



Corporate Responsibility Report 2018

ABN 24 004 196 909



**SONIC
HEALTHCARE**
Quality is in our DNA

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Cover

Adriana Steinberg, Medical Technologist at Sonic Reference Laboratory, Austin, Texas, USA, takes a closer look at electrophoretic migration patterns during alkaline phosphatase isoenzyme analysis.

CEO Message



Around 25 years ago, we adopted two key principles, which have shaped and differentiated Sonic Healthcare and which continue to drive momentum forward and underpin our ongoing success.

The first relates to care for our people, a simple recognition that our people are the company's most valuable asset and, as such, must be given highest stakeholder priority and treated with respect, courtesy and honesty at all times. The second is that a healthcare company like Sonic is best run by leaders with a deep understanding of the medical profession, its requirements and special characteristics. Over the years, this concept has become enshrined into Sonic's fabric as a unique model we term Medical Leadership.

Care for our people and Medical Leadership are the essence of Sonic Healthcare's strong culture. Both have served as shining and guiding lights to drive a happy workplace and staff retention, to provide world's-best medical services to clinicians and patients, to drive growth and deliver strong and consistent financial performance over a long period of time.

The Sonic Healthcare Corporate Responsibility Report is very much a reflection of Sonic's special culture too. Care for staff, in a setting of Medical Leadership, has not only driven outstanding customer and shareholder value, but has also led naturally to positive environmental, social and corporate governance outcomes.

All too often, the success of public companies is measured only by short-term assessments of financial performance. However, it is our belief that consistent, long-term success is dependent on deep-seated values and cultural attributes which foster a pleasant and meaningful work setting, which encourages people to flourish.

These include how we treat each other in the workplace, how we relate to customers, the quality of our medical services, the difference we make to healthcare systems and, also, how we contribute to the community and how we interact with the environment.

As Sonic's CEO, the contents of our Corporate Responsibility Report are particularly gratifying. I feel sure that all of us at Sonic are proud that we are viewed as an ethical company that values and cares for its workers and suppliers, while also working to minimise our impact on the environment. I know, too, that we are also extremely proud of the significant and ongoing impact we have made in providing world-class healthcare to some of the most vulnerable communities in the world through our Catalyst Program.

I commend the report to you and trust you will enjoy reading it – it is, in many ways, a very clear summation of who we are as a company. For me, it remains a humbling privilege to lead a team of people at Sonic who remain strongly wedded to good values and a culture of medical excellence and social responsibility and who continue to make such a positive impact on communities around the world.

Dr Colin Goldschmidt
CEO – Sonic Healthcare
September 2018



About Sonic

Sonic Healthcare is an internationally renowned healthcare provider that is committed to excellence in the delivery of medical services to doctors and patients alike. This belief informs every aspect of our company, from Medical Leadership through to the people-focused culture that views our 35,000 staff as our most valuable asset.

Headquartered in Sydney, Australia, Sonic has grown to become one of the world's leading healthcare providers, specialising in laboratory medicine/pathology, diagnostic imaging and primary care medical centres.

Sonic Healthcare has operations in Australia, Germany, the USA, the United Kingdom, Belgium, Switzerland, Ireland and New Zealand. We employ more than 900 pathologists and radiologists, thousands of medical scientists, radiographers, sonographers, technicians and nurses, all of whom are led by medical personnel, from Board level to the management of our local practices.

Our staff are supported by ongoing investments in state-of-the-art medical technologies and facilities, as well as proprietary information systems that are customised to meet the specific needs of our organisation and its stakeholders. This is backed by a firm commitment to maintaining uncompromising ethical standards in the areas of both business management and medical practice.

Listed on the Australian Securities Exchange (ASX), Sonic Healthcare is an ASX top 50 company with annual revenues of more than A\$5.5 billion.

FY 2018 Snapshot

Revenue	A\$5.5 billion
Patient consultations	115 million
Employees	35,000

Sonic at a Glance

Operations	FY2018	FY2017	FY2016
Countries of operation	8	8	8
Countries where we are ranked No. 1 (market share)	4	4	4
Patient consultations (millions)	115	108	105
Economic	FY2018	FY2017	FY2016
Revenue (A\$M)	5,541	5,122	5,052
Net profit (A\$M)	476	428	451
Total assets (A\$M)	8,201	7,878	7,371
Debt cover (times)	2.5	2.7	2.6
Total payments to staff (A\$M) ¹	2,387	2,226	
Total taxes paid (A\$M) ²	274	282	
Total taxes remitted to tax authorities on behalf of staff (A\$M)	444		
Employment	FY2018	FY2017	FY2016
Total employees	35,052	33,636	31,298
Women in workforce	75.3%	75.3%	76.4%
Women in senior leadership positions	53.3%	52.7%	50.5%
Temporary staff and contractors engaged within total workforce	2.3%	2.4%	2.7%
Annual employee turnover	16.8%	16.5%	16.5%
Annual senior leadership turnover	6.9%	6.7%	5.9%
Workforce availability	97.2%	97.5%	
Lost time injuries per million hours worked (LTIFR)	5.0	5.1	4.1
Fatalities	Nil	Nil	Nil
Environmental	FY2018	FY2017	FY2016
Energy consumed (GJ) ³	387,013	388,569	386,780
Motor vehicles in the fleet	2,825	2,732	
Kilometres travelled by the fleet (million kms)	124.8	116.4	
Electric or hybrid motor vehicles in the fleet	1.6%	1.7%	
Vehicles in the fleet with a four cylinder engine or less	95.4%	95.5%	
Environmental fines or sanctions	Nil	Nil	Nil

¹ Total remuneration including superannuation and pension contributions

² Direct and indirect taxes, levies and duties including employment related taxes but excluding taxes paid on behalf of employees and GST/VAT

³ Australia only

Medical Leadership

Sonic's global success has been achieved through a combination of strong organic growth, targeted strategic acquisitions and the continuous delivery of quality medicine. More than anything, however, our growth has been driven by an unwavering commitment to Medical Leadership.

Medical Leadership is enshrined in Sonic's corporate culture. It sits above everything we do.

We see medicine as a profession rather than a business, and believe that doctors and patients are best served by medical practices led by people who possess a deep understanding and respect for the complexities, obligations and privileges of practising medicine.

Our businesses are all led by healthcare professionals. In most instances, they are medical doctors, but occasionally they are professionals from within our practices who have many years of experience in the healthcare sector. Collectively, they make decisions that are focused on optimal clinical and patient outcomes. This is reinforced by our commitment to ongoing education and research, supporting lifelong learning for our staff and the medical community.

In an age of corporatised medicine, Sonic's Medical Leadership philosophy provides peace of mind to doctors and patients, as well as Sonic's dedicated staff, who know that decisions are always made within a patient-focused and clinical framework.



Our Values

Sonic's global network of companies is united by a set of core values that reflect the care and expertise required to consistently deliver exceptional medical services.

Our Values were established in early 2000, after broad consultation with 5,000 employees across all of our practices. Their collective responses were distilled into a set of core values that act as a roadmap of how we want to behave as a company. These values apply to every single Sonic employee, regardless of their role or country of operation.

These values remain as relevant today as they did at the turn of the millennium, and act as a unified point of reference for Sonic Healthcare in all its internal and external interactions.



Our Values

- Commit to Service Excellence**
To willingly serve all those with whom we deal, with unsurpassed excellence.
- Treat each other with Respect & Honesty**
To grow a workplace where trust, team spirit, and equity are an integral part of everything we do.
- Demonstrate Responsibility & 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 limitations 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.



SONIC HEALTHCARE
Quality is in our DNA

Foundation 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 and patients we serve. It also reflects a deep understanding of the special complexities, obligations and privileges of medical practice.

Medical Leadership is enshrined in our Foundation Principles, which are designed to provide all Sonic staff with clear guidelines

about the interaction between Sonic's people and its external stakeholders – doctors, patients, other customers and our local and global communities.

This commitment to quality for its own sake is what makes Sonic unique. It is something that we are incredibly proud of and something that we continue to celebrate. It has also been instrumental in our successful expansion into the UK, continental Europe and the USA, where like-minded diagnostic companies have actively chosen to join with Sonic to further their medically- oriented and profession-based operations.



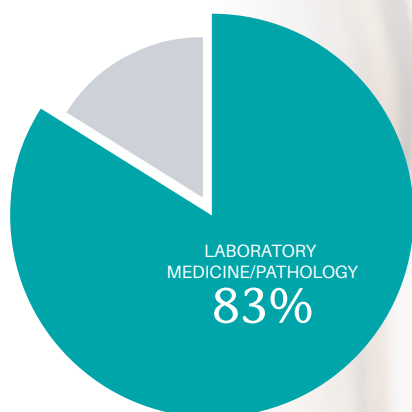
Laboratory Medicine/Pathology

What is laboratory medicine/pathology?

Laboratory medicine/pathology is the branch of medicine that studies samples of blood, urine, tissue and bodily fluids to identify patients at risk of disease, to determine the cause and nature of disease, and to guide and monitor treatment and progress.

Laboratory medicine provides clinicians with the information they need to manage patients in a timely and appropriate way, enabling optimal health outcomes for both the individual, as well as the community as a whole.

FY 2018 Revenue



Jasmine
Pathology Collector
Douglass Hanly Moir Pathology
Sydney, Australia

Why is it important?

Laboratory medicine informs almost every aspect of modern medicine and is necessary in 70% of all medical diagnoses and in every single cancer diagnosis. It provides doctors with vital information about what is affecting the patient, so they can determine the best course of action. This can range from understanding which type of antibiotics to prescribe for a particular infection, through to guiding the surgeon to ensure complete removal of a tumour, as well as the follow-up treatment that is required.

How does it contribute to the community?

Laboratory medicine is often referred to as the engine room of medicine. Without it, we would still be treating patients based on 'best guesses'. It is impossible to imagine modern medicine without the insights provided by this vital diagnostic service.

Laboratory medicine tests enable earlier and more accurate diagnosis of disease, allowing for earlier treatment. This has obvious positive social and economic outcomes.

Laboratory medicine also allows for monitoring of conditions to see whether treatment is being effective.

More than that, advances in molecular and genetic pathology now give us much more targeted information about how to best treat different forms of cancer and other diseases.

A Laboratory Medicine case study

There's nothing quite like your own bed to speed up recovery from a recent hospitalisation – it's better for the patient and their families, and also helps to use healthcare resources more efficiently.

Sometimes, however, an infection may prevent a patient from being discharged from hospital until it is treated. Proper treatment requires identification of the organism – and that's where laboratory medicine comes in.

