



SONIC  
HEALTHCARE  
LIMITED

# Our Commitment to Human Rights 2021

Modern Slavery Statement

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## Reporting entities covered by this Statement

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

This Modern Slavery Statement has been published in accordance with the Modern Slavery Act 2018 (Cth). The Statement sets out the actions Sonic has taken to address modern slavery and human trafficking risks in our domestic and global operations and supply chains during year ending 30 June 2021, and includes each wholly owned entity of Sonic and other entities over which Sonic has control (the Sonic Group). Sonic Healthcare Limited makes this single joint Statement to cover the Sonic Group.

For a list of the Sonic operating subsidiaries covered by this Statement, please refer to Note 30 in Sonic's Annual Report 2021, available at [www.sonichealthcare.com/annual-reports](http://www.sonichealthcare.com/annual-reports)

## Board approval

This Statement was approved by the Sonic Healthcare Board on 18 November 2021 and has been approved and signed by the Chief Executive Officer of Sonic Healthcare Limited (page 3).

The Statement is prepared and published annually on our website.

**For further enquiries, please email us at [modernslavery@sonichealthcare.com](mailto:modernslavery@sonichealthcare.com)**





"Sonic's culture revolves around respect for its people, as well as the people we serve as a healthcare provider."

7

countries of operation

38,000

employees

>15,000

direct suppliers

## CEO Message

As a global healthcare organisation that has always prided itself on company conscience, it is gratifying to observe the increasing global emphasis on corporate responsibility, particularly in relation to eradicating modern slavery.

Sonic's culture revolves around respect for its people, as well as the people we serve as a healthcare provider. This concept of respect is deeply embedded in our policies and procedures, and extends to all our stakeholders, both internal and external.

We recognise that modern slavery is both insidious and highly prevalent. Eradication requires a commitment to continuous improvement in the systems and procedures we put in place to uphold the human rights of every single person associated with our organisation.

This is our second Statement under the Australian Modern Slavery Act. Over the last 12 months, we have incorporated modern slavery mitigation into more of our business activities, and worked to build further awareness across Sonic Healthcare globally.

On behalf of the Board of Sonic Healthcare, which has approved this Statement, I am pleased to present it to you for your reading.

**Dr Colin Goldschmidt**

CEO - Sonic Healthcare

November 2021

# Introduction

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

As an international healthcare provider with specialist operations in Australasia, Europe and the US, Sonic Healthcare is committed to excellence in the delivery of medical services to doctors and patients alike. This belief informs every aspect of our company, including our Medical Leadership and people-focused culture, which views our staff as our most valuable asset.

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

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

## What is modern slavery?

Modern slavery includes all forms of people trafficking, slavery and slavery-like practices, including servitude, forced labour, child labour and instances of deceptive recruitment for labour and services, including where such conduct occurs overseas.

## Importance of taking a proactive stance

Sonic has always been bound by our Core Values and Medical Leadership Principles, which guide our internal and external behaviours and attitudes.

Two of these values are particularly relevant to our modern slavery approach – 'Treating each other with respect and honesty', and 'Demonstrating responsibility and accountability'.

These values highlight the individual and collective responsibility of looking after people's welfare, and are reinforced by our Medical Leadership Principle of 'Company conscience', which recognises the important role that corporations play in society.

