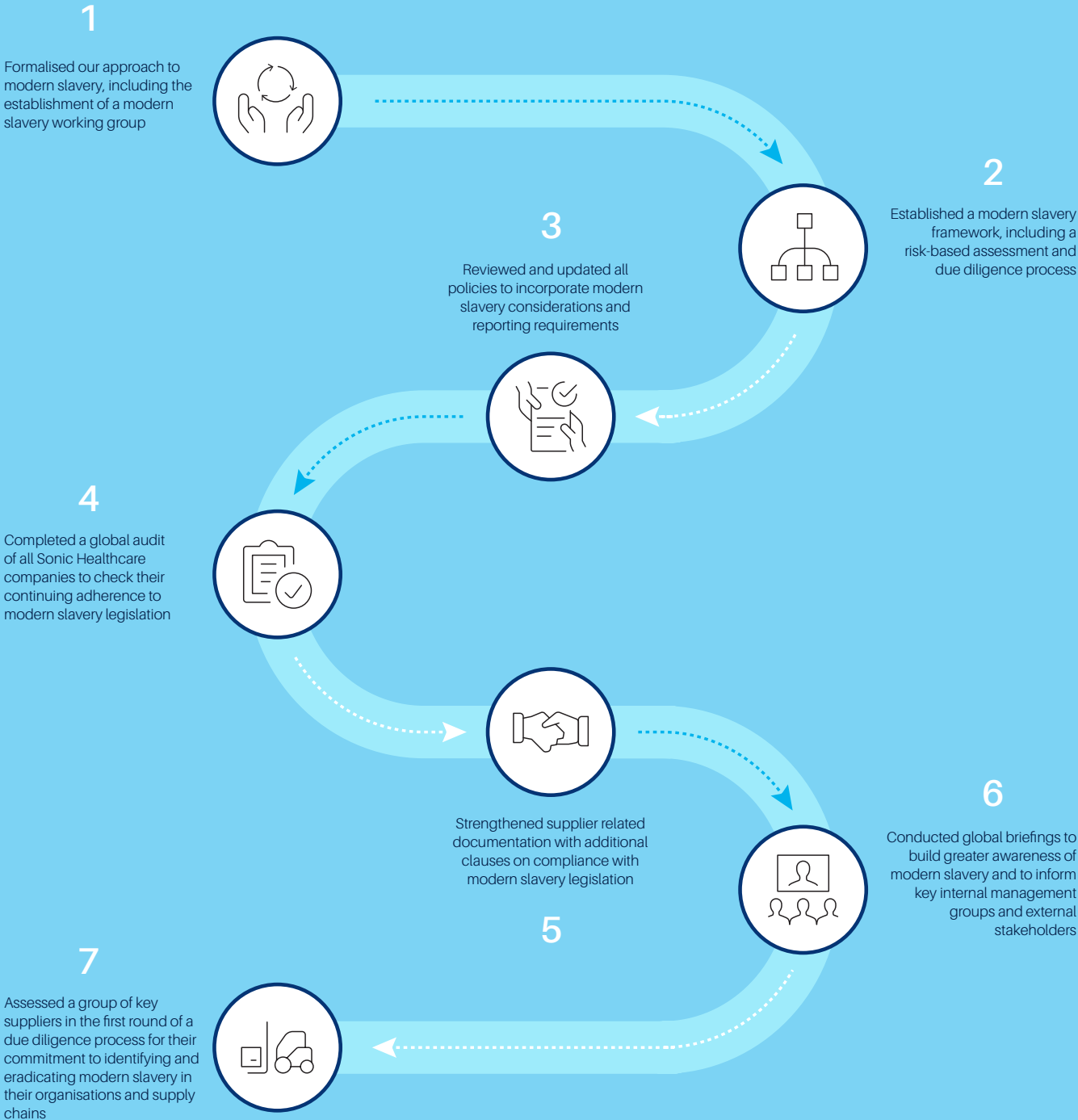
Goal 10: Reduced inequalities



Upskilling vulnerable communities

As part of our corporate responsibility, Sonic's Catalyst Program provides funding, materials and support for a variety of medical and community projects in Africa. At their core, these projects involve establishing and maintaining laboratory and radiology facilities to provide vital diagnostic services. However, our support also extends to fundraising, refugee support, medical and community training, and up-skilling of women to achieve greater economic self-sufficiency in instances where they may otherwise be shunned by their families or communities because of medical conditions or sexual violence. Further details on our Catalyst program are available at www.sonichealthcare.com/corporate-responsibility/the-catalyst-program