Microbiology is a laboratory medicine specialty that involves the study of micro-organisms and the role they play in disease. When infection is suspected, a blood, urine, faecal or tissue swab sample is sent to the laboratory for culturing, allowing the responsible bacteria to be isolated and identified. Additional testing allows the correct antibiotic to be chosen in order to treat the patient.

Specimen culturing and antibiotic sensitivity testing are slow processes that often take several days. While this is occurring, patients often need to extend their stay in hospital until their infection can be properly treated. Any efficiency improvements that can speed up the diagnostic process will have obvious and immediate benefits for both the patient and hospital.

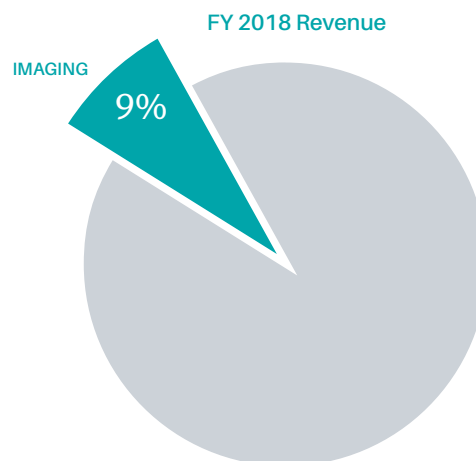
In April 2017, Sonic's American Esoteric Laboratories (AEL) in Memphis, Tennessee, partnered with the Baptist Memorial Healthcare Corporation, a network of 21 hospitals, to create a centralised microbiology laboratory. The new laboratory features a state-of-the-art microbiology automation platform and uses mass spectrometry technology to allow rapid identification of infectious organisms. This new approach significantly decreases the time required to get a diagnosis and to confirm the antibiotic-sensitivity that will determine which drugs are likely to be most effective in treating the identified bacteria.

The AEL-Baptist partnership has delivered significant benefits in its first year of operation. A cooperative study to quantify the service improvements showed that the time taken to confirm diagnoses has reduced from 4.6 to 3.8 days, the length of time required before definitive antibiotic treatment can commence has decreased from 6.1 to 4.2 days, and, as a result, the average length of hospital stay has gone from 9.5 to 7.1 days.

These time-savings have generated real and quantifiable benefits, with improved patient outcomes and valuable healthcare savings for patients, hospitals and insurers alike. The laboratory partnership also exemplifies Sonic's tradition of community-based medicine.



Diagnostic Imaging



What is diagnostic imaging?

Diagnostic imaging or radiology is the branch of medicine that uses non-invasive technology to create images of the bones, tissues and organs within the human body. These images are interpreted by a radiologist or nuclear medicine physician to identify or monitor diseases or injuries. The findings are then included in a written report to the referring doctor.

Diagnostic imaging technologies include X-rays, computed tomography (CT), magnetic resonance imaging (MRI), ultrasounds, nuclear medicine, positron emission tomography (PET) and more.

Imaging methods are also used to help radiologists perform procedures, such as biopsies, fine needle aspirations and image-guided treatments known as interventional radiology.



Dr Frans van Tonder
Radiologist
Queensland X-Ray
Brisbane, Australia

Why is it important?

Diagnostic imaging is central to the practice of modern medicine. It is used for the diagnosis of many serious and life-threatening conditions, including cancer, neurological disorders and orthopaedic soft tissue injuries. The information contained in the image and radiologist's report expands the referring doctor's knowledge of the disease process and guides the treatment of the patient.

How does it contribute to the community?

Diagnostic imaging allows many diseases and conditions to be detected at a treatable stage (for example, CT now provides data that assists in the earlier detection and treatment of colon cancer). This allows for earlier and less intensive treatment. Diagnostic imaging also helps to target treatments to where they are most needed.

Diagnostic imaging is also used to monitor the progress of disease and delivery of treatments, and to determine whether those treatments are working effectively. If the treatment is not working as planned, it can be adjusted, changed or stopped. Once treatment has concluded, diagnostic imaging can help to monitor for any disease recurrence over the ensuing years. This results in cost savings for our health system, and helps patients return to work and family sooner.

A Diagnostic Imaging case study

Sometimes our patients and their carers can explain the impact of our work much more eloquently than we can. This is a letter from Marlee's mum about a recent, potentially life-changing experience at her local Sonic imaging practice.

"My daughter Marlee is 17 years old and suffers from septo-optic dysplasia. Due to abnormalities in the brain, she suffers from debilitating seizures, which have resulted in quite significant brain damage. For the last 10 years she has been on epilepsy medication, which has controlled her grand mal seizures, however, due to one of her medications causing damage to her kidneys this drug had to be withdrawn. Her neurologist needed to make a key decision regarding her treatment pathway and to facilitate this, an MRI brain examination was essential. He explained that if there was a lesion in her temporal lobe, then Marlee would need significant surgery to remove this section of her brain. If there was no lesion, then he could proceed with altering her medication to control the epilepsy. The MRI examination was crucial in determining this outcome.

Due to Marlee's disability, she was referred for an MRI with general anaesthetic to the local public hospital. Marlee's scan would be high risk and required sufficient resources and medical support to be conducted safely. I had received a phone call the day before her appointment to discuss any safety issues and I informed the staff that Marlee has spinal rods for scoliosis. I was then contacted by the MRI radiographer in charge of MRI safety, who informed me that they would not be able to perform the scan due to the rods and Marlee's condition – they were concerned the rods would heat during the scan and, as she would be unable to communicate, they didn't feel they were able to safely perform the scan. As the heating was a concern for them, I asked if the lower strength magnet could be an option but I was told she was unsafe for any MRI exam due to her inability to communicate discomfort. Marlee's scan was subsequently cancelled.

I was concerned and confused, not knowing where to turn for help. I contacted the local Sonic imaging practice, Hunter Imaging Group, and was able to speak to the MRI Supervisor about Marlee and my issues with getting someone willing and able to conduct Marlee's MRI scan. Sonic was very helpful and there was no hesitation in their attempts to help Marlee. The MRI Supervisor conducted some research on Marlee's rods and was able to determine that there were no known cases of the rods being unsafe. Now they just had to work out how they could use sedation to help with the scan to ensure the best possible images.

Two doctors at the Sonic practice, Dr V and Dr L, were consulted and together they determined that they were willing to come in especially for Marlee's scan and administer and supervise the necessary levels of sedation that were required – Marlee required higher than usual levels of sedation and, for this reason, she required close supervision by a specialist.

On the day of the exam, Dr V and Dr L were both on site and attended Marlee prior to the scan and assessed her before and after administering the sedative. Thankfully, Marlee's scan was completed with high-quality imaging and no adverse consequences or issues. The rods in her spine did not cause any discomfort or adverse outcomes. Everyone was so supportive and caring.

By Sonic and their staff going above and beyond and accommodating Marlee's MRI examination, it has allowed her neurologist to make an informed decision regarding her treatment plan. The results of the MRI showed that her condition could be managed by adjusting her medication. Thankfully, major invasive brain surgery was not required. As a result, Marlee continues to have the quality of life she deserves."



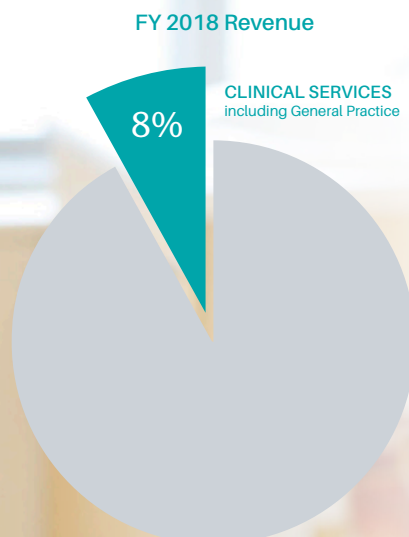
Dr Gun Soin
Chief Medical Officer
Sonic Clinical Services
Australia

General Practice

What is General Practice?

General Practice is the medical discipline that delivers primary health care in the community. General Practice is usually the first point of call for patients, and deals with everything, from colds and flu through to acute and chronic illnesses. General practitioners also provide preventive care and health education to patients.

The holistic approach of General Practice aims to consider the biological, psychological and social factors relevant to the medical care of each patient. The discipline is not confined to specific organs of the body and involves treating people with multiple health issues.





Why is it important?

General Practice delivers cost-effective, personalised medical care in a community setting, and is usually the first point of call for people seeking medical advice. This also helps to take the pressure off hospital emergency departments. General Practitioners often develop long-term, trusting relationships with their patients, who return to them for navigation of their care.

How does it contribute to the community?

General Practice is firmly embedded in the community. A General Practice not only serves to deliver immediate and chronic care to its patients, but also serves to educate patients and safeguard the health of entire families and communities.

A General Practice case study

Skin cancer is a persistent problem among Australia's sun-kissed population, and early diagnosis is the key to effective treatment.

As part of its commitment to patient health, Sonic's Australian Skin Cancer Clinics teamed up with insurance provider TAL to perform one-day 'pop-up' skin checks at iconic beachside locations across Australia. From Bondi Beach in Sydney, through to Surfers Paradise in Queensland's world-famous Gold Coast, Australian Skin Cancer Clinics general practitioners (GPs) worked together to provide free skin checks to members of the public, and to promote the importance of the 'sun-safe' message.

The skin-checks were performed over one weekend in every state, with three GPs working each day from 9am to 6pm. Each patient had a quick skin check, and was referred to their own GP or to an Australian Skin Cancer Clinic for further investigation, including a skin biopsy if anything of concern was found.

Free skin checks were performed on almost 1,500 patients, and more than 260 patients were referred to a GP for the management of possible skin cancers.



Sonic as a Leader & Educator

Medicine is a continually evolving discipline. As scientific and technological breakthroughs expand the boundaries of our medical knowledge, so too do the educational needs of the current and future generations of doctors. Sonic recognises the importance of our role as both a leader and educator, and places great emphasis on supporting and providing teaching in the fields of pathology/laboratory medicine, diagnostic imaging and General Practice. We are actively involved in four broad areas of medical education:

- › Improving the knowledge of our referrers
- › Professional development of our own staff
- › Contributing to publications, craft groups, steering committees, boards and other professional organisations
- › Training the next generation of medical professionals

Sonic Healthcare provides a significant and ongoing investment in external education, research and sponsorship of medical events.



Improving the knowledge of our referrers

Throughout the world, Sonic practices provide referring doctors with a variety of educational opportunities.

