

Modern Slavery Statement

For Reporting Period 1 July 2020 – 30 June 2021

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Introduction

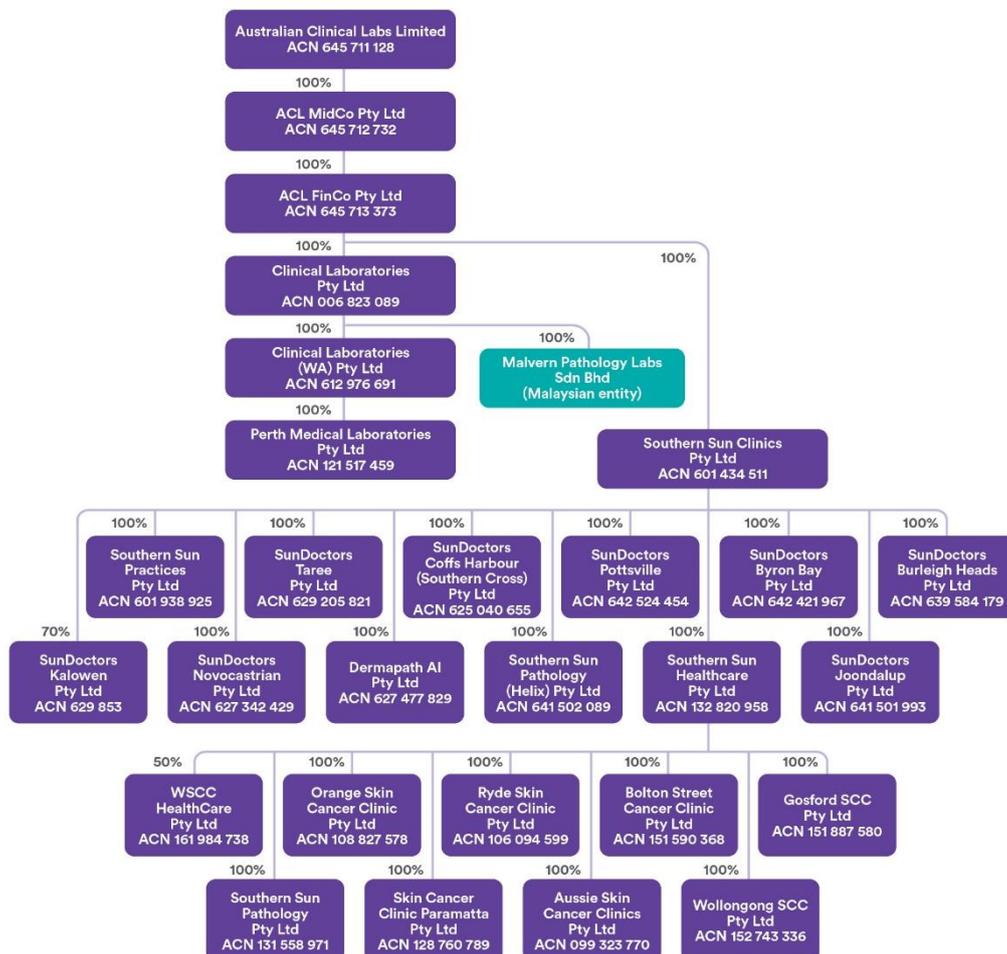
The *Modern Slavery Act 2018* (Cth) (**MSA**) requires reporting entities to produce an annual modern slavery statement describing the risks of modern slavery¹ in their operations and supply chains and that of the entities owned and controlled by reporting entities.

As one of Australia's leading pathology providers, Australian Clinical Labs Limited (ACN 645 711 128) (**ACL**), together with its owned and controlled entities (**ACL Group**) remains committed to understanding and identifying the risks embedded into its operations and supply chains and taking reasonable measures with a view to appropriately addressing such risks.

This statement is produced in compliance with the applicable MSA requirements and in line with the ACL Group's above commitment. It also includes information about the actions taken by ACL Group to address identified risks in the relevant reporting period.

1. Reporting Entity and Structure

The ACL Group operates through the following corporate structure,² with ACL being the ultimate holding company listed on the Australian Stock Exchange.



Having met the reporting threshold as outlined in the MSA, ACL is a Reporting Entity for the reporting period ending 30th June 2021 (**Reporting Period**). This statement is jointly made on behalf of the ACL Group including each entity wholly owned or controlled by ACL, in the Reporting Period.

¹ Modern slavery is defined in the MSA to include trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

² As at 30th June 2021.