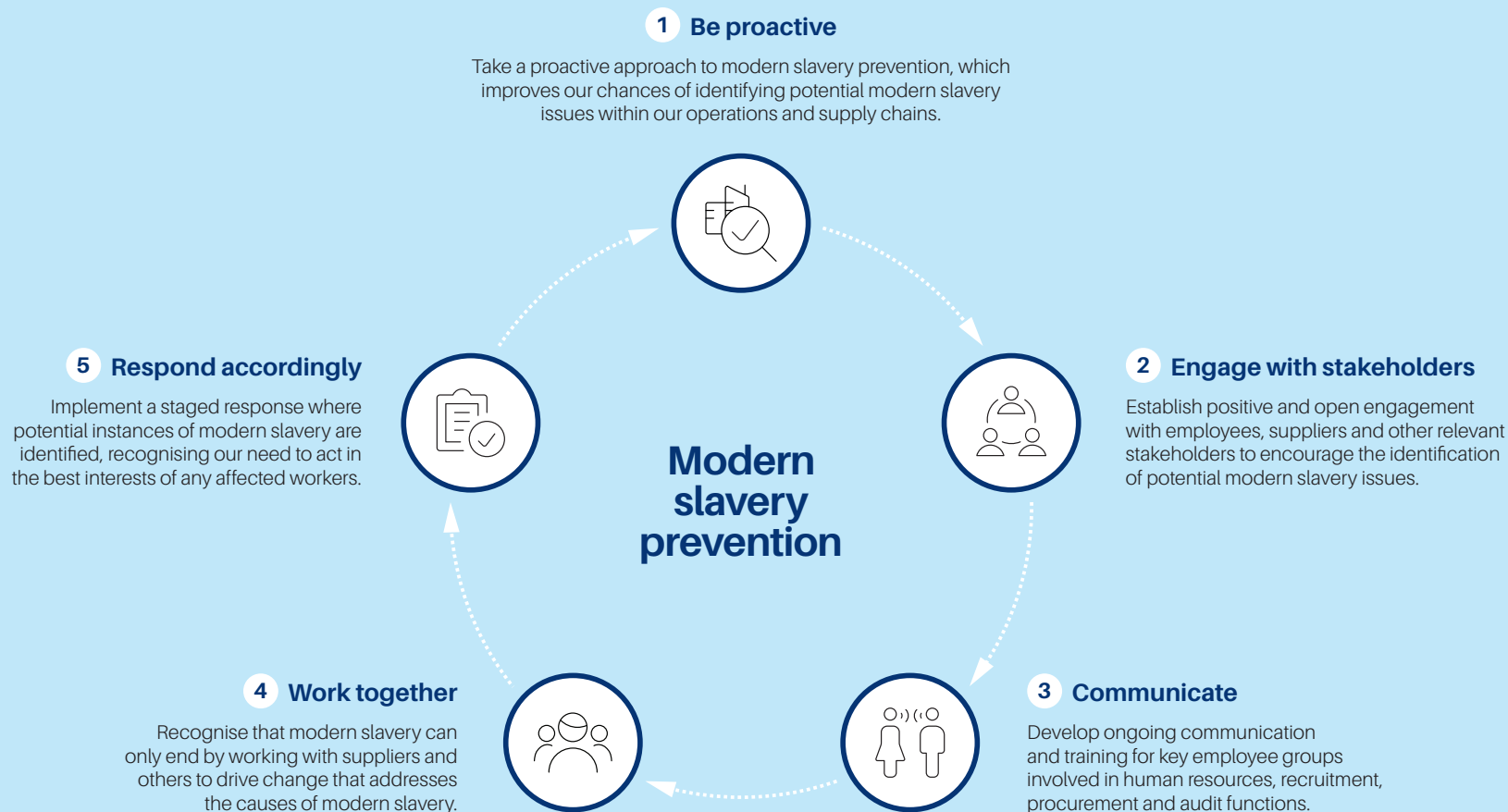
## Approach

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





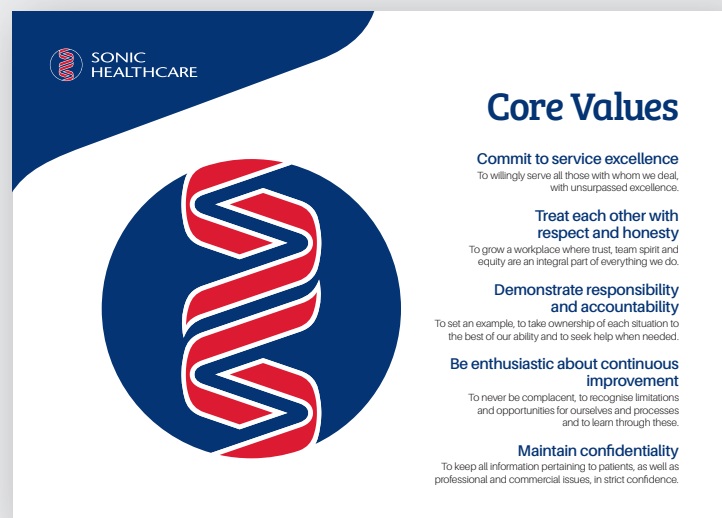
The following five principles have been used to guide our approach



**This approach is in line with Sonic Healthcare's Core Values of Service excellence, Respect and honesty, Responsibility and accountability, and Continuous improvement.**

## Our Core Values

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



## Medical Leadership Principles

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

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



## UN Sustainable Development Goals



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



**Goal 3:** Good health and well-being



**Goal 4:** Quality education



**Goal 5:** Gender equality



**Goal 8:** Decent work and economic growth



**Goal 10:** Reduced inequalities



## Upskilling vulnerable communities

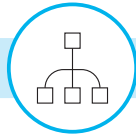
As part of our corporate responsibility, Sonic's Catalyst Program provides funding, materials and support for a variety of medical and community projects in Africa. At their core, these projects involve establishing and maintaining laboratory and radiology facilities to provide vital diagnostic services.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

# Key milestones

2020



Formalised our approach to modern slavery, including the establishment of a Modern Slavery Working Group.



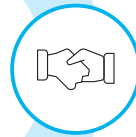
Established a modern slavery framework, including a risk-based assessment and due diligence process.



Reviewed and updated all policies to incorporate modern slavery considerations and reporting requirements.



Completed a global audit of all Sonic Healthcare companies to check their adherence to modern slavery legislation.



Strengthened supplier-related documentation with additional clauses on compliance with modern slavery legislation.

2021



Assessed supplier responses from Phase 1 questionnaire, which represents 27% of our annual supply chain expenditure



Assessed a group of key suppliers in the first round (Phase 1) of a due diligence process for their commitment to identifying and eradicating modern slavery in their organisations and supply chains.



Conducted global briefings to build greater awareness of modern slavery and to inform key internal management groups and external stakeholders.



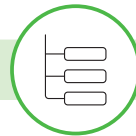
Appointed a Director of Sustainability and Sustainability Manager to lead Sonic's sustainability activities, including modern slavery initiatives and actions.



Trained the global procurement and supply chain groups and incorporated modern slavery as a permanent agenda item on monthly global meetings.



Presented status updates to the Sonic Healthcare Board's Risk Management Committee.



Grouped suppliers into industry categories based on risk and applied a geographical risk assessment based on the [Global Slavery Index 2018 Dataset](#), [Walk Free](#). This will form the basis of a review in 2022 of key high-risk industries and geographies.



Improved and automated the supplier questionnaire, introducing online questionnaires.

2022



Introduced formal media monitoring to alert us to reported modern slavery incidents.



Worked with several key suppliers to understand and mitigate the possible risks in their supply chains.



Identified Phase 2 suppliers, based on a minimum spend per annum, and sent online questionnaires.





## Our structure, operations and supply chains

### Structure and operations

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

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

Sonic's global operations include more than 150 operating subsidiaries across 9 divisions.

We employ more than 38,000 people who proudly deliver high-quality medical and diagnostic services to more than 138 million people annually.

Sonic operates under a federated management structure, where practices are empowered to deliver personalised services best suited to the needs of clinicians and patients in their local communities.




This approach also ensures that we continue to employ local people wherever possible in the communities that we serve.

## OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Simplified structure of Sonic entities covered by this statement



## Sonic's operational segments

Operational segment	Overview of services
 <p><b>Laboratory medicine (pathology)</b> Australia, USA, Germany, UK, Belgium, Switzerland and New Zealand</p>	<p>Pathology/laboratory medicine 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 of disease management.</p> <p>Medical laboratory test results provide clinicians with the information they need to manage patients in a timely and appropriate way, enabling optimal health outcomes for the individual as well as the community.</p>
 <p><b>Radiology</b> Australia only</p>	<p>Radiology is the branch of medicine that uses non-invasive technologies 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.</p> <p>Diagnostic imaging technologies include X-rays, computed tomography (CT), magnetic resonance imaging (MRI), ultrasounds, nuclear medicine, positron emission tomography (PET) and more.</p> <p>Imaging methods are also used to help radiologists perform procedures, such as biopsies, fine needle aspirations and image-guided treatments known as interventional radiology.</p>
 <p><b>General Practice</b> Australia only</p>	<p>General Practice is the medical discipline that delivers primary healthcare in the community. General Practice is usually the first port 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.</p> <p>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.</p>

## OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

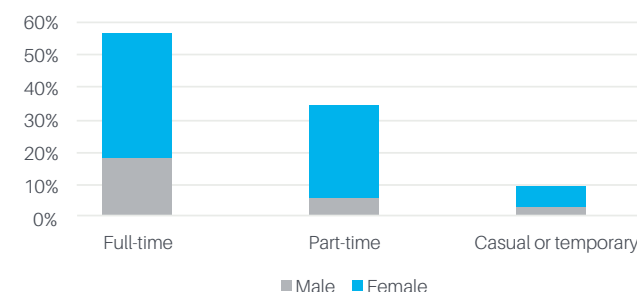
### A breakdown of Sonic's workforce

Sonic's employed workforce consists of 56% full-time, 34% part-time and 10% casuals. Of our total workforce (employed and contracted), only 2.5% are individual contractors, and most of these are specialist medical consultants.

**2.5%**

of our total workforce are contractors (most of whom are specialist medical consultants)

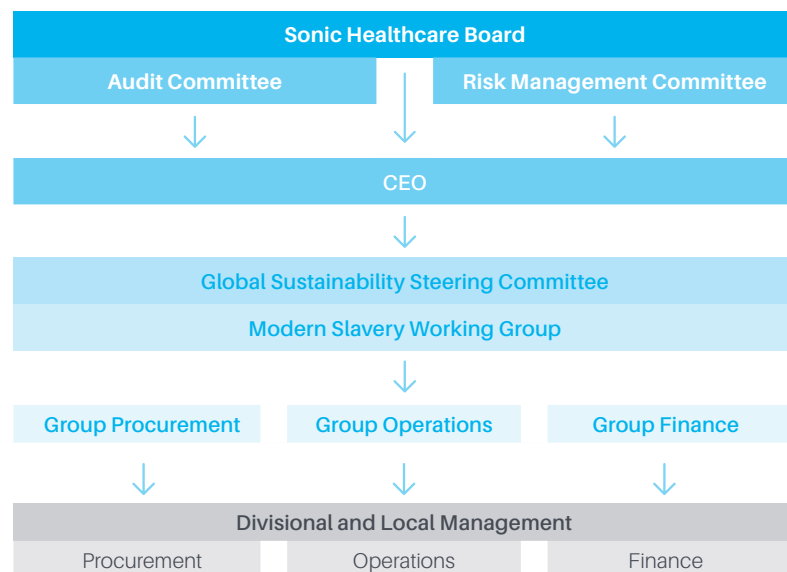
### Status of our employed workforce



More information about our business is set out in our [2021 Annual Report](#) and [2021 Corporate Responsibility Report](#).