From seminars and newsletters, through to surgical audits, multidisciplinary meetings and conference presentations, Sonic's medical experts are continually looking for ways to share their knowledge with other medical professionals.

Professional development of our own medical staff

As part of our strong commitment to continuous professional development, Sonic has established its own Sonic Pathologist Academic Meetings in Australia and Germany, and a Sonic Imaging Conference in Australia. These regular conferences provide a forum for our pathologists, radiologists and other medical staff to meet in a collegiate environment and to exchange ideas and best practices between Sonic's global operations. The conferences are recognised as premier events of their kind, and attract hundreds of Sonic doctors and other medical staff per meeting, along with international and national guest speakers.

Our medical staff are also given conference leave and allowances each year to ensure that they remain at the forefront of their medical specialties.

Sonic also provides ongoing training for staff across all divisions and disciplines. This can range from sonographer or pathology collector training through to leadership development workshops on emotional intelligence and conflict management.

Keeping doctors informed

Ongoing education of referring doctors and their practice staff is a deeply embedded feature of Sonic Healthcare Germany's Labor 28 laboratory. Situated in the heart of Berlin, Labor 28 has a long history of providing quality education, with a comprehensive calendar of conferences and educational meetings for their referrers.

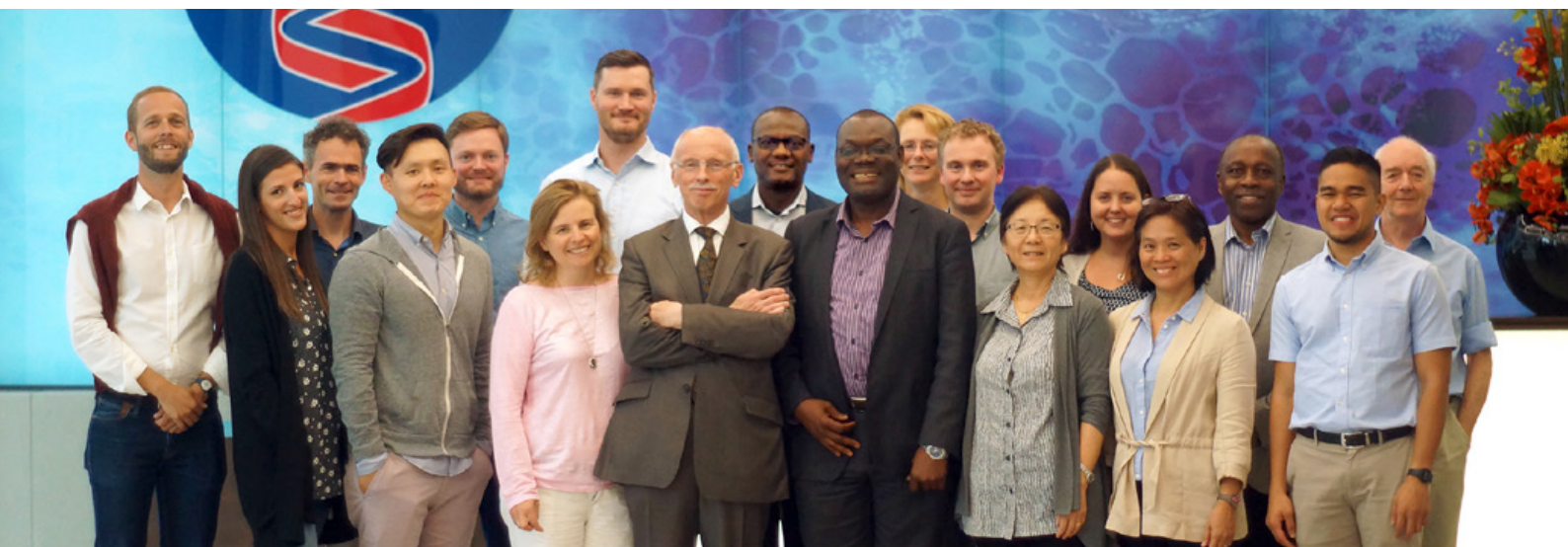
This year, 20 different clinical seminars were conducted, attracting more than 1,000 attendees. Topics included infectious diseases, travel medicine, rheumatology and more. The laboratory also provided education for clinical staff in areas such as hygiene, health and safety, and legislative compliance. Seminars also covered specific tests such as thyroid function testing.

Labor 28 Managing Director Dr Michael Mueller said that educational seminars have always been an important part of the laboratory's customer service philosophy. "Labor 28 takes a proactive approach towards educating our referring doctors. Our service offering always includes a wide range of seminars to ensure that our doctors remain as informed and involved as possible. This way we can all work together to provide the best medicine for our collective patients."

Contributing to publications, craft groups, steering committees, boards and other professional organisations

Sonic's medical, technical and scientific staff regularly contribute to the broader medical community, through their involvement in craft groups, steering committees, boards and other professional organisations. This involvement helps to promote the practice of good medicine within local communities, while also raising standards nationally and globally.

Sonic's medical and scientific staff regularly publish articles in medical journals and texts as another way of sharing their unique knowledge and experiences.



Members of the World Health Organisation (WHO) malaria rapid diagnostic test evaluation program steering committee

Working with the World Health Organisation to improve malaria rapid diagnostic testing

The fight against malaria has been a long-term global initiative for the World Health Organisation and other medical bodies, who have successfully moved towards controlling and eradicating the disease in different regions of the world.

Early testing and diagnosis is one of the most effective methods of preventing malaria deaths however, not all patients have access to good microscopy services. For many years, the World Health Organisation (WHO) has been working to improve the diagnostic accuracy and reliability of rapid diagnostic tests (RDTs) for malaria, so that the testing can be performed at the point of care, allowing patients in remote areas to be diagnosed quickly and effectively.

In July 2018, Sonic Healthcare UK welcomed the World Health Organisation (WHO) malaria rapid diagnostic test evaluation programme steering committee to our central-London laboratory. Professor Peter Chiodini, consultant speciality lead for parasitology at Sonic Healthcare UK, is a member of the international committee that oversees the technical and logistical aspects of the global evaluation program. Chaired by Prof Chiodini, the two-day meeting saw the group of experts

review the results of a recent round of RDT assessments and discuss future recommendations for RDT quality control (pre and post-purchase). "RDTs have greatly improved access to appropriate diagnosis and management of malaria," explains Prof Chiodini. "They are relatively simple to perform and interpret, and require limited training. It means doctors in rural or remote areas have access to accurate diagnostic tests at the point of care and no longer have to treat patients for malaria based on symptoms alone."

Quality control is an important facet of the steering committee's remit, helping to create common performance standards against which malaria RDTs can be tested. This ensures the quality and reliability of these point-of-care tests.

According to Prof Chiodini, the evaluation program has had a "remarkable effect" on the quality of malaria RDTs used across the world. "Over the years accuracy and reliability have improved, and variation between batches has lessened. It's a privilege to be part of a program which has made significant improvements to the standards of malaria diagnostics, particularly in those areas which need it the most."

Prof Chiodini's contribution to the WHO steering committee demonstrates the importance that Sonic places on sharing our knowledge and expertise through participation in advisory committees and steering groups.

Sonic Dermatopathology Atlas

Australia is home to the world's highest rate of skin cancers and melanomas, which means that diagnosis and treatment of skin conditions is a daily part of Australian GP work.

When a doctor is concerned about a skin condition, they often take a skin biopsy and send it to the laboratory for analysis. This is known as dermatopathology, which is the study of skin diseases at a microscopic and cellular level.

Increasingly, skin pathology reports include photographs of the microscopic appearance of the skin that pathologists use to diagnose various skin cancers and other conditions. Given the large number of different skin cancers, it can be difficult for GPs to correlate the visual images on their reports with the clinical appearance of the lesion.

Enter Dr Blake O'Brien, dermatopathologist at Sullivan Nicolaides Pathology in Queensland, Australia. Two years ago, Blake recognised the need to create a learning tool to help doctors make sense of what is being seen under the microscope, so he created a skin atlas to present and describe some of the fundamental aspects of dermatopathology,

including normal skin anatomy, terms frequently used in pathology reports, and common skin conditions.

In collaboration with his colleagues, Blake started photographing and writing up interesting cases that he came across during his daily reporting. The resultant collection has been included in the Sonic Dermatopathology Atlas – a comprehensive guide to the interpretation of dermatopathology images, which was launched in May this year.

The Atlas has now been given to hundreds of GPs, dermatology registrars and pathology registrars, to universally positive acclaim, with several doctors emailing Blake to thank him for creating such a valuable learning resource.

The Sonic Dermatopathology Atlas is now in use across all Sonic pathology practices in Australia. It is another way in which Sonic is actively involved in improving the knowledge of our referring doctors, and helping to train the next generation of medical professionals.



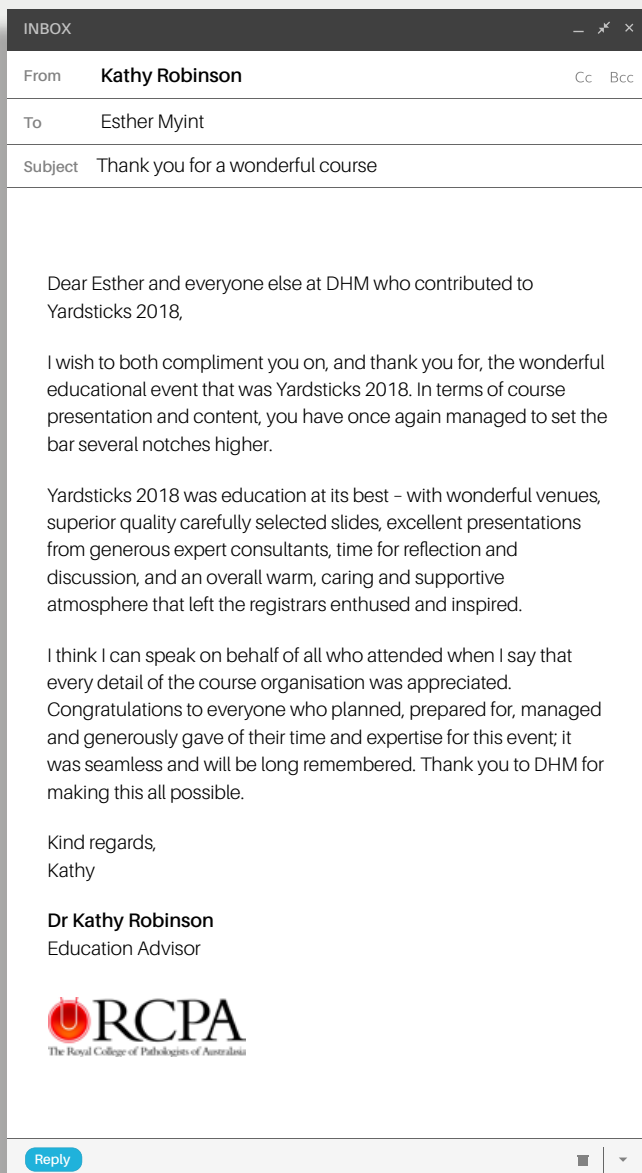
Training the next generation of medical professionals

In keeping with our commitment to medical excellence and Medical Leadership, Sonic Healthcare and its medical staff are heavily involved in graduate and postgraduate medical training in different parts of the world. This reflects the importance we place on ensuring that the next generation of doctors, scientists, radiographers, sonographers, technicians and nurses are well-trained in medical diagnostics and General Practice.