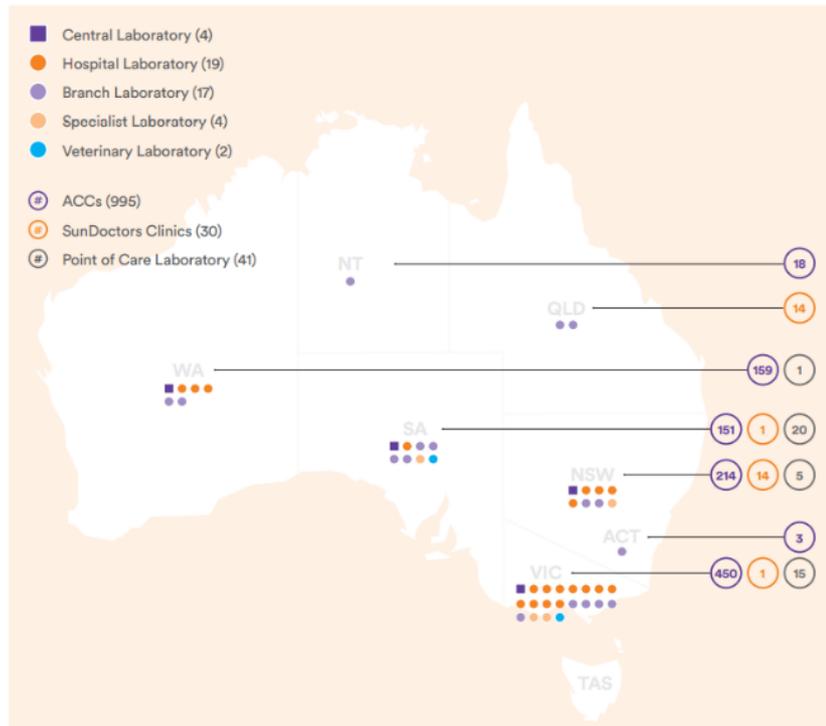
2. Operations and Supply Chain

ACL Group's Operations³

Since the publication of its previous modern slavery statement in FY20, ACL Group's operations have expanded into Queensland with the commissioning of a new pathology laboratory and acquisition of SunDoctors, a leading skin cancer clinics business in Australia.

ACL Group's national footprint now comprises 995 Approved Collection Centres, 30 specialist skin cancer clinics and 86 NATA accredited laboratories across Australia which serves over 90 private and public hospitals nationally.

To support its operations, ACL Group engages approximately 4k staff comprising employed, contracted and casual workforce including pathologists, scientists, collectors and support staff. ACL also operates an off-shore data entry facility in Malaysia through its wholly owned subsidiary registered in Malaysia.



ACL Group's Supply Chain

With the acquisition of SunDoctors business, ACL Group's supply chain has grown in FY21 to approximately 1,700 suppliers which provides for:

- highly technical and specialised laboratory equipment;
- high-volume laboratory and other medical consumables;
- suppliers for office equipment including for information technology;
- professional services including recruitment, consultancy, legal and financial advisory;
- accreditation and certification programs including external quality assurance programs; and
- travel, office cleaning, security, facility maintenance and catering services etc.



The majority of suppliers are based in Australia however some have manufacturing sites based in the United States, Western Europe, North America and Asia. It is recognised that potential risks of modern slavery may arise through ACL Group's supply chains for products and services sourced in Australia or overseas and may extend beyond direct suppliers.

³ More information about ACL Group's operations is available on its websites at www.clinicallabs.com.au.

3. Risks of modern slavery practices in ACL's operations and supply chains

ACL's Internal Risk Profile

Taking into account SunDoctor's acquisition, ACL Group operations continue to have a low modern slavery risk profile. This assessment is based on ACL Group's updated policies, processes and controls, continuous engagement, improvement and education culture, availability of appropriate forums and avenues for discussion and raising areas of concern that have been or are being extended to SunDoctors business.