## Corporate governance

Sonic's approach to human rights and our management of modern slavery risks is overseen by the Sonic Healthcare Board and supported by the Board's Risk Management Committee. The Modern Slavery Working Group was established to identify and manage modern slavery risks within Sonic's operations and supply chains, implement mitigating actions and affect change where required. The Modern Slavery Working Group includes senior group executives with representations from procurement, operations and finance. The group works collaboratively and within the framework of the Global Sustainability Steering Committee.



This framework is supported by a range of policies and charters that require staff to operate in an ethical, safe and legally compliant manner. Some of these policies are specifically relevant to modern slavery, while others reference more general human rights requirements. These include our Board Charter, Code of Conduct, Labour Standards and Human Rights Policy, Global Whistleblower Policy and Supplier Policy (refer pages 18 and 19 of this Statement for further detail).

## Supply chains

Sonic's operations are located in Australia, USA, Germany, UK, Switzerland, Belgium and New Zealand. In all countries of operation, Sonic sources products and services of the highest quality, drawing on its global footprint to access a wide range of suppliers, both international and local.

Supply chains focus on the provision of highly technical and specialised equipment and consumables for the performance of medical testing. These supply chains often involve global suppliers who provide products and services to Sonic's businesses across our seven countries of operation. In addition, supply chains include the provision of ancillary goods and services, such as office supplies, IT equipment, facility services and maintenance, professional and contract labour services, building materials, fleet vehicles, transport and logistics and other general categories. Where appropriate, Sonic prefers to use local suppliers.

Sonic's supply chains are complex, with thousands of suppliers across seven countries of operation. We abide by the requirements set out in our global Labour Standards & Human Rights Policy, and our suppliers are required to follow these same standards.

Sonic's global Supplier Policy makes specific reference to modern slavery risks. All suppliers are required to read, understand and accept our Supplier Policy before they enter into contracts with us.

The policy details our supplier expectations, including addressing modern slavery risks, and requires suppliers to:

- not use any form of bonded labour, slave labour or illegal forms of child labour
- maintain a blame-free work environment where employees are encouraged to report misconduct, illegal or inappropriate behaviour, free from any threat of reprisals or other adverse consequences
- provide and support freedom of association for employees to join trade unions and other employee representative groups, and for those groups to be allowed to bargain collectively on behalf of employees
- employ only those individuals with a legal right to work in that jurisdiction
- comply with all relevant laws and regulations in relation to legal minimum rates of pay and other conditions of employment for workers, such as fair working hours, meal and rest breaks and other conditions designed to enhance employee health and safety
- prohibit physical abuse, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation in both the workplace and in relationships with customers
- treat staff fairly and equitably, including providing written confirmation of their terms and conditions of employment
- ensure all employee entitlements and prescribed conditions of employment under relevant laws and regulations are adequately implemented and accounted for.

## Modern slavery risks

### Identification of risks

Sonic recognises that instances of modern slavery are often complex and hidden, and that risks may occur in both our operations and supply chains. Sonic's strategy to identify modern slavery risks is based on a high-level assessment that evaluates the likelihood of modern slavery existing within our operational segments and geographies and across our various supply chain categories and geographies. Once a possible risk has been identified, a detailed investigation is undertaken, followed by an appropriate course of action.

### Operational risks

Operational risk has been assessed internally through questionnaires and audits. The assessments and audits cover all Sonic entities in all our countries of operation – Australia, New Zealand, USA, UK, Germany, Switzerland and Belgium.

The assessments were based on geographic locations, global policies, processes and controls, continuous engagement and education, and the existence of appropriate forums and structures for discussing and raising areas of concern in each of our countries of operation.

The assessments and audits are an on-going process, with Sonic's operations subject to regular internal and external audits associated with running healthcare practices and regular meetings and education about grievance procedures.

These ongoing processes promote further scrutiny for the identification and communication of modern slavery risks. Based on the geographical location of Sonic's operations and the results of the assessments and audits, Sonic's operations are considered low risk for incidences of modern slavery. To date, our assessments, audits and processes have uncovered no incidences of modern slavery within our operations.