Sonic has a proud history of involvement with academic training facilities and has links with many universities, including University College London, University of Heidelberg Medical School, University of Texas, Austin Community College, University of Tennessee, University of Notre Dame, University of Sydney, Queensland University of Technology and James Cook University.

Many of our pathologists, radiologists and general practitioners are also university lecturers, training the next generation in their particular speciality or subspecialty. We also provide vocational training positions for pathologists, radiologists and general practitioners, ensuring the future supply of these important medical practitioners in the community.

In FY2018, more than 800 students, registrars and fellows received formal training at various Sonic practices. In total, more than 1,850 graduates and post-graduate students attended our facilities as part of their coursework.



Yardsticks in surgical pathology workshop

'Yardsticks in Surgical Pathology' is a two-day education workshop for registrars in anatomical pathology, which helps to measure and then enhance participants' knowledge of anatomical pathology. Held at Douglass Hanly Moir (DHM) Pathology in Sydney, Australia, and led by a faculty of DHM specialist pathologists, the workshop is designed and structured to match each participant's respective training needs. It also accommodates trained specialists from overseas who have joined, or are planning to join, the Royal College of Pathologists of Australasia registrar training program.

The workshop provides registrars with a practical approach to evaluating their skill levels as their training progresses. The annual seminar attracts almost 100 attendees from all states in Australia, plus participants from New Zealand and Hong Kong.

'Yardsticks' is the brainchild of DHM histopathologist Dr Esther Myint, who ably fulfils the roles of convenor, moderator and presenter. The workshop also showcases DHM's academic expertise and introduces their esteemed team of pathologists to aspiring young pathologists.

Registrar feedback from the seminar has been overwhelmingly positive, with comments on the excellence of presentations and the comprehensiveness of the course material. Ninety-eight per cent would also recommend the course to others. A qualified practising pathologist who attended the workshop found it to be "one of the best refresher courses. It covers all systems with a non-confrontational approach, stressing a practical approach to get to the diagnosis. Latest immunohistochemistry and molecular testing techniques were also explained."

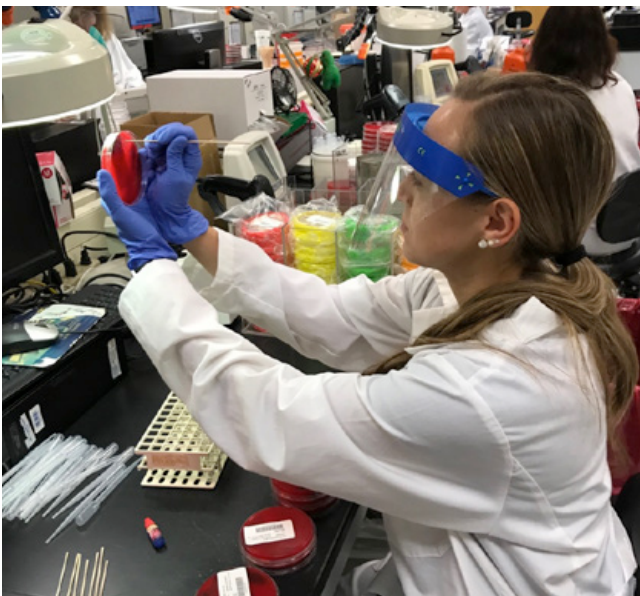
Bringing laboratory processes to life

In addition to formalised training programs for medical students, Sonic is increasingly working with universities and other training institutions to help educate and inspire the next generation of scientists through internships, apprenticeships and tours of our facilities.

Sunrise Medical Laboratories clinical internships

Sunrise Medical Laboratories in New York is working closely with six academic institutions to provide students with a clinical internship towards their degree in Clinical Laboratory Science. Students from Stony Brook University, Farmingdale State University, CW Post University, Hunter College, Nassau Community College and Broome College rotate through the chemistry, haematology, microbiology, molecular, histology and blood bank departments for four to eight weeks, getting direct and practical experience to complement their formal studies. Sunrise follows the guidelines set forth by the National Accreditation Agency for Clinical Laboratory Science (NAACLS) for both clinical and didactic training and takes part in audits every two years to ensure compliance.

All students work side-by-side with laboratory staff, who instruct and mentor the students, helping to prepare them for an exciting and rewarding career. In the past five years, more than 150 students have completed their clinical internship at Sunrise, and the program has been an unqualified success.



Jessica Covas of Hunter College works on her bacteriology unknowns as part of her microbiology clinical internship at Sunrise Medical Laboratories



David Ricketts talking to Biomedical Sciences masters students touring The Doctors Laboratory in London

Masters of Biomedical Sciences students visit Health Services Laboratories

Health Services Laboratories (HSL) in London is closely involved with tertiary education of biomedical students at both an undergraduate and postgraduate level. They conduct regular tours of their state-of-the-art laboratory in Central London, including a recent tour by a group of Biomedical Sciences masters students from Westminster University. Led by David Ricketts, Head of Process Improvement, who also teaches in the course, the students followed pathology samples across all floors of HSL's state-of-the-art laboratory, known as the Halo building.

"The students found it very useful to see the practical application of the theory they're learning in the classroom," said David. "We visited all departments within the Halo to give the students a better sense of how a sample progresses through the building, and what we do to mitigate error and produce a high-quality result. Understanding the practicalities of how a laboratory works highlights the complexity of what we do, which can sometimes be lost in a purely academic setting."

David is committed to continuing the laboratory tour for Westminster MSc students in the coming years. "Education and training are key priorities for everyone here at HSL," he said. "These students are the future of biomedical science. It's therefore vital that we engage with their education and give them the skills, knowledge and experience they need to become top-quality scientists."

Quality is in our DNA

The provision of quality healthcare requires an adherence to the highest medical and ethical standards. Sonic Healthcare not only meets these standards, but also strives to continually improve them. This commitment to quality is inherent in everything that we do. In fact, it is embedded in our corporate motto 'Quality is in our DNA', and is applied to the clinical, financial, operational and workforce processes and systems throughout our global organisation.

Sonic adopts a quality framework in all areas of our operation, including:

- Accredited facilities
- Continuous improvement
- Supplier selection and management
- Taxation governance

Accreditation

Achieving accreditation demonstrates a practice's dedication to delivering high-quality care and the commitment to continuous quality improvement via systems, processes, policies, culture, risk management and staff training.

All Sonic practices have external quality assurance certifications and are fully accredited by the relevant regulatory bodies in the corresponding jurisdictions. This compliance is overseen by quality management teams that include medical, scientific, quality and administrative personnel within each business. These quality teams work objectively to ensure our medical facilities and supporting operations comply with the standards set down by relevant regulations and reflect good management and clinical practice at all times. The quality teams also perform an ongoing 'checks and balances' function that contributes to policy-making, planning, regular peer reviews and continuing professional development.

To assist in the ongoing quality improvement process, a customised quality management software system, SmartLab, has been developed by Sonic, which enables collaboration and benchmarking for quality improvement across the laboratory medicine group.

In FY2018, more than 750 formal quality accreditations and audits were performed by external quality agencies, and all Sonic facilities maintained their accreditation. A further 4,200 internal quality audits or reviews were carried out by qualified staff across the Sonic group, and all findings were resolved and fed into the continuous improvement process.

Laboratory medicine/pathology

Many of our pathology laboratories in the Sonic Healthcare group are accredited to ISO 15189:2012 Medical Laboratories – Requirements for Quality and Competence (ISO 15189).

Australia & New Zealand	<p>Sonic's Australian laboratories are accredited to ISO 15189, and are accredited by the National Association of Testing Authorities (NATA), in conjunction with the Royal College of Pathologists of Australasia (RCPA). They also comply with the National Pathology Accreditation Advisory Council (NPAAC) requirements, which are put together on behalf of the Australian Government. The NATA and NPAAC guidelines work together to set the minimum standards considered acceptable for good laboratory practice.</p> <p>Sonic's New Zealand laboratories are accredited by the International Accreditation New Zealand (IANZ). The accreditation process includes onsite peer reviews, as well as online assessments. Laboratories are fully assessed every four years, with additional activity each year. All laboratories are accredited to ISO 15189.</p>
Germany	<p>Sonic's German laboratories are accredited by Deutsche Akkreditierungsstelle (DAKKS). They are also accredited to ISO 15189. In addition, some laboratories have ISO/IEC 17025 accreditation as a testing laboratory for hygiene services or veterinarian medicine.</p> <p>One of Sonic's largest German laboratories is also accredited by the College of American Pathologists (CAP) and by Clinical Laboratory Improvement Amendments (CLIA) in order to fulfil testing and other technical requirements for US clients.</p>
Switzerland	<p>Whilst it is not mandatory to be accredited to ISO 15189, all Sonic Swiss laboratories are either accredited to this standard by Swiss Accreditation Service (SAS), or are working towards it. In addition, all our Swiss laboratories are required to meet the authorisation from the Office Fédéral de la Santé Publique (OFSP) if they wish to perform microbiology or genetic testing.</p>
Belgium	<p>Our large central laboratory in Antwerp is ISO 15189-accredited by the Belgian Accreditation Body (BELAC).</p>
UK & Ireland	<p>Sonic Healthcare laboratories in the UK are accredited to ISO 15189 by the United Kingdom Accreditation Service (UKAS), and are inspected by the Care Quality Commission (CQC). They are also accredited to the College of American Pathologists (CAP) requirements. The Blood Transfusion departments are also inspected by the Medicines and Healthcare products Regulatory Authority (MHRA) and comply with the Human Tissue Act (HTA) and all relevant Royal College of Pathologists (RCPATH) guidelines.</p> <p>Sonic Healthcare's laboratory in Ireland is accredited to ISO 15189 by the Irish National Accreditation Board (INAB).</p>
USA	<p>Sonic's USA laboratories are accredited by Clinical Laboratory Improvement Amendments (CLIA) and the College of American Pathologists (CAP) to specific technical requirements.</p>

Diagnostic Imaging

Sonic's diagnostic imaging practices are independently accredited against the Diagnostic Imaging Accreditation Scheme (DIAS) and guided by the Royal Australian and New Zealand College of Radiologists (RANZCR) Standards of Practice. Our practices also comply with all relevant standards regarding private health regulation and radiation safety.