ACL Group's operations are also subject to regular internal and external audits associated with running a pathology (allied healthcare) practice and skin cancer clinics business. This subjects ACL Group to regular scrutiny that makes internal incidence of modern slavery unlikely. The current internal measures that help ACL Group to maintain a low internal risk profile include:

- maintaining ethical recruitment and labour sourcing practices and not using seasonal or child labour within ACL Group's operations including Malaysia;
- employing staff under relevant Awards, National Employment Standards, Enterprise Bargaining Agreements and / or Contracts of Employment;
- using reputable recruitment agencies to meet personnel requirements;
- providing appropriate training to staff employed by ACL Group to allow them to fulfil their job functions;
- requiring all staff to abide by ACL policies and procedures including Code of Conduct, Equality and Diversity Policy and Whistleblower Policy;
- promoting transparent workplace engagement culture including providing open access to ACL's whistleblower reporting mechanisms and embedding social responsibility in business practices;
- setting expectations on ACL Group's suppliers for their recruitment strategies and those utilised by their agents or labour hire agencies, not to target specific individuals and groups from marginalized or disadvantaged communities;
- Requiring suppliers to proactively identify, address and where required by legislation, report on risks of modern slavery practices in their business operations and supply chains.

ACL's External Risk Profile

ACL Group sets expectations for its suppliers in the areas of integrity, ethical and legal standards, compliance, confidentiality, labour rights and employment law, health and safety, environment, anti-bribery and corruption, fair competition and product quality. Such expectations are communicated through ACL Group's Supplier Relationship Management Policy which is issued to suppliers during the engagement process. This helps to ensure compliance with all relevant legislation, regulations and governmental requirements and directions, including those regarding discrimination, equal opportunity and human rights.

The general risk areas for assessment in ACL Group operations and supply chains for FY21 remain the same as categorized below:

- **Sector & Industry Risks:** ACL continues to operate in an industry that does not generally represent a high risk of modern slavery.
- **Product & Services Risks:** At this stage, no specific products or services risks in relation to modern slavery have been identified in ACL's direct operations. However, ACL recognises that medical consumables and components of electronic items, manufactured overseas in high risk areas, have increased potential risk by product type.
- **Geographical Risks:** ACL generally does not operate in and / or have Tier 1 suppliers in countries that may have higher risks of modern slavery. An area of modern slavery risk by geography for ACL is the products or product components manufactured overseas.

As part of the supplier due diligence, ACL Group continues to undertake detailed risk assessment of its supply chains, to understand its suppliers' approaches to identifying and addressing potential modern slavery risks, within their operations and supply chains. These assessments assist with supply chain mapping and further analysis.

4. Actions taken by ACL to assess & address risks

As part of staged implementation of modern slavery governance program initiated in FY20,⁴ the following further risk management actions were taken to identify and address modern slavery risks within ACL Group's operations and supply chains:



Invest: ACL Group continued to invest in its risk management capability including investing in dedicated human resources and tools such as CENTRAL MSA360 software. These resources helped in conducting modern slavery risk assessments on an increasing number of ACL Group's suppliers in the Reporting Period, through an electronic platform that allowed:

- collection and collation of relevant modern slavery related information and data;
- identification and escalation of potential modern slavery issues;
- engagement and collaboration with suppliers;
- assessment of issue severity, status and resolution recommendation;
- development of action plans and management of progress from identification of any issues to remediation.



Engage: As part of internal engagement, ACL Group commenced the review and integration process with the application of existing policies and procedures extending to the newly acquired SunDoctors entities. This was done with a view to align supplier evaluation practices with the ACL Group's modern slavery governance framework and achieve consistency in future reporting.

Further, modern slavery due diligence was incorporated within the 'Supplier Evaluation, Approval and Periodic Review Procedure' to allow requisite external engagement with suppliers, to understand their approach to identifying and addressing modern slavery risks in their supply chains. Based on the improved engagement, ACL Group continued to adjust its assessment tool to enable it to capture unique risks in its extended supply chain.



Communicate: ACL Group continued to communicate its commitment with respect to modern slavery through internal and external channels of communication, including through publication of its modern slavery statement on the intranet and external websites; raising awareness and providing training to its key and relevant staff including those involved in the procurement process.

It also established an externally managed whistleblower hotline, providing an independent avenue for employees and others to raise any modern slavery related matters without fear or concern.



Collaborate: Based on the completed modern slavery questionnaires received back from suppliers and MSA360 data analytics, ACL Group gathered some relevant insights and information about modern slavery risks in supplier operations and supply chains, which helped collaborate with the relevant suppliers and discuss common approaches, with respect to addressing or appropriately managing modern slavery risks and drive change.

Among other factors, the supplier risk assessments included reviewing and analysing suppliers based on industry, work type, geography and reputation with a view to identifying any potential higher-risk areas of business.



Respond: By adopting a supportive, transparent and collaborative approach, ACL Group was able to implement an effective staged response where a potential modern slavery risk was identified in a non-Tier 1 supplier's supply chain with appropriate remediation action and management steps discussed, agreed and taken to achieve compliance.