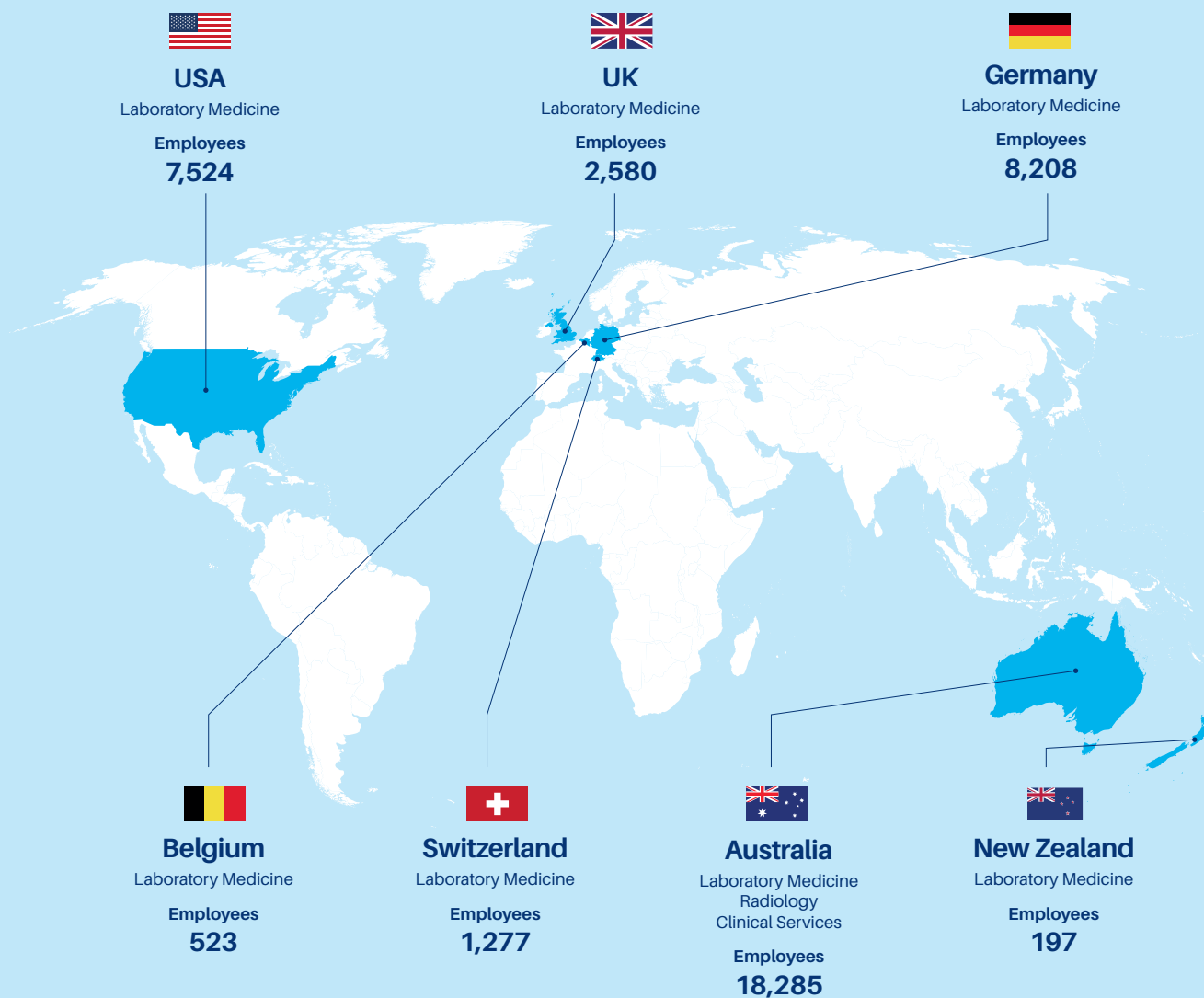


# Risk profiling in our operations

All Sonic Healthcare companies operate in countries that have a low-risk rating for the prevalence of modern slavery\*.



\*Risk profiling in our operations based on Global Slavery Index 2018 Dataset, Walk Free



Total number of employees in each of our operations at 30 June 2021

## Impact of COVID-19 pandemic on operational risks

The COVID-19 pandemic introduced risks not normally experienced in Sonic's medical operating environment.

To meet the rapidly increasing demands of COVID-19 testing, our businesses often needed to employ large numbers of new staff in a very short time period. This could have created a situation where recruitment and onboarding processes were circumvented, allowing vulnerable people to be exploited. However, our rigorous human resources and occupational, health and safety processes ensured that all staff, both new and existing, were treated fairly and in line with legislative awards and regulations and, importantly, that the expected training programs were in place.

Staff often worked long hours at times of surging COVID-19 cases. This was exacerbated by occasional requirements to isolate some staff due to their close proximity to known positive COVID-19 cases. Sonic continually looked to reward staff for extra time worked and actively monitored for staff fatigue and stress, ensuring adequate support and breaks were in place.

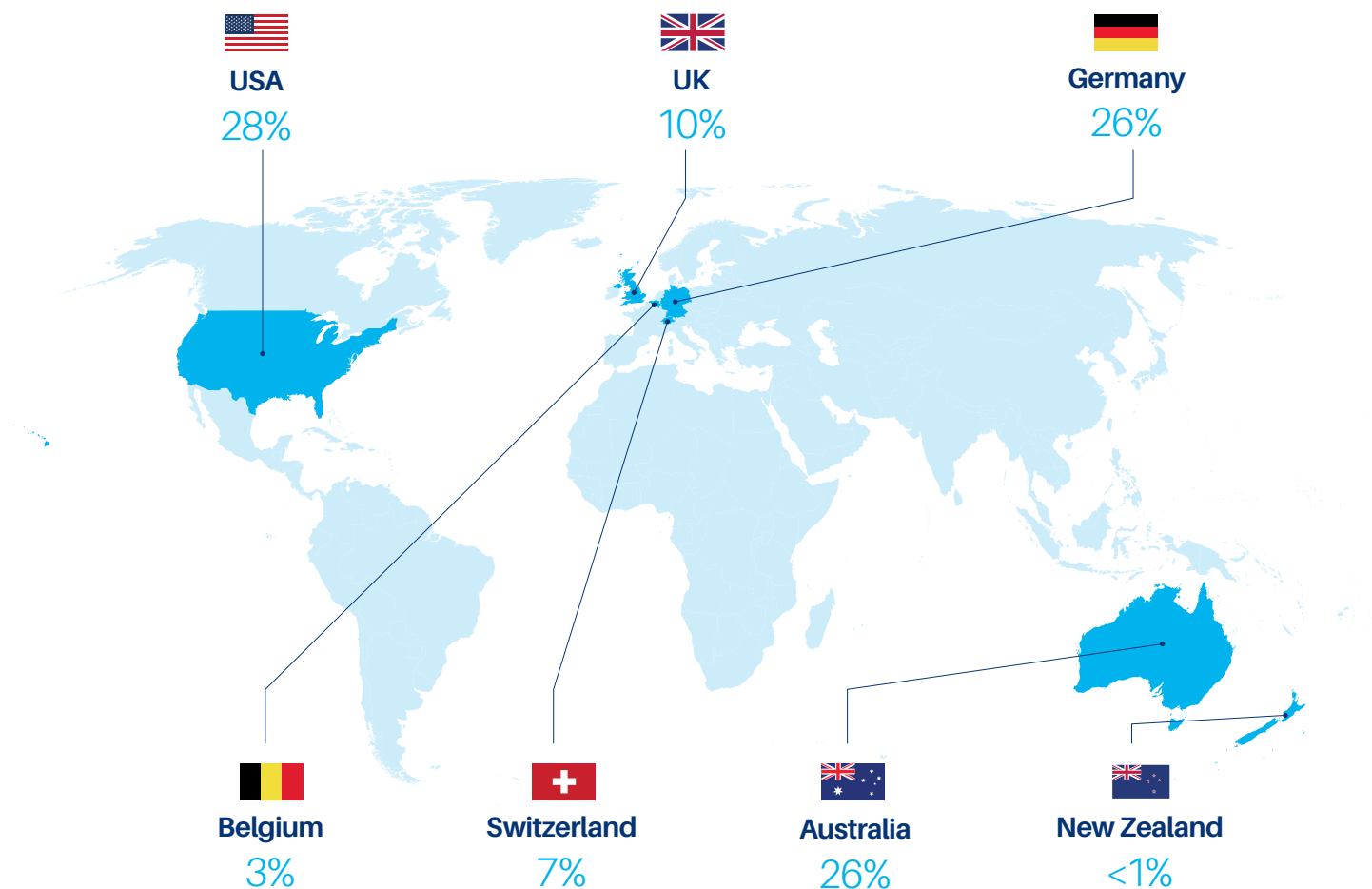


## Supply chain risks

Sonic supply chains are complex and multi-layered. There are more than 15,000 direct (Tier 1) suppliers to Sonic practices around the world, and many more Tier 2 and Tier 3 suppliers. In order to assess the risks of modern slavery incidences in our supply chains, we have focused on our Tier 1 suppliers in the first instance, and undertaken several processes:

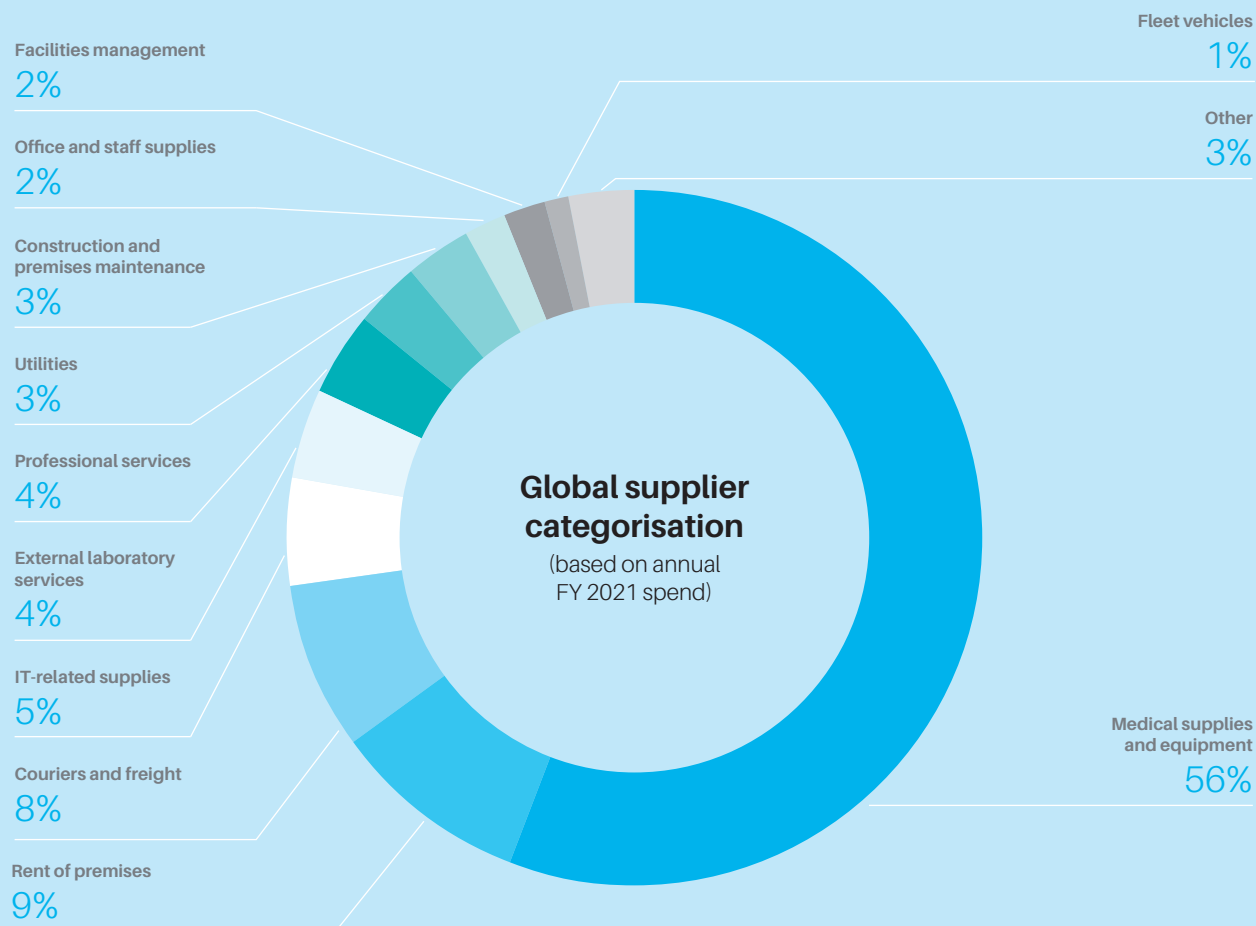
- 1) Categorisation of Sonic's Tier 1 suppliers based on industry type (e.g. medical, IT, freight, etc)
- 2) Estimation of the total number of suppliers and annual spend in each supplier category, reporting each category as a percentage of total spend
- 3) Analysis of key products and services within each supplier category
- 4) Application of general risk ratings to each supplier category based on industry and geographical location, using ACSI's Modern Slavery Risks, Rights & Responsibilities (A guide for companies and investors), February 2019 and also Global Slavery Index 2018 Dataset, Walk Free. This often involved an understanding of the relevant Tier 2 suppliers. This process, started in 2020, is ongoing.
- 5) Evaluation of supplier spend and general risk rating as the basis for further analysis through supplier assessment questionnaires, supplier site visits and follow up meetings and discussions.

## Supplier spend by our country of operation



All Sonic Healthcare companies operate in countries that have a low-risk rating for modern slavery\*.

\*Risk profiling in our operations based on Global Slavery Index 2018 Dataset, Walk Free.



Suppliers of medical consumables and equipment comprise the largest category of Sonic's spend at 56%. For this reason, our initial assessment has been weighted to focus on this category.

Tier 1 suppliers in the medical consumables and equipment category are predominantly multinationals with headquarters and manufacturing in stable countries with local modern slavery/ human rights legislation, as well as established labour laws to protect workers.

The probability of modern slavery instances in this category of Tier 1 suppliers is low, as has been demonstrated by our initial risk assessment analysis of the top groups by spend in this category (see Actions page 21). While risks of modern slavery violations with these Tier 1 suppliers are low, some Tier 2 suppliers in this category may present a higher risk due to the nature and geography of their operational and resourcing sites. Where possible, we have incorporated associated Tier 2 supplier risks in our risk assessment.



## Supplier risk assessment

The following categorisation of products and services has been used to help identify and evaluate modern slavery risks within our supply chain.

Main supply chain categories	Spend	Products and services	Risk rating based on industry and geography
Medical supplies and equipment	56%	<ul style="list-style-type: none"> <li>Medical consumables, reagents, chemicals and equipment</li> <li>Personal protective equipment (PPE)</li> <li>Equipment repairs and maintenance</li> </ul>	<p><b>Predominately low risk</b></p> <p>Tier 1 suppliers are mostly headquartered in USA, Europe, UK, Japan and Australia. Their size of business is often large, and for this reason suppliers have been asked to complete supplier assessment questionnaires.</p> <p>Tier 2 suppliers may be <b>medium risk</b> depending on country of manufacture. Suppliers of products such as PPE and custom laboratory products in countries of the Asia Pacific region may be at risk of:</p> <ul style="list-style-type: none"> <li>forced labour</li> <li>bonded labour</li> <li>migrant labour exploitation</li> </ul> <p>and require further investigation.</p>
Rent of premises	9%	<ul style="list-style-type: none"> <li>Premises rent and related costs paid to our landlords</li> </ul>	<p><b>Low risk</b></p> <p>Suppliers are based within our seven countries of operation. There are possible Tier 2 risks if the landlord's charges include cleaning and other related facility services (refer to risks noted in facilities management category).</p>
Couriers and freight	8%	<ul style="list-style-type: none"> <li>Third-party couriers, freight, postage and mail services</li> </ul>	<p><b>Medium risk</b></p> <p>Freight and transport services including shipping, distribution and storage. Groups include seafarers, drivers, port and other workers. This area requires further investigation.</p> <p>Local postage, mail and delivery services considered <b>low risk</b>.</p>
IT-related supplies	5%	<ul style="list-style-type: none"> <li>Computer hardware and consumables, software, including usage and maintenance, managed print and other IT services and supplies</li> </ul>	<p><b>Medium risk</b></p> <p>Raw materials, manufacture of consumables and disposal of e-waste may take place in geographies of concern. Media reports of child labour and forced labour in the destruction of e-waste requires further investigation.</p>
External laboratory services	4%	<ul style="list-style-type: none"> <li>Testing outsourced to third party specialist medical providers</li> </ul>	<p><b>Low risk</b></p> <p>Suppliers are based within our seven countries of operation.</p>

## Supplier risk assessment

The following categorisation of products and services has been used to help identify and evaluate modern slavery risks within our supply chain.