General Practice

Every Sonic primary care medical centre is accredited by the Royal Australian College of General Practitioners (RACGP). The accreditation process is based on a three-year audit cycle, and is conducted by an external provider, GPA Accreditation Plus. This process ensures that our practices meet the requirement of government industry standards set by the RACGP.



Supplier selection and management

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 Sonic's high standards. These expectations are outlined in the Sonic Supplier Policy. All suppliers are required to read, understand and accept the policy before they enter into contracts with us. Sonic's Supplier Policy has been implemented to ensure that, as far as possible, Sonic's suppliers will:

- › comply with all relevant laws, regulations and governmental requirements and directions
- › conduct their business in an ethically appropriate manner
- › seek to pursue environmentally sustainable business practices
- › treat all individuals, including employees and customers, with respect and dignity, including observing all relevant laws and regulations regarding discrimination, equal opportunity and individual and human rights
- › abide by the procedures of customer organisations

Suppliers are rigorously researched to ensure their compliance to Sonic Healthcare's Supplier Policy, and all products are tested by technical experts within Sonic for quality and efficacy before acceptance.

Sonic draws from an international supply chain to ensure provision of the best-quality components and supplies available for an acceptable price. Where possible and feasible, Sonic chooses suppliers from local economies, as long as they can deliver equal quality.

Sonic endeavours to develop and maintain long-term relationships with suppliers to understand future developments in the industry and to aid in Sonic's forward planning.

These relationships also enable joint development of industry innovations. To maintain these relationships, Sonic has developed a formal supplier relationship management system that involves structured, regular, formal reviews of quality, supply, costs, ongoing support mechanisms and cost containment. Sonic has a well-developed quality management system that records on-the-ground supplier interactions and these are also part of the formal review process.

Taxation governance

Sonic Healthcare accepts its responsibility to pay an appropriate amount of tax, and supports efforts to ensure that all companies are appropriately transparent about their tax affairs.

Our approach to taxation is aligned with our business strategy, code of ethics and Core Values. We recognise that a large proportion of our revenue comes from governments, both directly and indirectly, and it is not in the interests of our shareholders or the communities that we serve to risk damaging Sonic's reputation by adopting aggressive or non-compliant tax practices.

Sonic pays a significant amount of tax, including corporate income tax and other business taxes, as well as taxes associated with our employees. In the 2018 financial year we paid \$274 million in taxes and remitted a further \$444 million to tax authorities on behalf of our employees.

Sonic's Board approved Taxation Governance statement can be viewed on our website. Our Board Tax Policy was formally endorsed by the Board of Directors in 2015 and outlines the company's tax strategy, tax risk tolerance, significant transaction escalation process and key roles and responsibilities. The Policy also requires regular reporting and annual CEO certification.

Sonic as an Employer

Creating a fulfilling work environment

Sonic recognises the need to be more than just an employer. We employ more than 35,000 people in an environment of professionalism, ethical behaviour, equal opportunity and reward based on merit. Our culture is built on the strength of our people, and we strive to create workplaces that are secure and fulfilling. Respect for Our People is one of the key pillars of our Foundation Principles.

Employees by country of operation at 30 June				
	2018		2017	2016
Australia	46.9%	16,433	16,197	15,877
New Zealand	0.7%	235	183	183
United Kingdom	6.3%	2,228	1,812	1,597
Ireland	0.2%	71	70	59
Germany	21.1%	7,394	6,923	5,565
Switzerland	3.1%	1,073	1,029	987
Belgium	1.5%	527	497	502
USA	20.2%	7,091	6,925	6,528
Total	100.0%	35,052	33,636	31,298
Increase year on year		4.2%	7.5%	6.0%



Dr Vanessa Obers, Director of Cytopathology
at Melbourne Pathology, Australia

Values and philosophies

Sonic's Core Values set out a unifying code of conduct for our people. These are complemented by a range of policies that ensure that our diverse workforce operates in safe, legally compliant workplaces that meet all operating requirements. The philosophy of treating each other with respect and honesty is further encouraged by our Diversity Policy, Labour Standards and Human Rights Policy, and Code of Ethics.

Employee turnover

Sonic is considered an 'employer of choice' due to our professional reputation within the communities in which we operate. Our commitment to Medical Leadership, as well as the respect we show our staff, is reflected in our low employee turnover rate, especially at more senior levels of staff, which includes executive managers, line managers, pathologists and radiologists, who represent 7.0% of Sonic's global workforce.

Employee turnover for our global workforce			
	2018	2017	2016
Senior leadership turnover rate	6.9%	6.7%	5.9%
Total employee turnover rate	16.8%	16.5%	16.5%

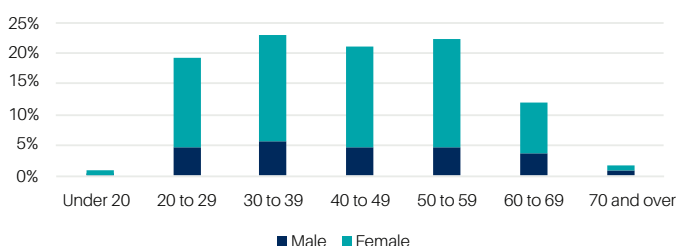
Employee diversity

Our Diversity Policy outlines the principles that ensure we have a broad range of experience, talent and viewpoints in our businesses, across age, gender and ethnicity. Women comprise 75.3% of the overall workforce, and represent 53.3% of senior leadership, which is defined as manager level and above.

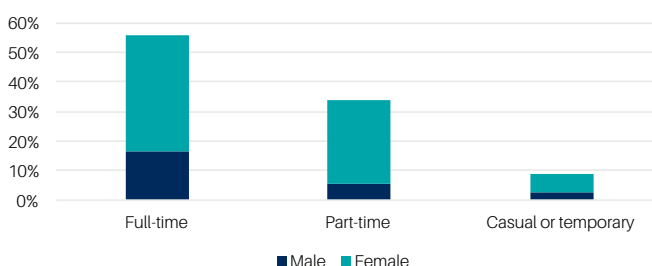
Employees by gender diversity			
	2018	2017	2016
Women on the Board of Directors	25.0%	28.6%	28.6%
Women in senior leadership positions	53.3%	52.7%	50.5%
Women within the total workforce	75.3%	75.3%	76.4%

Although we don't collect specific figures on ethnicity, we also enjoy an ethnically diverse and harmonious workforce.

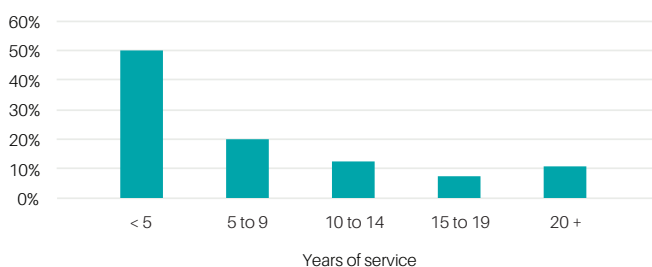
Employees by age bracket



Status of employment



Length of service



Health and safety

Sonic is committed to the health, safety and wellbeing of our staff, contractors and visitors. Our Workplace Health and Safety Policy recognises our responsibility to ensure that staff enjoy a work-life balance, are provided with opportunities to develop professionally and are assured of Sonic's concern in promoting their health and safety. Our commitment to a positive safety culture and proactive safety management is reflected in the SonicSAFE Improvement Program, which aims to achieve a zero-harm workplace.

SonicSAFE aims to maintain low levels of workplace injuries. No work-related fatalities occurred during the year across Sonic, and our lost-time injury frequency rate (LTIFR) for the 2018 financial year was 5.0 per one million hours worked.

Sonic's workforce availability during the year was 97.2%. Sonic supports and invests in a number of wellness and other programs across its operations to improve the health and happiness of its employees, which contribute to low absenteeism rates. Additionally, Sonic's proactive approach to improving employee engagement is a key factor in the high availability rate.

Parental leave

During FY2018, 2.0% of staff took parental leave, with 84% subsequently returning to work. Sonic recognises the importance of family and that, following parental leave, staff may need to adjust their work patterns to assist them in handling their family responsibilities. To this end, Sonic promotes flexibility in both job functionality and hours of work, where possible, to assist staff returning from parental leave.

Workplace reporting

Sonic encourages all staff to report any incidents, misconduct, illegal acts or other behaviours that could adversely impact the reputation of Sonic Healthcare.

Consistent training for both supervisors and staff ensures that this culture 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. Sonic seeks this commitment from all staff, as outlined in our Anti-Bribery and Corruption Policy.

Working with employee representatives

Sonic engages with unions and other employee representative groups in a positive manner, and hasn't experienced any significant industrial action in our 31-year history. We support the right of freedom of association for all of our employees, including their right to join trade unions and to be represented by those unions for the purpose of collective bargaining. Sonic does not discriminate against, or deny access to, workers' representatives in the workplace, and a significant proportion of our global workforce are currently members of unions or other employee representative groups.

Retaining staff from new acquisitions

Sonic has a long and successful history of growth through the acquisition of other practices. When achieving synergies from these acquisitions, our general approach is to rely on natural staff turnover to generate savings over time, rather than wide-scale redundancy programs. This preserves staff morale and helps to maintain the goodwill of the businesses.



Sonic & the Environment

Sonic Healthcare is committed to operating in a sustainable, ethical and responsible way across all facets of its organisation – medically, financially, organisationally and environmentally. We have a variety of programs and policies in place, locally and globally, which are aimed at fostering a sustainable working environment for our staff, suppliers, customers and communities. This is consistent with our Sonic Values of Demonstrating Responsibility and Accountability and Enthusiasm for Continuous Improvement.