As a further response measure, modern slavery risk rating for suppliers was introduced with associated follow up and requests for information procedures agreed for any Medium or High Risk suppliers identified in the future.

⁴ See page 5 of Modern Slavery Statement for Reporting Period 1 July 2019 to 30 June 2020.

5. Assessment of effectiveness of actions taken

ACL remains committed to continue to monitor the effectiveness of its actions that will inform its future actions and initiatives including developing supplier specific effective response strategy, to appropriately address or manage any modern slavery risks identified as part of its supplier assessment. With this in mind, the effectiveness parameters achieved for actions taken in FY21 are tabulated below:

Actions	Effectiveness Parameters achieved										
Invest	Efficient and effective supplier engagement process was rolled out with the help of dedicated staff and use of MSA360 software. Capturing information such as supplier background checks and modern slavery risk analytics without these resources may have otherwise proved difficult due to the breadth and depth of ACL Group's supply chain.										
Engage	<p>Extended application of policies and procedures through effective internal engagement ensured consistent compliance and reporting across the ACL Group.</p> <p>Further, incorporating due diligence requirement in the supplier evaluation procedure resulted in enhanced external engagement which facilitated appropriate review and analysis of suppliers to identify and assess supplier-specific risks and categorise suppliers with High, Medium or Low Risk Ratings.</p>										
Communicate	The communication methods chosen by the ACL Group have enabled ACL Group to achieve higher levels of awareness and engagement from staff and suppliers with greater understanding of how modern slavery risks affect supply chains and what can be done to mitigate and manage them.										
Collaborate	Supplier engagement using dedicated resources provided better insights into supplier data, where one modern slavery related issue was identified with respect to a Tier 2 supply chain in the Reporting Period. Appropriate timely collaboration resulted in remediation efforts made by ACL Group's Tier 1 supplier which successfully negated the risk and downgraded the Residual Risk Rating from Medium to Low.										
Respond	<p>Early collaborative engagement and intervention has pleasingly resulted in the closure of all issues identified during the Reporting Period assessment cycle.</p> <p>Upon final evaluation of supplier questionnaires, 95.96% of suppliers were assigned a Low Risk Rating and 4.04% were still pending evaluation.</p> <div data-bbox="826 1330 1369 1659"> <p style="text-align: center;">Residual Risk Rating</p> <table border="1"> <caption>Residual Risk Rating Data</caption> <thead> <tr> <th>Risk Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Low Risk</td> <td>95.96%</td> </tr> <tr> <td>Pending Evaluation</td> <td>4.04%</td> </tr> <tr> <td>High Risk</td> <td>0%</td> </tr> <tr> <td>Medium Risk</td> <td>0%</td> </tr> </tbody> </table> </div>	Risk Category	Percentage	Low Risk	95.96%	Pending Evaluation	4.04%	High Risk	0%	Medium Risk	0%
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Having achieved significant milestones of its modern slavery governance program in FY21, ACL Group considers that the actions taken have been effective towards achieving compliance. However it recognises that collaborative supplier engagement is a work in progress and further meaningful assessments will be made in the coming years

6. Consultation

ACL's commitment to assess and appropriately address modern slavery risks in its operations and supply chains is overseen by ACL's Board of Directors as guided by its Board Risk Committee and supported by ACL's Executive Management Team.

In accordance with section 14 of the *Modern Slavery Act 2018 (Cth)*, this statement has been prepared in consultation with each entity within the ownership or control of the ACL Group. The consultation process involved engaging with relevant state Chief Executive Officers, key managers and teams within procurement, finance, risk, quality and human resources areas.

This statement has been approved by ACL Group's Board of Directors, being its principal governing body and is signed by its Group Chief Executive Officer and Managing Director, being a responsible member of the Reporting Entity.

7. Other Relevant Information

COVID-19

ACL recognises that the impacts of the ongoing COVID-19 pandemic may increase the vulnerability of workers in global supply chains to modern slavery, including workers in Australia. ACL Group will endeavour to assess and consider any new or increased modern slavery risks arising from the pandemic.

Future Initiatives

Going forward, ACL Group aims to continue to:

- consolidate its modern slavery assessments and practices including across its newly acquired businesses and related entities to assist with meaningful evaluation of its growing supply chain; and
- improve its modern slavery corporate governance program to build on and enhance ACL Group's ability to address this important issue as it evolves in the future.



Melinda McGrath

Group Chief Executive Officer & Managing Director

3rd December 2021