Main supply chain categories	Spend	Products and services	Risk rating based on industry and geography
Professional services	4%	<ul style="list-style-type: none"> <li>Legal and accounting firms, professional consultants and contractors such as specialist medical locums, marketing, HR/recruitment firms and IT.</li> </ul>	<p><b>Low risk</b></p> <p>Suppliers are based within our seven countries of operation.</p>
Utilities	3%	<ul style="list-style-type: none"> <li>Electricity, gas, water, telephone and data services</li> </ul>	<p><b>Low risk</b></p> <p>Suppliers are based within our seven countries of operation. However, possible higher risks may be associated with the utility providers using call centres outside Sonic's stable countries of operations.</p>
Construction and premises maintenance	3%	<ul style="list-style-type: none"> <li>Building contractors and professionals used for the construction and maintenance of premises</li> </ul>	<p><b>Medium risk</b></p> <p>Construction and maintenance occurs only in Sonic's seven countries of operation. However, third-party outsourcing of property maintenance may impose a risk of migrant labour exploitation.</p>
Office and staff supplies	2%	<ul style="list-style-type: none"> <li>Stationery, office equipment and consumables, staff amenities, uniforms, cleaning products</li> </ul>	<p><b>Predominately low risk</b></p> <p>Tier 1 suppliers (mainly distributors) are deemed to be low risk, however, location of Tier 2 suppliers requires further investigation to understand risk.</p>
Facilities management	2%	<ul style="list-style-type: none"> <li>Cleaning, waste removal, security</li> </ul>	<p><b>Medium risk</b></p> <p>Possible migrant labour exploitation and/or underpayment of wages in subcontracted labourers through labour hire companies. Also possibility of bonded labour. Requires further investigation.</p>
Fleet vehicles	1%	<ul style="list-style-type: none"> <li>Fleet vehicles, including repairs, maintenance and fuel</li> </ul>	<p><b>Low-medium risk</b></p> <p>Raw materials and production of parts may take place in countries of higher risk.</p>
Other	3%	<ul style="list-style-type: none"> <li>All other suppliers</li> </ul>	<p><b>Low risk</b></p> <p>Mostly items such as memberships, insurance, donations and general expenses.</p>

## Impact of COVID-19 pandemic on supply chain risks

Throughout the COVID-19 pandemic, healthcare supply chains across all geographies have been challenged by the significant spike in demand for medical and testing consumables and reagents, along with associated products, such as personal protective equipment (PPE). Sonic has a significant network of suppliers across its global network and additional quantities of products were mainly sourced through this existing established network. However, continuing product shortages and logistical delays necessitated occasional sourcing of supplies outside this network. Understanding the potential risks of rapid onboarding of new suppliers, Sonic ensured that an appropriate level of due diligence was conducted as part of the supplier onboarding process.

### New supplier engagement during COVID-19 pandemic

#### Challenges

- Ongoing provision of high-quality products at a time when supply was extremely limited
- Rapid onboarding of new suppliers to accommodate substantial increases in testing volumes
- Some products were classified in higher-risk modern slavery categories

#### Actions taken to source products

- Researched market for existing suppliers already validated in the industry segment
- Checked valid ABNs (or equivalent) and registration of products
- Leveraged Sonic's Global network and identified potential future opportunities post-COVID-19

#### Actions taken to ensure supplier credentials and quality of products

- Validated suppliers locally and globally to ensure all regulatory approvals
- Implemented shorter contract terms while full-scale reviews took place
- Diversified the supply chain

### Methods of risk assessment

The strategy and methodology used in assessing risks are revised periodically to include other possible sources of information that may become available. Our methodology to date has included:

- education communication and training to inform key groups within Sonic Healthcare about the meaning, prevalence and risks of modern slavery and to elicit responses from staff about incidences or suspected incidences.
- risk-analyses of our operations via a questionnaire to Sonic Healthcare leaders and other relevant personnel, with questions pertaining to practices within their entities.
- development of workplace reporting processes to encourage staff, suppliers and other stakeholders to report any incidences or suspected incidences of modern slavery.
- development of supplier risk profiles through industry and geographic categorisation based on external sources of information, such as Global Slavery Index 2018 Dataset, Walk Free and ACSI's Modern Slavery Risks, Rights & Responsibilities (A guide for companies and investors), February 2019.

## ✓ Actions to assess and address modern slavery risks

### Formation of the Sonic Healthcare Modern Slavery Working Group

The Sonic Healthcare Modern Slavery Working Group (MSWG) was established in 2020, comprising senior executives from key areas of the business. Working within the Board-approved risk-management framework, the group is tasked with overseeing and managing Sonic's actions and responsibilities related to identifying, remedying and removing instances of modern slavery and human rights abuse from our operations as well as our supply chains. Sonic's newly appointed Director of Sustainability and Sustainability Manager both joined the MSWG in 2021.

### Development of workplace reporting processes

Sonic is committed to protecting and respecting human rights across our operations and supply chains.

Consistent with our Core Value of 'Demonstrating responsibility and accountability', Sonic has established reporting procedures and mechanisms where staff and third parties can report concerns about misconduct and illegal acts, including possible instances of modern slavery and human rights breaches. These potential breaches can originate within our own operations or can relate to incidents that are believed to exist within organisations in our supply chains.

Once a matter is reported to the Modern Slavery Working Group, preliminary enquiries are made to understand the issues and determine the best course of action through communication with both the person reporting the incident and the relevant managers involved.

Depending on the initial assessment, as well as the nature of the matter, Sonic will make further assessments and take appropriate action, in accordance with the confidentiality obligations outlined in our Global Whistleblower Policy.

Sonic's Global Whistleblower Policy is designed to protect and support people who raise concerns about wrongdoing within the company, without fear of being subjected to victimisation, harassment or discriminatory treatment. The [Whistleblower Policy](#) has been communicated to employees and other key stakeholders and is accessible on the Sonic Healthcare website.



## Grievances and remediation processes

Where instances of supplier misconduct are identified, Sonic's approach is to engage with the relevant supplier to discuss possible breaches and ultimately to provide a positive outcome for affected workers. Sonic has developed a number of processes to enhance positive engagement with suppliers, such as site audits, communication forums, contractual undertakings to abide by the requirements of the Sonic Supplier Policy, other relevant policies and the Modern Slavery legislation. If these processes do not result in a change in supplier behaviour, and if the misconduct is sufficiently serious, we may choose to no longer engage the supplier.

Given the geographical diversity of our sourcing countries and the varied nature of our supplier risk profiles, Sonic will continue to evolve our approach to identifying and dealing with such issues.

As outlined in Sonic's Supplier Policy, we reserve the right to report supplier violations, non-conformances and subsequent actions in Sonic's annual Corporate Responsibility Report and/or Modern Slavery Statement.