Key milestones 2020



Our structure, operations and supply chains

Structure and operations

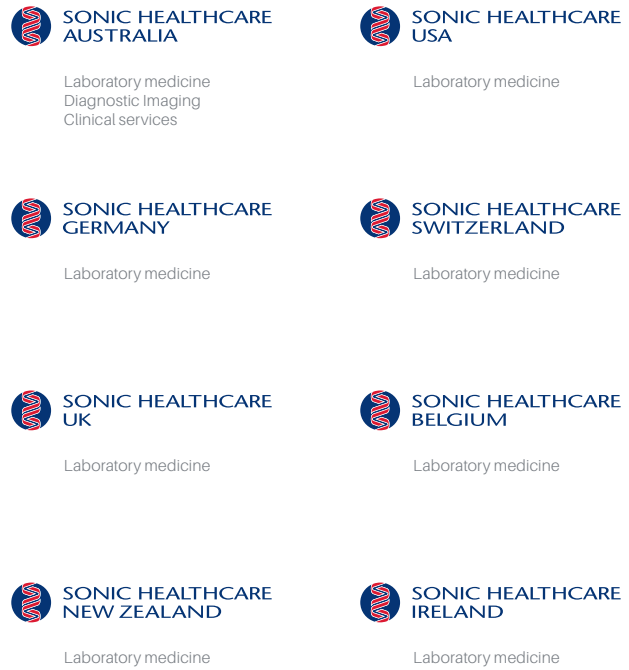
Sonic Healthcare is a specialist provider of pathology/laboratory medicine, diagnostic imaging/radiology, general practice medicine and corporate medical services.

Headquartered in Sydney, Australia, and listed on the Australian Securities Exchange (ASX), Sonic has grown to become one of the world's leading healthcare companies, with operations in Australia, USA, Germany, UK, Belgium, Switzerland, Ireland and New Zealand.

Sonic's global operations include more than 150 operating subsidiaries across 10 divisions. We employ more than 36,000 people who proudly deliver high-quality medical and diagnostic services to more than 116 million people annually.

Sonic operates under a federated management structure, where practices are empowered to deliver personalised services best suited to the needs of clinicians and patients in their local communities. This approach also ensures that we continue to employ local people wherever possible in the communities that we serve.

Simplified structure of Sonic entities covered by this statement



Supply chains

Sonic Healthcare draws from an international supply chain to ensure provision of ethically sourced, best-quality components and supplies. Our procurement and supply chain mostly involves the purchasing of technology, medical and scientific consumables, equipment and services.

Sonic requires all major suppliers, service providers and any other agents or contracted third parties, to adopt an ethical and sustainable approach to business that is consistent with our high standards. Suppliers are selected based on compliance to our Supplier Policy, and on their ability to provide and maintain quality products and services that meet our needs and goals. All suppliers are required to read, understand and accept our Supplier Policy before they enter into contracts with us. The policy details our supplier expectations, including addressing modern slavery risks, and requires suppliers to:

- adhere to all relevant laws and regulations in relation to non-discrimination, equal opportunity, sexual harassment and human rights
- not use any form of bonded labour, slave labour or illegal forms of child labour
- maintain a blame-free work environment where employees are encouraged to report misconduct, illegal or inappropriate behaviour, free from any threat of reprisals or other adverse consequences
- provide and support freedom of association for employees to join trade unions and other employee representative groups, and for those groups to bargain collectively on behalf of employees