Sonic is committed to meeting all environmental regulations and legislation that apply to the locations in which we operate, and our Environmental Policy actively seeks to minimise the negative impacts our businesses may have on their surroundings. Fortunately, healthcare is not a significant polluter or energy consumer, however, we recognise the need to continually minimise our environmental footprint, and to explore opportunities that deliver long-term environmental benefits. We achieve this through:

- identifying opportunities for energy efficiency initiatives, including the use of renewable energy systems or low environmental impact vehicles
- providing education and training for our staff on environmental practices, including reducing water use, clinical waste and resource consumption
- recycling programs for environmentally sensitive chemicals, to reduce our contaminated waste volumes
- partnering with our suppliers to reduce packaging and transport emissions
- using digital solutions to minimise resource waste across our customer and supply chain
- responsibly procuring products and services through understanding and evaluating the environmental management practices of our suppliers

Sonic Healthcare recognises the Intergovernmental Panel on Climate Change's finding that warming of the climate system has been significantly influenced by human activity. We understand that the impacts of climate change could present physical, natural and human risks for our federated network of service providers, our key suppliers, or the availability of resources for products that are integral to our business.

We monitor our exposure to these risks on an ongoing basis, and continue to ensure our service offerings are aligned to meet any emerging needs.

Our commitment to minimising our environmental impact is monitored by the Board's Risk Management Committee, which is responsible for providing oversight on Sonic's identification and response to key environmental issues, as well as monitoring our climate change preparedness. The Board has assessed the impact of climate change on key areas of our business and has concluded there are no substantive risks to our operations.



Solar panels on Labdiagnostik's purpose-built laboratory in St Ingbert, Germany

Sonic reports the following data under the Australian National Greenhouse and Energy Reporting Act 2007:

Australian greenhouse gas emissions (tonnes CO ₂ -e)			
	2018	2017	2016
Scope 1 (mainly fuel and natural gas usage)	8,223	8,124	8,386
Scope 2 (mainly electricity usage)	58,322	59,156	59,022
Energy consumed (GJ)	387,013	388,569	386,780
Reduction in energy consumed per patient	2.8%	1.0%	4.2%

Energy consumption decreased by 0.4% in FY2018.

Our facilities

In recent years, Sonic has relocated several laboratories into purpose-built or refurbished premises. Environmental efficiency has been a cornerstone of our design briefs, as reflected by some of the key features of our new facilities.

USA			
Features			
Texas, 2018	<ul style="list-style-type: none">▪ Sonic Reference Laboratory▪ New purpose-built laboratory	<ul style="list-style-type: none">▪ Installation of LED lighting with movement sensors to decrease power usage▪ Variable air volume (VAV) air-conditioning system controlled by a Building Management System to reduce power consumption for heating, ventilation and air-conditioning (HVAC)▪ Optimal use of natural light to reduce artificial light usage	
Hawaii, 2017	<ul style="list-style-type: none">▪ Clinical Labs of Hawaii▪ Refurbishment of existing building	<ul style="list-style-type: none">▪ Removal of all asbestos, trapped moisture and lead from the building▪ Waste water filtration system▪ Installation of LED lighting with movement sensors to save on power usage▪ Variable air volume air-conditioning system controlled by a Building Management System to save power▪ New reflective film placed on all windows to stop heat load on the building	
UNITED KINGDOM			
		Energy rating	Features
London, 2016	<ul style="list-style-type: none">▪ The Doctors Laboratory and Health Services Laboratories▪ Refurbishment of existing building	Very Good BREEAM score^	<ul style="list-style-type: none">▪ Series of 'green roofs' that contribute towards the creation of a nature corridor across central London▪ Provision of approximately 60 bicycle spaces and associated shower facilities on site to encourage staff to cycle to work
^BREEAM sets the standards for best practice in sustainable building design, construction and operation and has become one of the most comprehensive and widely recognised measures of a building's environmental performance.			
GERMANY			
Features			
St Ingbert, 2017	<ul style="list-style-type: none">▪ Labdiagnostik▪ New purpose-built laboratory	<ul style="list-style-type: none">▪ New gas heat pump to efficiently cover and manage the base cooling and heating load of the new building.▪ Air-conditioning, ventilation and heating systems controlled by a Building Management System to optimise the interaction of these three components▪ Installation of LED lighting▪ Installation of solar panels on the roof	
Ingelheim, 2016	<ul style="list-style-type: none">▪ Bioscientia▪ New purpose-built extension to the existing laboratory	<ul style="list-style-type: none">▪ New thermal power station to efficiently cover and manage the base load of the new building▪ Installation of LED lighting▪ Implementation of other efficient facility engineering features	

GERMANY

Features

Berlin, 2014

- Labor 28
- New purpose-built laboratory
- Installation of solar panels producing an output of 33,750 kWh p.a. (saving 22,463 kilograms of CO₂ p.a.)
- Installation of LED lighting
- Air-conditioning, ventilation and heating systems controlled by a Building Management System that optimises the interaction of these three components
- New efficient heat extraction system for laboratory equipment in the clinical chemistry department, resulting in a saving of 54,600 kWh p.a.

AUSTRALIA

Energy rating

Features

Brisbane, 2016

- Sullivan Nicolaides Pathology
- New purpose-built laboratory
- ★★★★☆
- 4.5+ stars NABERS Energy Rating*
- Motion sensor LED lighting
- Computer-modelled exterior sun shading
- Tinted double-glazed windows to reduce the load on the air-conditioning system
- End-of-trip facilities accommodating 94 bicycles and change rooms, to encourage staff to use transport systems other than private motor vehicles
- Rainwater harvesting and a Building Management System

Canberra, 2015

- Capital Pathology
- New purpose-built laboratory
- ★★★★★
- 5.0 star NABERS Energy Rating*
- DALI lighting system
- Double-glazed windows
- Optimal use of natural light reducing the need for artificial lighting
- Recycled rainwater in toilets and showers
- Efficient heating, ventilation and cooling (HVAC) system

Brisbane, 2014

- Australian IT data centre
- Refurbishment of existing building
- ★★★★★
- 5.0 star NABERS Energy Rating*
- Free-cooling chillers that use the outside ambient air temperature to cool the data centre when the outside temperature is below the chilled water set-point, without needing the assistance of compressors
- Estimated annual electricity savings 25,000 kWh

Perth, 2014

- Clinipath Pathology
- New purpose built laboratory, offices and warehouse
- ★★★★★
- Section J energy efficiency compliance
- LED lighting system with daylight harvesting and sensors
- Efficient heating, ventilation and cooling (HVAC) system
- Recyclable materials used throughout

Sydney, 2007

- Sonic's corporate headquarters and Douglass Hanly Moir Pathology laboratory
- ★★★★☆
- Designed to achieve a 4-4.5 star Australian Building Greenhouse Rating
- Designed to reduce power consumption
- Harvest rainwater
- Filter waste water
- Solar panels installed on roof

*NABERS is an Australian national rating system that measures the energy efficiency, water usage, waste management and indoor environment quality of a building, and its impact on the environment.

Other environmental considerations

Medical waste is often identified as a potential environmental hazard resulting from our services. Sonic minimises this risk by contracting with reputable, licensed businesses that specialise in this field. This waste handling is subject to regular review by external parties as part of our laboratory accreditation processes. In its 31-year history, Sonic is not aware of a single issue of note arising in relation to medical waste.

Sonic does not undertake animal testing, other than veterinary pathology (which tests for the health of the animal) in some markets.

When purchasing equipment, Sonic formally assesses water usage, power requirements and consumables packaging, while the selection of significant suppliers is subject to a formal assessment of their environmental policies and credentials, in accordance with Sonic's Supplier Policy.



Going green in Germany

When the team at Labdiagnostik in Germany sat down to design their purpose-built laboratory, they were determined to build upon the environmentally-friendly path that had been taken by their sister-lab Bioscientia.

Considerable thought went into the design of the new laboratory in St Ingbert, northwest Germany, and the recently completed building more than delivers in terms of environmental benefits. The laboratory's design includes substantial energy-saving and waste-reduction elements, including state-of-the-art air-conditioning systems. The warm air produced by the scientific analysers is removed from the

building during summer to reduce the energy needed for cooling. In winter, the air is redirected to other parts of the building, which also helps to decrease heating costs. An extensive array of solar panels also helps to deliver energy for the air-conditioning systems, and recharges the electric courier cars as well as employees' electric bikes. It also supplements the regular energy requirements by up to 20%.

During the laboratory's first winter, the environmental systems allowed 80% of the heat in exhaust gases to be converted back into reusable energy, while the solar panels produced 13,000 kWh of energy during the month of June alone.

Other energy saving and waste reduction initiatives

Ongoing campaigns and initiatives continue around the Sonic network to reduce energy usage and waste, and increase recycling, including education and the provision of recycling facilities. Communication and training in environmental policies and procedures are an important part of these campaigns and initiatives. A few examples of these initiatives are described below.

Reduction in film usage

Over the last several years, Sonic's diagnostic imaging division has worked with referring clinicians and patients to replace hard copy film images with quality digital alternatives. Images and reports can now be accessed, streamed, downloaded and archived efficiently in a variety of formats, resulting in a significant decrease in film usage over the past five years, with environmental benefits accruing from the reduction in manufacturing, transporting, processing, delivering, storing and disposing of the film products. Sonic has exceeded its previous film reduction targets, and will continue to target a further 10% reduction of film use over the next two years.

Shareholder communication

Sonic encourages its shareholders to access all their communications electronically to reduce the energy and water resources associated with paper and print production. More than 97% of Sonic shareholders now opt to receive an electronic version of the Annual Report, or have the option to view it online. More than 66% of shareholders also receive notices of meetings electronically.

Solar power

The commercial-scale solar power systems at our Macquarie Park campus in Sydney have a combined power capacity of 196kW. The systems generate more than 250,000 kWh of clean energy each year, reducing greenhouse gas emissions by an average of 175,000 tonnes equivalent of CO₂ annually. Over the 25-year operational life, this amounts to 4.4 million tonnes equivalent of CO₂ abatement.



Sonic Helping Others

Sonic Healthcare has always understood the responsibilities and obligations that come with medical practice. We know that improving healthcare availability and access can literally change people's lives, and providing assistance and expertise to others has always been an integral facet of our corporate culture.

Over many years, Sonic has been in the fortunate position of being able to help people near and far with our local and global philanthropic activities. The cornerstone of this giving project is Sonic's Catalyst Program, which aims to establish self-sustaining pathology and radiology services for communities in dire need. Over the past 10 years, we have had incredible success in several countries, making a meaningful difference to the lives of thousands of people.