## Our policies

As part of our global commitment to eliminate modern slavery and human rights abuse, an ongoing review of key policies commenced in 2020 to ensure compliance with the Australian and UK modern slavery legislation, as well as satisfying our own expectations. These include:

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

## ACTIONS TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

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

- [ILO Declaration on Fundamental Principles and Rights at Work](#), produced by the International Labour Organization
- [Guidance on Modern Slavery](#), produced by the Department of Home Affairs, Australian Government
- [Ethical Procurement for Health: Workbook 2.0](#), developed as a partnership between the Sustainable Development Unit for the Health and Social Care Sector, British Medical Association, Ethical Trading Initiative, and the Department of Health
- [Beyond compliance: Effective reporting under the Modern Slavery Act – A civil society guide for commercial organisations on the transparency in supply chains clause](#), produced by CORE (Corporate Responsibility) Coalition, 2016
- [Transparency in Supply Chains etc. A practical guide](#), produced by the Home Office of the UK Government
- [The FTSE 100 Modern Slavery Statement benchmark methodology](#), published by the Business and Human Rights Resource Centre in the UK

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

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

## Training and communication

Modern slavery awareness meetings have been held with CEOs, senior executives and procurement leaders, as well as the Sonic Board Risk Management Committee. Modern slavery awareness training has been provided to senior management groups to encourage their staff to actively identify and report suspected incidents. Sonic's 'no-blame' approach to reporting of incidents, both internal and external, promotes increased levels of reporting, which means that issues are likely to be captured more readily.

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

In 2021, a modern slavery e-learning tool was developed to increase knowledge of modern slavery in all levels of our companies. This training covers topics such as:

- What is modern slavery?
- How do I identify it in my workplace or in my supply chains?
- What do I do about it?



## Supplier assessment questionnaires

Assessments of supplier policies and practices continued throughout 2021. Supplier assessment questionnaires were used to understand suppliers' business practices and processes, and to assess the risk and exposure of modern slavery practices within their operations and supply chains.

In November 2020, Sonic approached direct (Tier 1) suppliers with whom we have an annual estimated spend of AUD 2 million or more (either globally or within Australia) to complete the modern slavery questionnaire. In 2021, this process was extended to include suppliers in all countries of operation with whom Sonic has an annual estimated spend of 1 million or more in local currency. The 2021 assessment questionnaires used electronic smart-form technology to input, collate and analyse the responses.

The supplier assessments checked for:

- the existence and types of documented supplier policies in relation to human rights and supply chains, and whether they report under a modern slavery or human rights legislative framework
- procedures around identification of modern slavery issues and actions taken if instances identified
- the industry the supplier relates to
- the country of operation
- the existence and location of downstream suppliers.

## Responses to supplier assessment questionnaires

Over the last 14 months, Sonic has sent assessment questionnaires to 137 suppliers, representing 40% of our annual spend across the supplier categories. These suppliers are predominantly in the 'medical supplies and services' category, which represents 56% of Sonic's spend. Several non-medical suppliers were assessed as well.

This is an ongoing process and responses for the 2021 assessment are currently being received. To date, 99 suppliers have completed our questionnaire and have provided satisfactory responses. A focus for the remainder of 2021 and early 2022 will be the follow-up of suppliers who have not yet responded. To date, no instances of modern slavery have been identified as a result of this process.

Responses to questions are collated to provide a score of low, medium or high risk. Where supplier policies and procedures do not exist but other factors indicate a low risk of modern slavery practices, Sonic works with these suppliers to increase the level of understanding of modern slavery issues and to provide assistance where appropriate. Where responses indicate a high level of risk, Sonic performs in-depth investigations and/or performs site audits to gain a better understanding of the issues.

To date, Sonic has selected suppliers for assessment based on the size of spend. In 2022, we will continue these assessments and also focus on categories identified as medium or high risk, based on industry or geography.

Assessments to date have only been performed on Tier 1 suppliers. This will be expanded in 2022 to include Tier 2 suppliers that are identified as high risk.

# 137

suppliers surveyed,  
representing 40%  
of annual spend

# 99

satisfactory responses,  
representing 34% of  
annual spend

# 38

suppliers have not yet  
replied and are being  
followed up

## Supplier site audits

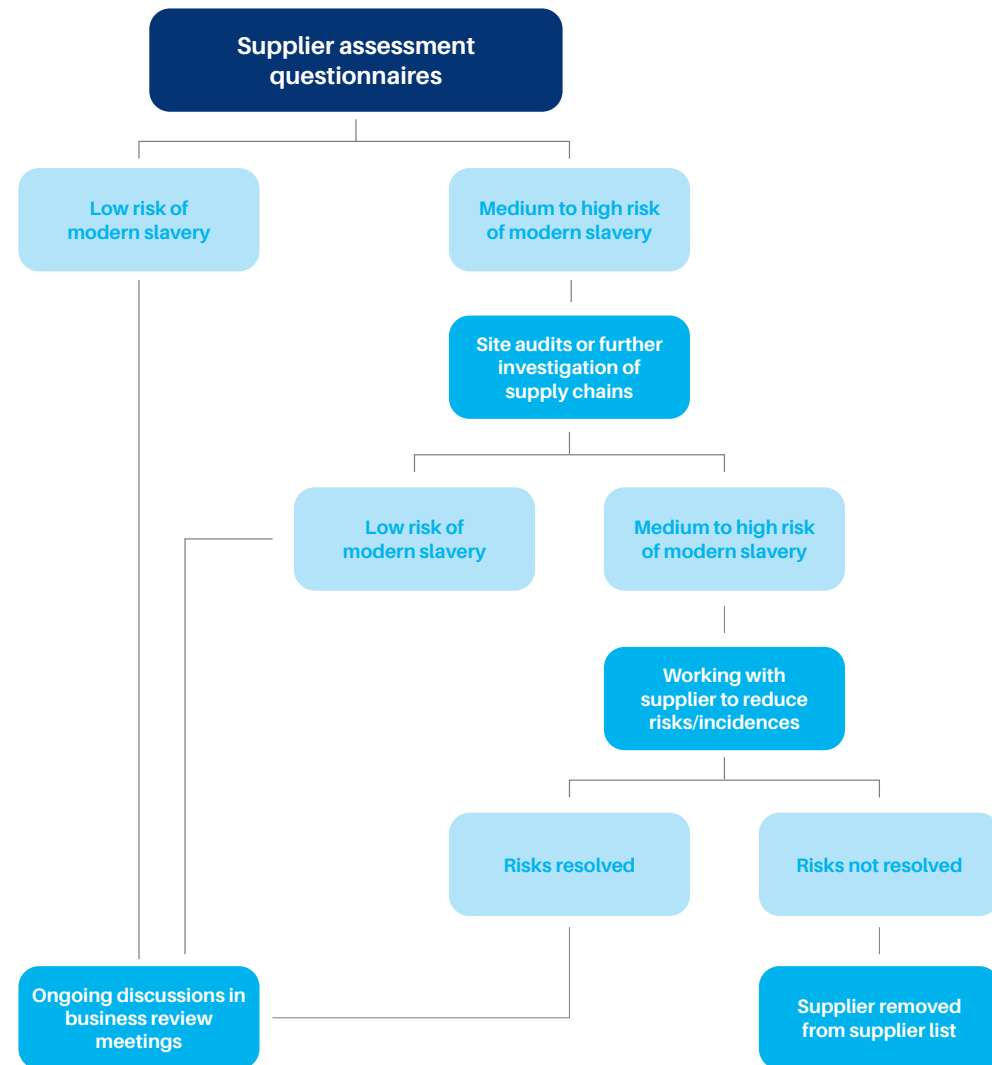
Where appropriate and deemed necessary from risk assessments or from reports of modern slavery incidences, Sonic completes site audits or authorises third-party site audits to identify possible incidences of modern slavery. These audits are conducted in conjunction with a formal and documented process and questionnaire (see case study on next page). Supplier site audits are also performed when onboarding new suppliers who may not have necessary documentation or who may operate in countries of high risk. Site audits also form part of routine quality procedures and quality audits and are often extended to incorporate checks on modern slavery controls.