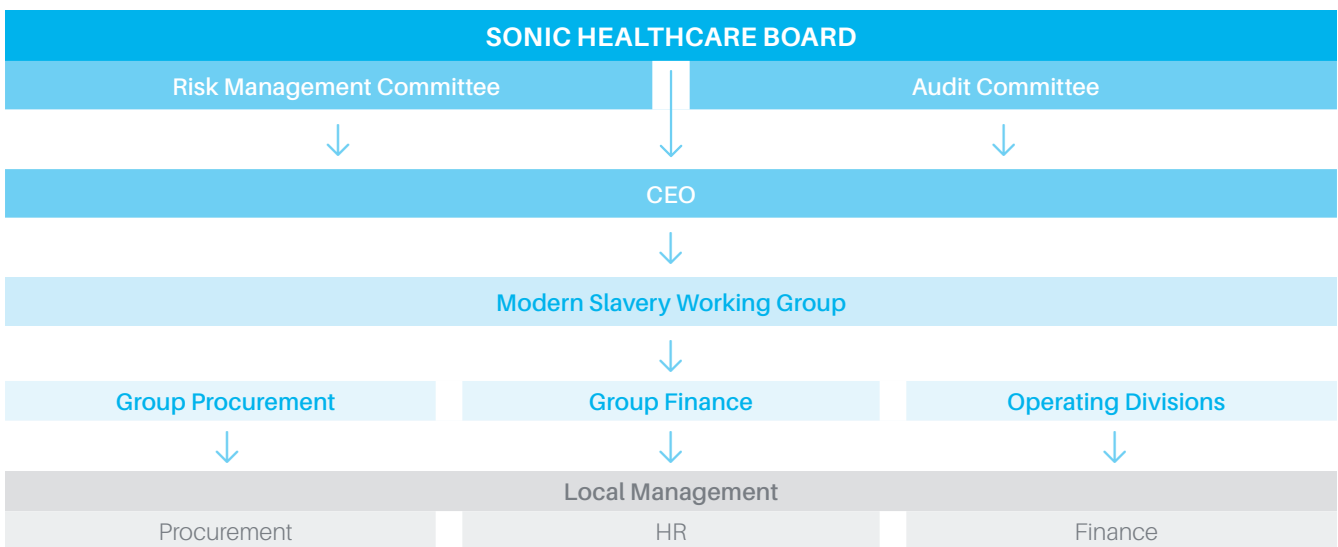
- employ only those individuals with a legal right to work in that jurisdiction
- comply with all relevant laws and regulations in relation to legal minimum rates of pay and other conditions of employment for workers, such as fair working hours, meal and rest breaks and other conditions designed to enhance employee health and safety
- prohibit physical abuse, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation in both the workplace and in relationships with customers
- treat staff fairly and equitably, including providing written confirmation of their terms and conditions of employment
- ensure all employee entitlements and prescribed conditions of employment under relevant laws and regulations are adequately implemented and accounted for.

We endeavour to develop and maintain long-term relationships with suppliers and have implemented a formal supplier relationship management system that involves structured, regular, formal reviews of compliance, quality, supply, costs and ongoing support mechanisms. Sonic's well-developed quality management system records staff-supplier interactions, which are also part of the formal review process.

Sonic abides by the requirements set out in our global Labour Standards & Human Rights Policy when entering into new acquisitions, new operations and other contractual arrangements, and ensures any labour standards and human rights issues are identified and assessed as part of due diligence.

Corporate Governance

Sonic's commitment to the elimination of modern slavery in all its forms is overseen by the Sonic Healthcare Board and the Board's Risk Management Committee.



This framework is supported by a range of policies and charters that ensure we operate in an ethical, safe and legally compliant manner. Some of these policies are specifically relevant to modern slavery, while others reference more general human rights requirements. These include our Board Charter, Code of Conduct, Labour Standards & Human Rights Policy, Global Whistleblower Policy and Supplier Policy.

Review of existing policies

As part of our global commitment to eliminate modern slavery, key policies were reviewed in 2020 to ensure compliance with modern slavery legislation and our own requirements. These include:

Board Charter	Outlines the functions reserved for the Board and those delegated by the Board to management
Code of Conduct	Describes our shared values and sets out the standards of behaviour expected of all those who represent Sonic and act on its behalf
Labour Standards & Human Rights Policy	Describes our commitment to respecting human rights and upholding labour standards, and is aligned with the principles established within the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
Global Whistleblower Policy	Supports the reporting of misconduct, illegal acts or any improper state of affairs relating to Sonic's businesses
Supplier Policy	Outlines our expectations and how we will support all suppliers, service providers and any other agents in Sonic's supply chain to adopt an ethical and sustainable approach to all business practices

These policies, charters and codes have been reviewed against the following best practice references, to ensure Sonic's policy approach is in line with expectations:

- [Ethical Procurement for Health: Workbook 2.0](#), developed as a partnership between the Sustainable Development Unit for the Health and Social Care Sector, British Medical Association, Ethical Trading Initiative, and the Department of Health
- [Beyond compliance: Effective reporting under the Modern Slavery Act - A civil society guide for commercial organisations on the transparency in supply chains clause](#), produced by CORE (Corporate Responsibility) Coalition
- [ILO Declaration on Fundamental Principles and Rights at Work](#), produced by the International Labour Organization

- [Transparency in Supply Chains etc. A practical guide](#), produced by the Home Office of the UK Government
- [The FTSE 100 Modern Slavery Statement benchmark methodology](#), published by the Business and Human Rights Resource Centre in the UK
- [Guidance on Modern Slavery](#), produced by the Department of Home Affairs, Australian Government

Our Code of Conduct and our Labour Standards & Human Rights Policy state that we will not accept any form of slavery and prohibit the use of all forms of forced labour, including bonded labour and slave labour.

The full suite of policies, charters and other documents can be found online at: www.sonichealthcare.com/policies

Workplace reporting

Sonic encourages staff to report any modern slavery or human rights breaches, misconduct, illegal acts or other behaviours. In addition to policies relating to employee conduct, our Global Whistleblower Policy is an overarching global policy designed to protect and support people who raise concerns about wrongdoing within Sonic, without fear of being subjected to victimisation, harassment or discriminatory treatment.

Consistent training for both supervisors and staff ensures that a culture of workplace reporting is fostered throughout the organisation. The culture of no-blame also encourages an increased level of reporting, which means that errors and problems are likely to be captured more quickly.

As an organisation, we are committed to maintaining high ethical standards and conducting business with honesty and integrity. We adhere to a zero-tolerance approach to bribery and corruption, and seek this commitment from all staff, as outlined in our Anti-bribery and Corruption Policy.



Modern slavery risks

Sonic recognises that instances of modern slavery are often complex and hidden.

Our Modern Slavery Working Group, in consultation with our entities, has focused on:

- 1 High-level assessment of key business areas within our operations and supply chains to evaluate the impact of modern slavery legislation and determine the appropriate course of action

- 2 Risk-analysis of our operations and supply chains to understand the risk of modern slavery events

- 3 Further risk categorisation of Sonic's suppliers into construction, IT supplies, medical chemicals and reagents, equipment, consumables, logistics, professional services, facilities, utilities and services, considering:
 - vulnerable populations, such as migrant workers
 - high-risk business models, such as outsourcing parts of business, contract labour hire models, etc.
 - high-risk categories, such as procurement of cleaning services, sourcing of raw materials, etc.
 - high-risk geographies, such as countries where there is conflict, weak rules of law, corruption, displacement, human rights issues, etc.

- 4 Surveying global Sonic businesses and key suppliers, to understand their modern slavery approach, together with analysis and follow-up of their responses

