

Modern Slavery Statement

For the year ended 30 June 2021



CAPITOLHEALTH
LIMITED

Reporting Entity

This Modern Slavery Statement is made by Capitol Health Limited (ABN 84 117 391 812) in accordance with the *Modern Slavery Act 2018 (Cth)* for the financial year ended 30 June 2021.

Capitol Health Limited is an ASX listed public company (ASX:CAJ) with its registered office located at Level 2, 288 Victoria Parade, East Melbourne, Victoria, 3002.

Structure and Operations

Capitol Health Limited and its controlled entities (collectively “Capitol Group”) is a leading provider of diagnostic imaging and related services to the Australian healthcare market. The Capitol Group operates 63 clinics throughout Victoria, Tasmania, South Australia and Western Australia.

Trading under its flagship brands Capital Radiology, Direct Radiology, Fowler Simmons Radiology, Radiology Tasmania and Imaging Olympic Park the Capitol Group conducts more than 1.2 million procedures per annum and employs over 800 people. The operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

The Capitol Group also holds an investment in a leading radiology artificial intelligence software developer named Enlitic.

Locations and Brands



Our Supply Chain

In support of the provision of its medical imaging services the supply chain of the Capitol Group consists of both services and products sourced from within Australia and overseas.

During the year the company engaged over 800 people and over 700 suppliers with a total spend of more than \$154 million. The majority of the Capitol Group's suppliers are based within Australia and New Zealand.

All suppliers have been grouped as follows;

Labour – employees of the organisation as well as consultants, advisors, labour hire and overseas based typing services.

Occupancy – leasing/rental of clinic sites, head office and like facilities. It also includes all occupancy related supplies such as electricity, water, gas, cleaning and maintenance.

Medical Equipment and Consumables – procurement of medical imaging equipment, maintenance on or associated with the equipment, as well as medical consumables, medical supplies and protective equipment.

Information Technology – information technology hardware and software, telecommunications hardware and network, system support and repairs.

Investment – banking, finance, business acquisition supplies such as advisors, legal representatives, accounting services as well as investment related services.

Other – all remaining suppliers including travel and entertainment, printing, subscriptions, marketing, insurance and compliance costs.

The supply chain involves a mix of commercial arrangements and relationships that can be generally defined as either long-term or short-term in nature. Long-term arrangements typically involve employees, landlords (leasing/rental of clinic and head office sites), medical equipment vendors, providers of IT hardware and software, banking services and finance.

Risk Assessment of Operations

The provision of diagnostic imaging and related services by the Capitol Group involves the services of highly trained medical professional and support staff located within Australia and engaged under normal employment and commercial laws.

The company and its controlled entities operate in a heavily regulated industry in terms of the provision of health care services, staff employment or engagement, education and training, and the use of medical equipment. The operations of the Capitol Group are monitored and controlled through good governance, clinical and corporate risk management, mandatory accreditation, compliance programs, and recruitment and remuneration practices.

Risk Assessment of Supply Chain

Modern slavery practices are a violation of human rights and can take the form of slavery, servitude, forced and compulsory labour, human trafficking, debt bondage, child labour and deceptive recruitment.

Capitol Group's risk assessment process involves evaluation of supplier (product and services) risk, geographic risk, entity risk as well as sector and industry risk. These assessments inform an overall risk rating of low, medium or high across the supply chain. This is to assist in determining which parts of the supply chain are most at risk of perpetrating modern slavery so efforts can be focused on these areas.

Where appropriate, as informed by the risk assessment, the Company engages directly with suppliers in order to gain a proper understanding of the measures they have in place to ensure that modern slavery is not occurring within their business.

The majority of the Capitol Group's suppliers of products and services are based within Australia and New Zealand both by quantity and value of spend representing lower risk of modern slavery. However the Capitol Group recognises that in some cases these products and services, or components of these, have been sourced or provided from other countries.

The key areas of risk for modern slavery in our supply chain have been identified as;

Labour – Uniform suppliers and overseas based typing services

Occupancy – Cleaning services

Medical Consumables – Medical supplies and consumables manufactured overseas

The Capitol Group has addressed the matter of modern slavery with key suppliers in the areas identified and reviewed their publicly available material but the assessment of risk is ongoing.

Risk Mitigation and Due Diligence

The Capitol Group is committed to limiting the risk of modern slavery occurring within its own business, infiltrating its supply chain or through any other business relationship.

The Capitol Group has established a Modern Slavery Policy that applies to all persons working for or on behalf of the group and expects them to act in a manner consistent with its values. The group will only do business with organisations who comply with this policy, or those who are taking verifiable steps towards compliance.

Over time our contractual documentation will incorporate specific prohibition against slavery and servitude, the use of forced, compulsory and trafficked labour, and the use of child labour in line with this policy. Also, where appropriate, we will make provision for our contracted suppliers to hold their own suppliers to the same standards. We will also reserve the right to terminate any contractual arrangement if there is a breach of this policy.

The Capitol Group may set reporting timeframes and deadlines, for example, every six months the Board may receive a report to monitor the implementation of the measures and to be informed whether there were any incidents, and if so, what sort of measures will be taken to mitigate, remediate or eliminate the risk or exposure to the slavery practices.

The Capitol Group may allocate the modern slavery reporting responsibilities within the existing group compliance and safety framework, e.g. establishing a dedicated team and/or involving existing teams within management, legal, risk, compliance, corporate social responsibility, procurement, sourcing, human resources, and finance.

The Capitol Group will take steps to address any risks or potential modern slavery risks identified and produce risk categorisation of the operations, investments, and supply chains (e.g. by sector, geography, etc). The corporate strategy of the Capitol Group includes merger and acquisition of complementary imaging groups. Upon entry to the Group the incoming business is assessed for risk.

Implementation of a modern slavery incident reporting and monitoring process (including mechanics to foster whistleblowing and reporting within the business).

Creating a remediation framework to address the management of suppliers who perpetrate, or are at high risk of perpetrating, modern slavery offences.

Implementing regular monitoring of the group's modern slavery compliance measures.

The Capitol Group will provide specific training to staff in modern slavery requirements.

Actions

The effectiveness of the actions taken to assess and address risk of modern slavery will be reviewed regularly through the Capitol Group governance processes including the Audit and Risk Committee in an effort of continuous improvement and development of Modern Slavery risk maturity. This includes the establishment of key performance indicators to monitor the effectiveness of the group's modern slavery and broader human rights strategy.

Consultation

Capitol Health Limited developed this statement in consultation with each of its controlled entities. The Capitol Group has a single management and shared service team responsible for the activities of the group. Where entities are either non-trading or held for investment purposes the Capitol Health Limited management group and directors have been able to assist the consultation process.

The controlled entities include two companies incorporated in Singapore which are in effect non-trading or investment holding entities. As at 30 June 2021 these two companies are in the process of de-registration.

Other information

Further information regarding Capitol Health Limited, its controlled entities and operations can be found on our website www.capitolhealth.com.au and within our 2021 Annual report. Within the Corporate Governance section of our website are the policies and charters that reflect our values. These include our Modern Slavery Policy, Anti-Bribery and Corruption Policy, Whistleblower Policy, and Diversity and Inclusion policy.

This statement was approved by the Board of Capitol Health Limited on 13 December 2021.



Mr Andrew Demetriou

Chairman

13 December 2021