We also support many local charities and, in FY2018, donated more than \$2.3 million in cash and in-kind donations. This included donations supporting research into medical treatments for many different types of cancer, as well as other medical conditions and charities, such as the Red Cross and colorectal research. We also place particular importance in supporting children and families, with donations to many paediatric-related causes, such as paediatric spine research and juvenile diabetes, as well as donations to charities supporting areas ravaged by natural disasters such as Hurricane Harvey.



Catalyst Program

As a medically-led organisation, Sonic knows that good medical practices play an important role in helping to improve the healthcare and lives of people in some of the world's most disadvantaged areas.

For more than 20 years, we have made it our mission to equip hospitals in some of the most disadvantaged places in the world with modern pathology and radiology equipment. We have also trained local staff in modern scientific methods and techniques so they can provide the vital laboratory, pathology and radiology services that underscore modern medicine. Our assistance has also extended to other aid projects supporting schools, orphanages and refugee programs through the provision of funds, materials, education and training of the community.

Most of our projects have been aligned with hospitals that treat women and children – two community subsets that are vital to the future success of any nation. Our support is known as the Catalyst Program because we aspire to be one of the catalysts that will help these hospitals, and the communities that they serve, to self-sufficiency.

The Catalyst Program is supported by Sonic Healthcare staff across the world, including a team of healthcare professionals who visit the projects at least once a year for several weeks at a time.

Over the last 20 years, we have sent a shipping container to an African aid project each year. These containers are filled with laboratory consumables, such as blood collection items, gloves, specimen containers and reagents, supplies for the hospital, and laboratory, radiology and computer equipment. They also include equipment and materials for schools and staff donations of clothes and shoes.

Helping Women in Tanzania

Africa has the highest birth rate of any region on earth, and is also home to some of the world's most impoverished communities.

The statistics surrounding pregnancy in sub-Saharan and south and east Africa are particularly sobering, with only 50% of women having access to a skilled birth attendant, and where one in 22 women will die during pregnancy or childbirth. It is also estimated that for every woman who dies during labour, another 30 women suffer a labour injury, often resulting in a fistula that is both debilitating and socially isolating, with affected women usually being shunned by their communities.

UNICEF believes that the presence of a skilled birth attendant can reduce the risk of stillbirth or death due to birth complications by about 20 percent.

In June 2018, The Kivulini Maternity Centre opened in Arusha, Tanzania. *Kivulini* is a Swahili word meaning shade, and it reflects the centre's desire to deliver high standards of

maternity care to the poorest and most vulnerable women in the region, providing them with shelter literally and metaphorically.

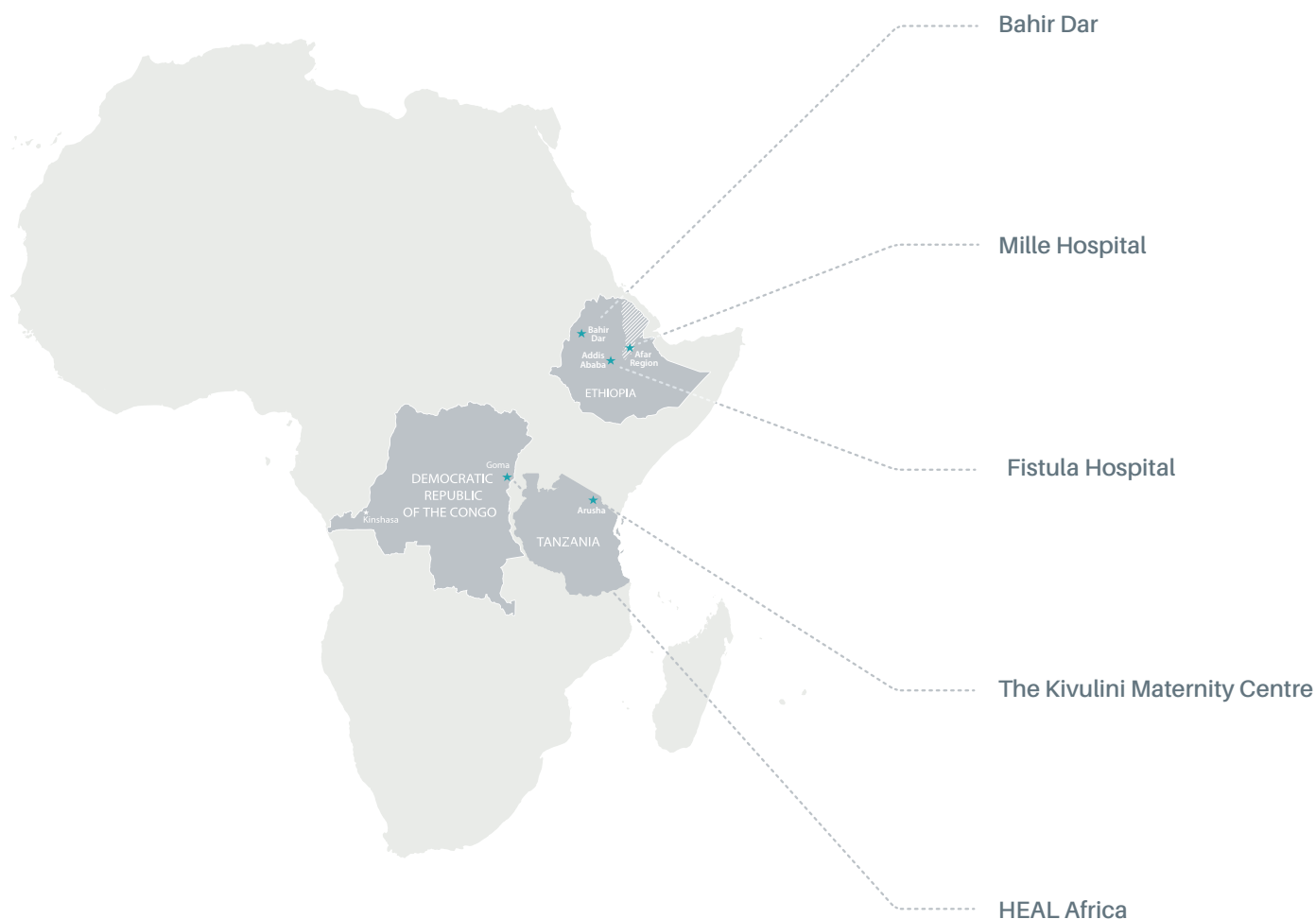
Within its first 10 weeks of operation, Kivulini delivered its 100th baby. It also organised a fistula outreach team that contacted 802 women, resulting in 46 women undergoing fistula repair operations in the first few months.

Sonic Healthcare's Catalyst Program has worked closely with the Kivulini team to establish a small laboratory that provides important diagnostic tests. Sonic purchased biochemistry and haematology analysers locally for the laboratory, and also sent a container of laboratory supplies and equipment. We also allowed other donors to fill the unused space in our container with their own donations.

Two local technicians are already working in the new Kivulini laboratory, and a Sonic team will visit in February, 2019, to help set up a microbiology laboratory, and to assess other services that may be required.

Cutting the ribbon for the opening of the Kivulini Maternity Centre in Arusha, Tanzania





CATALYST PROGRAM

Hospital	Region	
HEAL Africa	Goma, Democratic Republic of Congo	<ul style="list-style-type: none"> Installation of pathology laboratory and radiology department Ongoing supplies Training of staff, including training of the first fully qualified pathologist and radiologist Provision of teaching and other non-medical items
Fistula Hospital	Addis Ababa, Ethiopia	<ul style="list-style-type: none"> Installation of pathology laboratory (equipment and supplies) Training of staff Ongoing support (laboratory is largely self-sufficient)
Barbara May Foundation Maternity Hospital	Mille, Ethiopia	<ul style="list-style-type: none"> Medical and surgical equipment Installation of pathology laboratory (equipment and supplies) Staff training
Vision Maternity Centre	Bahir Dar, Ethiopia	<ul style="list-style-type: none"> Medical and surgical equipment Installation of pathology laboratory (equipment and supplies) Staff training
The Kivulini Maternity Centre	Arusha, Tanzania	<ul style="list-style-type: none"> Installation of pathology laboratory (equipment and supplies) Medical and surgical equipment Planned installation of microbiology laboratory

Closing the gap

Indigenous Australians experience socioeconomic disadvantage and health inequality at a much higher rate than their non-Indigenous counterparts. Common issues include homelessness, unemployment and chronic disease, together with a reduced life expectancy.

The Clontarf Foundation is a charitable not-for-profit organisation that exists to improve the education, discipline, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men, providing them with life skills to succeed and grow.

Established in 2000, Clontarf operates 97 Academies in schools across Western Australia (WA), Northern Territory (NT), Victoria (Vic), New South Wales (NSW) and Queensland (Qld), catering for more than 6,500 boys.

The Foundation believes that failure to experience achievement when young, coupled with a position of under-privilege, can lead to alienation, anger and more serious consequences. As a prelude to tackling these and other issues, Clontarf provides participants with the opportunity to succeed through the playing of Australian Rules football and/or Rugby League. The aim is to use this to raise self-esteem and to encourage these youths to attend school and stay there.

In 2017, Sonic Healthcare Australia partnered with Clontarf to provide medical assessments to students within the Academies, with an additional focus on their mental health and wellbeing.

The collaboration was first trialled at the Clontarf Academy in Perth in August, 2017. A clinical team made up of GPs and Registered Nurses from Sonic's IPN network, together with phlebotomists (blood collectors) from Sonic's local laboratory, Clinipath Pathology, worked on site with Clontarf staff for two-and-a-half days to complete 80 health checks.

The pilot was deemed to be a huge success, with the boys engaging in the process. A broad range of health issues requiring further follow-up were identified, including ear problems, renal and urinary concerns, nutritional and iron deficiencies. These were all followed up by the local Aboriginal Medical Service.

Following the success of this pilot project, further health assessments have been conducted in Geraldton, WA, Taree and Moree in NSW, Cairns in Queensland, Halls Creek and Fitzroy Crossing in the Kimberley region of WA and the Aboriginal Community of Gunbalanya in the Northern Territory. These health checks were facilitated by IPN medical teams nationally, together with phlebotomists from Clinipath Pathology (WA), Sullivan Nicolaides Pathology (Queensland and NT) and Douglass Hanly Moir Pathology (NSW). Due to the remote location of Gunbalanya, health checks were completed on all of the students from preschool to year 12.