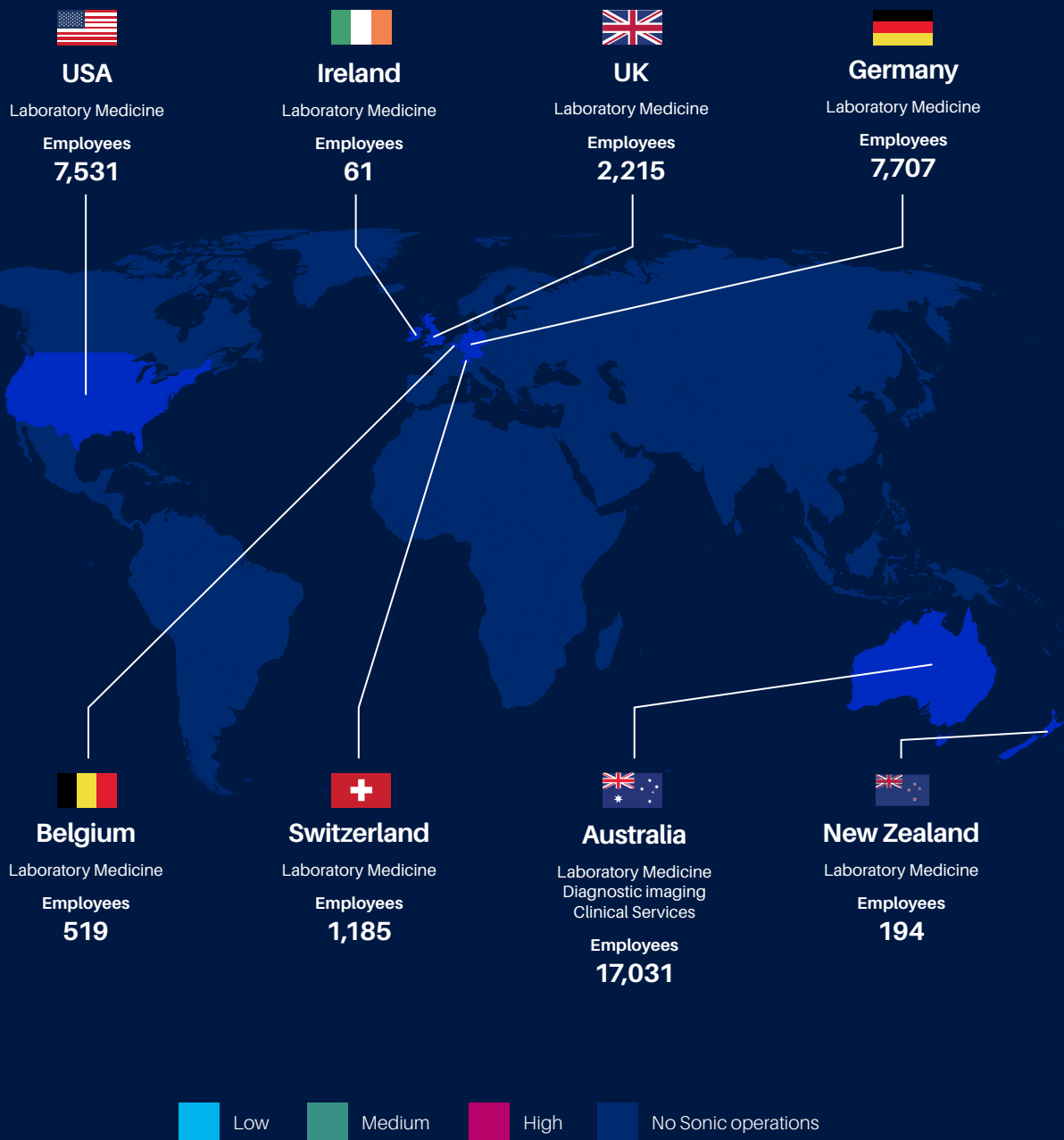
Risk profiling in our operations

Our work in mapping the modern slavery risk profile for Sonic was done in consultation with our 10 global divisions. Each division participated in an internal risk assessment and policy compliance exercise.

Our investigations were split into two categories – internal operations and external supply chains.

Internal risk profile

Internally, our due diligence audit found that Sonic’s global operations have a low-risk modern slavery profile. This assessment was based on our geographic locations, global policies, processes and controls, continuous engagement and education, and appropriate forums for discussion and raising areas of concern. Sonic’s operations are also subject to regular internal and external audits associated with running a healthcare practice, which subjects us to further scrutiny that makes internal incidences of modern slavery unlikely.



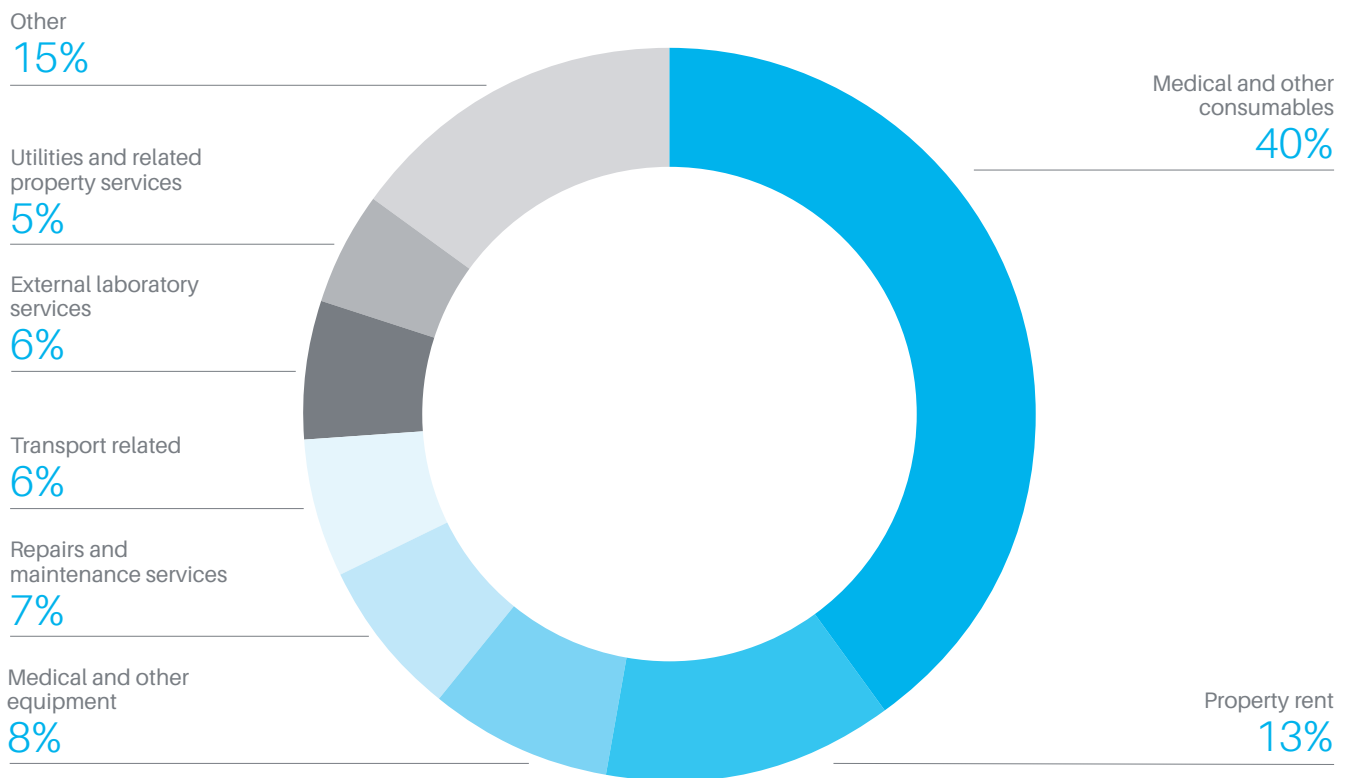
Total number of employees at 30 June 2020

Supply chain risk profile

Identifying and remediating modern slavery risks in our external supply chains is a multi-faceted project that is being undertaken in stages. In 2020, we commenced due diligence in our global supply chains, including downstream supply chains embedded behind our larger suppliers.

Suppliers were categorised according to industry type, with medical and other consumables making up 40% of Sonic's suppliers based on spend. A risk weighting was applied to each industry sector, as well as a minimum spend threshold to guide the tiered roll-out of both the supplier questionnaire and further due diligence work.

Global supplier categorisation (based on annual FY 2020 spend)



Main supply chain categories	Spend	Assessment
Medical and other consumables (includes printing and stationery)	40%	Predominantly multinationals with headquarters in stable countries with modern slavery/human rights legislation and strong labour laws Overall risk rating - Low Further assessment and ongoing investigation of sourcing some consumables from countries within Asia that may have a moderate risk rating
Property rent	13%	Local landlords within our eight countries of operation Overall risk rating - Low
Medical and other equipment	8%	Predominantly laboratory, diagnostic imaging, motor vehicles and IT equipment supplied by multinationals with headquarters in stable countries with modern slavery/human rights legislation and strong labour laws Overall risk rating - Low
Repairs and maintenance services	7%	Predominantly the servicing of laboratory, diagnostic imaging and IT equipment and also property maintenance, which is performed by local suppliers within our eight countries of operation and multinationals based in stable countries with modern slavery/human rights legislation and strong labour laws Overall risk rating - Low
Transport related	6%	This category includes the operating costs for our motor vehicle fleet and external logistics companies, most of which are multinationals based in stable countries with modern slavery/human rights legislation and strong labour laws Overall risk rating - Low
External laboratory services	6%	Third party outsourced laboratory services within our eight countries of operation Overall risk rating - Low
Utilities and related property services	5%	Utilities (energy, telecoms, etc) are provided by large, locally based suppliers within our eight countries of operation. This category also includes waste removal and contract cleaning services Utilities and waste removal risk rating - Low Contract cleaning services risk rating - Moderate
Other	15%	This category includes several smaller categories such as travel, professional fees, consultants, etc Overall risk rating - Low

The main modern slavery risk areas identified as possibilities in our supply chains are:

- Bonded labour
- Forced labour
- Exploited labour
- Illegal forms of child labour
- Deceptive recruitment

The resulting risk profile has also defined our priority groups for action in our modern slavery assessments for 2021 and beyond. Sonic prioritised follow-up of our first-tier vendors in 2020, using the risk categories above to guide the remediation work required in instances of concern.