The remote sites presented interesting logistical challenges around transporting the team and equipment to and from the locations, and safely delivering the pathology samples back to the laboratory. The trip in the Kimberley covered 1,400 km (870 miles) in three days, and required a three-car convoy carrying portable refrigerators to transport the pathology samples. The trip to Gunbalanya involved a permit from the traditional owners of West Arnhem Land, plus a 4.00 am start from Darwin for the three-and-a-half hour drive, timed to ensure that the team arrived at the crocodile-infested waters of East Alligator River two hours before the 7-metre high tide, allowing them to make the river crossing safely at Cahill's Crossing. This was certainly a contrast to the comforts of an IPN consulting room and well equipped treatment room, but the team felt both privileged and honoured to be invited to conduct the health checks, and were invited to be part of a Smoking Ceremony during their visit.

Approximately 585 boys have received health checks over the last 12 months, with a number of all participants having medical issues that required further follow-up.

The feedback received from the Clontarf Foundation and its Academies has been extremely positive, and they are grateful that their boys are receiving such high-quality medical services that are improving their health outcomes.

The Sonic staff involved in the project have all viewed this as an excellent opportunity to be part of a social responsibility project outside of their usual work. The project has increased networking and communication between our medical teams nationally and allowed our GPs and staff to develop new skills, grow professionally and have the satisfaction of being involved in a really worthwhile project.

PROMOTING BOWEL CANCER SCREENING



Moving a community

Australia has one of the highest rates of bowel cancer in the world, and one in 23 Australians will develop bowel cancer during their lifetime. Fortunately, bowel cancer is highly treatable when it is found in its early stages, which is why early detection is so vital.

The Australian Government provides free bowel cancer screening for all Australians aged between 50 and 74. But despite the obvious benefits of early detection, participation rates are often quite poor.

In Australia's island state of Tasmania, participation is as low as 40%, which is why some of the pathologists at Sonic's Hobart Pathology decided to take matters into their own hands.



Pathologists from Hobart Pathology Dr Penny Yarrow and Dr Daniel Owens

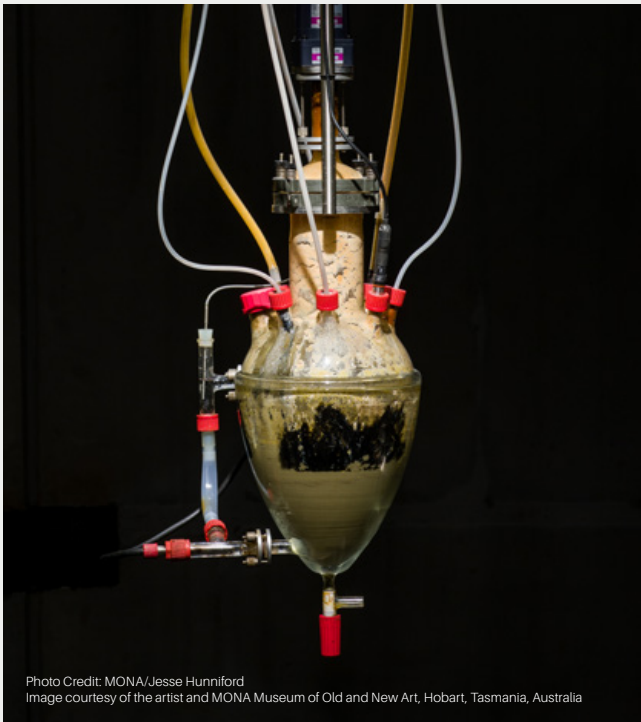


Photo Credit: MONA/Jesse Hunniford
Image courtesy of the artist and MONA Museum of Old and New Art, Hobart, Tasmania, Australia

Tasmania is famous for its Museum of Old and New Art (MONA), a museum that houses ancient, modern and contemporary art, and which is known for continually pushing the boundaries with its exhibitions. MONA's most famous exhibit is the Cloaca Professional – also known as the 'poo machine'. The work of Belgian conceptual artist Wim Delvoye, the Cloaca replicates the gastroenterological journey taken by food when it is being digested, starting with the eating and ending several hours later in defecation, complete with the authentic smell.

With news crews in tow, and under the hashtag #justpooit, Dr Daniel Owens and Dr Penny Yarrow from Sonic's Hobart Pathology put the Cloaca to good use and used some of the faeces it generated to show how easy it is for people to perform the bowel screening test. They also explained the benefits of testing: "The best way to reduce bowel cancer deaths is to avoid late-stage cancer diagnosis."

The resultant media attention was substantial, and while our educational approaches aren't usually this innovative, they demonstrate the lengths to which we will go to increase community awareness of the benefits of cancer screening programs.



World Doctors' Orchestra

Passion, musicianship and philanthropy are the hallmarks of the World Doctors' Orchestra, a group of 100 physicians from almost 50 countries who exchange their white coats for evening attire each year to perform benefit concerts that raise money for medical charities.

Founded in 2008 and performing concerts that have raised more than one million euros for different medical charities, the World Doctors' Orchestra combines fine music with global medical responsibility.

The musicians are entirely self-funded, paying their own airfare and accommodation for each concert, ensuring that all ticket sales go straight to the nominated charities.

Sonic Healthcare Germany has sponsored the World Doctors' Orchestra since 2012, providing seed-funding that ensures that concert venues are paid for before any tickets are sold.

This year, the musicians performed in Hamburg's magnificent Elbphilharmonie, a concert hall that is a work of art in itself and has been named as one of the 'World's 100 Great Places' by TIME magazine. Perched on top of an old, industrial

warehouse, the stunning venue combines innovative architecture with outstanding acoustics, and was the perfect backdrop for a concert that included works by Ligeti, Boieldieu and Wagner.

The musicians performed in the grand hall, which has seating for 2,150 guests. They successfully sold-out two concerts, raising money for two Hamburg-based medical charities that fund and arrange medical treatment and heart surgery for children in need. Immediately after the concert, Sonic's guests enjoyed a reception titled 'Meet the Musicians'.

As well as being a proud sponsor of the World Doctors' Orchestra, Sonic Healthcare Germany also has a direct link with one of the orchestra members. Dr Hans Bernd Kucher is a specialist in laboratory medicine at Sonic's Augsburg Laboratory. He is also a keen cello player, and has been a member of the World Doctors' Orchestra since its inception.

Sonic Healthcare Germany feels privileged to be associated with such a noble and worthwhile charity.

Providing local expertise to help world-class athletes

Elite athletes dedicate their lives to being in peak condition for major competitions, so when injury strikes and they are far from home, access to world-class medical services is paramount for injury assessment and treatment.

When the XXI Commonwealth Games were held on Queensland's Gold Coast in April this year, Sonic's Queensland X-Ray was honoured to be selected as the Official Supplier of Medical Imaging for the Games, providing timely and accurate results for athletes who may have broken bones or torn ligaments during competition.

Similar in format to the Olympic Games, the Commonwealth Games is a multi-sport event that is held every four years, with competitors from 71 Commonwealth nations and territories. This year's event attracted more than 6,000 athletes and team officials.

Queensland X-Ray provided ultrasound and plain X-ray equipment and reporting services at the Commonwealth Games Athletic Village, as well as more complex imaging services, such as MRI and CT scans, at their Gold Coast Private Hospital practice adjacent to the Village. In addition, full imaging and reporting services were provided as required in Cairns, Townsville and Brisbane.



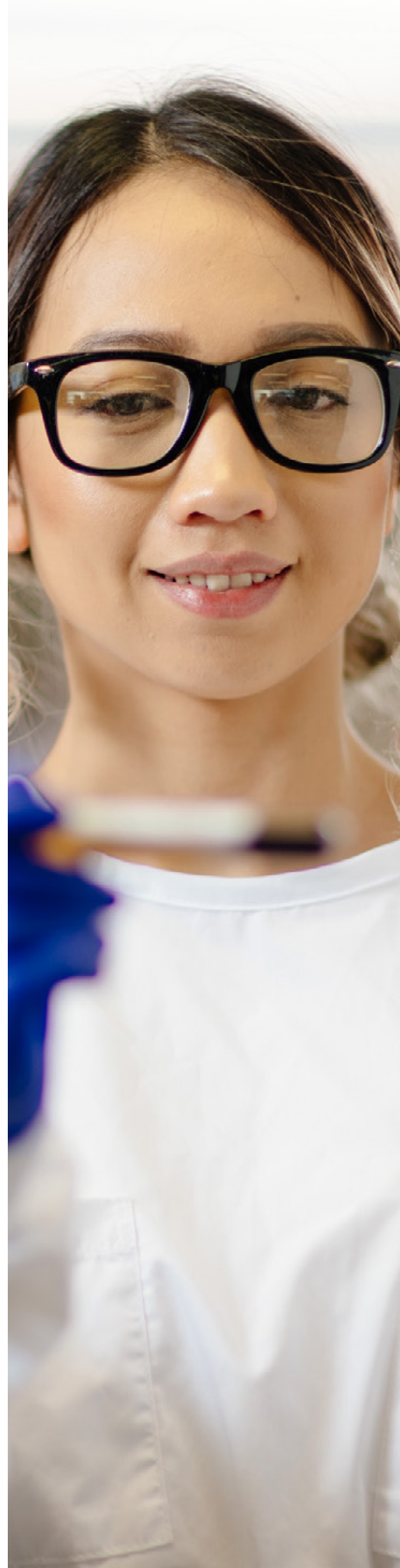
Over the course of the 11-day competition, Queensland X-Ray performed more than 900 medical imaging studies on athletes and officials.

Behind the scenes, this required imaging equipment, radiographers/sonographers to perform the imaging, administrative staff to support them, IT services to report and store the images, radiation safety officers, and typing services so that the reports could be written. The resultant images were read and reported by volunteer doctors, including many from Queensland X-Ray.

Chief Executive Officer, Dr Robert Clarke said being the Official Medical Imaging Supplier of GC2018 was an exciting partnership and provided Queensland X-Ray with an opportunity to demonstrate our clinical and operational expertise to the Commonwealth Nations.

"Our radiologists, technical and administrative teams deliver a world-class standard of service to the local Gold Coast community, and we were excited and privileged to be able to extend this expertise to world-class athletes and sporting teams".

Maggie Moodley, Senior MRI Radiographer at Queensland X-Ray's Gold Coast Private Hospital facility, said working through the Games was one of the highlights of her career. "It was an amazing experience and we got caught up in the excitement, energy and fun of the competing athletes we scanned. Although we had many busy shifts in MRI, I must say that I think we got to experience the best part of the Games, chatting to athletes, sharing in their hopes and disappointments, wins and losses."







SONIC
HEALTHCARE

Quality is in our DNA