Actions and effectiveness

Action	Effectiveness/measurement
Establish modern slavery working group with Board sponsorship and appropriate representation	Working group established with appropriate representation from procurement, operations, human resources and finance
Develop modern slavery governance framework	Reviewed media coverage, peer reporting and documentation and developed an approach to address modern slavery Developed a governance, assessment and reporting framework with a set of modern slavery principles Stratified risk categories and identified first-round targets
Strengthen documentation to incorporate modern slavery considerations	Reviewed and updated all relevant documentation (where necessary) to ensure compliance with modern slavery legislation, including: <ul style="list-style-type: none"> ▪ Supplier due diligence questionnaire ▪ Board Charter, Code of Conduct, Labour Standards & Human Rights Policy, Global Whistleblower Policy and Supplier Policy ▪ Procurement procedures ▪ Supplier contract standard clauses ▪ Request for proposals (RFPs) wording ▪ Updating of existing company templates within the projects and procurement portfolio
Engagement with internal and external stakeholders	Consulted with decision-makers in each Sonic Healthcare division Conducted interviews with procurement personnel to understand their supply chains, reporting process, and processes and systems for collecting and collating data Provided training to key management engaged with this modern slavery statement Implemented system for modern slavery discussions to be incorporated as a standing item in key meetings (e.g. global procurement group) Sent targeted modern slavery due diligence questionnaires to internal stakeholders and external stakeholders (i.e. suppliers)
Risk assessment of high-risk suppliers and key business risk areas	Developed, distributed and assessed supplier questionnaires to determine: <ul style="list-style-type: none"> ▪ Classification and origin of products or services ▪ Reporting under modern slavery and/or human rights legislation ▪ Existence of, and adherence to, relevant internal policies and procedures ▪ Employment practices ▪ Training programs <p>90% of surveyed suppliers responded to the questionnaire, with more than 80% achieving a low-risk score, after review of their internal policies, processes and protocols. We are actively working with the remaining supplier vendors who required additional resources to respond to our survey and will report on this in the future.</p> <p>To date there have been no potential incidents of modern slavery identified</p>

Consultation

This modern slavery statement has been prepared by Sonic Healthcare in consultation with each Sonic division globally. This consultation involved engaging with divisional CEOs and their key managers in areas such as procurement, finance, human resources, etc. Each Sonic division also participated in an internal risk assessment and policy compliance survey.

Sonic is committed to continuing global discussions and consultation, and topics relating to modern slavery have been included in our global and local management meetings. The Global Chief Procurement Officer is an active member of the Sonic Healthcare Modern Slavery Working Group, and modern slavery is a standing item for discussion in the Global Procurement monthly meeting as well as the Sonic Global CEO meetings.

Future initiatives



Evolution of risk management process

- Support risk assessment processes in each potential key risk area as the tiered roll-out continues through the global supply chain
- Consider how modern slavery risks will be integrated with principal risk management processes
- Formalise our approach on how to engage with suppliers who are in breach



Education and training

- Further education and training for staff and suppliers, particularly in the area of modern slavery breaches and at-risk sourcing or service activities
- Training workshops for relevant staff in identifying and addressing modern slavery risks in their day-to-day functions
- Further training for key HR, procurement and finance personnel



Strengthening supplier relationships

- Ongoing engagement with our supplier groups
- Support suppliers to appropriately report on and remedy breaches within their operations and supply chains



Continued supplier due diligence

- Ongoing audits and reviews of suppliers, with questionnaires and follow-up extended to the broader supply chain
- Follow-up outstanding responses and engage with suppliers who identify any areas of concern



Additional resources

- Identify whether any additional resources are required to assist with our assessment of modern slavery risks
- Invest in IT system to streamline compliance monitoring



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