Site audits were postponed in 2021, due to COVID-19 restrictions. However, prior to 2021, site audits were performed on suppliers in two countries outside Sonic's countries of operation. Within Australia, site audits are regularly performed on logistics and cleaning services, as well as supplier warehouses.

## Business review meetings

Business review meetings are held with major suppliers, either quarterly or biannually. In 2021, modern slavery was introduced as a regular agenda item at all procurement business review meetings. This provides a communicative environment for the discussion of documentation, risks, suspected violations and any follow-up.

Modern slavery investigation flowchart





## Case study

### Investigation of potential modern slavery in a high-risk industry and geographical area of concern

Sonic Healthcare uses more than 15,000 suppliers around the world, each providing different products or services necessary for providing high-quality medical services.

A recent project required custom-designed components to be sourced from a manufacturer in a country that is considered higher-risk for modern slavery. The new supplier was not known to Sonic or to our trusted direct (Tier 1) supplier that was coordinating the project.

Before approving the manufacture of the new products, Sonic required an in-person site-audit and report to be completed to ensure there was no evidence of human rights violations or potential modern slavery issues associated with the manufacturing facility.

The image to the right is an extract of the documentation used during the site audit. No human rights or modern slavery incidences were identified during these visits and the new supplier was accepted as part of the Tier 1 supplier's supply chain.

APPEARANCE		YES	NO	COMMENT
1	Is the worker wearing inappropriate clothing for their job?			
2	Does the worker seem to have noticeably poor personal hygiene?			
3	Is the worker fearful or unwilling to engage with your organisation?			
4	Does the worker have few personal possessions and often wear the same clothes?			

WAGES AND FINANCES		YES	NO	COMMENT
5	Does the worker use a bank account which is also used by other workers?			
6	Are the bank details in their name?			
7	Do they appear to have access to their money?			

HEALTH		YES	NO	COMMENT
8	Does the person have old or serious untreated injuries?			
9	Do they appear reluctant to speak about how the injuries were caused?			
10	Does the person look malnourished?			

BEHAVIOUR		YES	NO	COMMENT
11	Is the worker withdrawn or do they appear to be frightened?			
12	Does the worker avoid answering questions?			
13	Does someone speak on their behalf?			
15	Is the information they provide inconsistent?			

## Media monitoring

Sonic has established media monitoring processes, where potential incidents of modern slavery are reported to a member of the Sonic Modern Slavery Working Group (MSWG), who investigates all reports for relevance to Sonic and its supply chains. Results of media and internet monitoring are a standing agenda item at MSWG meetings.

Media stories can be an effective source of additional information about possible modern slavery violations in different parts of the world. Thanks to media monitoring, Sonic has been alerted to three possible incidences of modern slavery with potential impact in our supply chains. Examples of these include the manufacture of certain products by Tier 2 or Tier 3 suppliers in geographies that may be involved with forced labour, bonded labour, migrant labour exploitation or illegal forms of child labour. For each of these reported issues, Sonic worked with the Tier 1 suppliers to cooperatively discuss and investigate the reported issues.

Two of these incidents related to the possible use of forced labour to obtain raw materials used in the manufacture of goods being supplied to us. The other incident related to the possible use of bonded labour for the manufacture of products used in the healthcare industry. Subsequent investigations found that one reported incident was not applicable to Sonic, as we did not obtain materials from the Tier 2 supplier in question. Another incident led to Sonic's supplier working with their supply chain to ensure any possible modern slavery issues were resolved, and the third reported incident involved Sonic's supplier performing a detailed analysis of its supply chains and subsequently publishing a document outlining its position, which concluded satisfactorily.

## Effectiveness of actions

### ACTIONS

- Formation of Modern Slavery Working Group.
- Review of existing policies.
- Development of workplace reporting and training.

- Successfully created a structure and framework headed by senior executives and participated in by all staff to identify risks, gather reports from internal and external sources and to act on possible instances of modern slavery .
- Successfully communicated policies and intentions to suppliers and created the necessary framework and documentation for discussion with suppliers.

### ACTIONS

- Extension of supplier assessment questionnaires.
- Site audits and inclusion of modern slavery topics in all supplier business review meetings.

- Clearly communicated Sonic's position of not accepting any instances of modern slavery in its supply chains to suppliers.
- Highlighted areas requiring further investigation and, in some cases, identified possible instances of modern slavery and worked with suppliers to mitigate these instances.

### ACTIONS

- Media monitoring and acting on reports from both internal and external sources.

- Identified Tier 2 and lower suppliers that may not have been highlighted in the assessments of Tier 1 suppliers.
- Created an additional channel of information that may not be uncovered through other processes.


# Consultation

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

Sonic is committed to continuing global education and consultation about the risks of modern slavery. Topics relating to modern slavery are included in our global and local management meetings and Sonic Healthcare’s Global Chief Procurement Officer and Chief Business Officer are active members of the Modern Slavery Working Group. Modern slavery awareness, emerging risks, incident identification and program initiatives and actions are standing agenda items in the Global Procurement Committee monthly meeting and Global Sustainability Steering Committee meeting.

# Future initiatives

Sonic is committed to continued improvement of our modern slavery risk assessment framework, as well as the actions used to assess and address modern slavery risks within our operations and supply chain.

 Evolution of risk management process	<ul style="list-style-type: none"><li>Further risk assessments of suppliers who have not been audited previously, with particular emphasis on suppliers in moderate and high-risk categories and sub categories</li><li>Follow-up of suppliers who have not responded adequately to initial supplier risk assessments</li><li>Follow-up of areas identified as possible risks in the risk Identification table</li><li>Emphasis on scanning for new and emerging threats through media monitoring, together with staff and supplier feedback</li><li>Strengthening of contractual controls for suppliers from high-risk categories and/or geographies</li><li>Further integration of ongoing modern slavery audits into principal risk management processes, such as supplier business review meetings and quality audits</li><li>A more detailed cost-split of our largest spend category – Medical supplies.</li></ul>
 Education and training	<ul style="list-style-type: none"><li>Continuation of our modern slavery education and training modules for relevant staff and suppliers, prioritising those managing higher-risk categories of goods and services</li><li>Implementation of the modern slavery e-learning module across the organisation</li><li>Inclusion of modern slavery awareness training in orientation and supervisory training programs</li></ul>
 Supplier relationships	<ul style="list-style-type: none"><li>Ongoing engagement with our supplier network to increase participation in risk assessment questionnaires and audits</li><li>Interaction with Tier 2 suppliers, via Tier 1 suppliers, to more effectively assess the risk of forced labour and human rights violations</li><li>Further encouragement for suppliers to report on and remedy breaches within their operations and supply chains</li></ul>
 Additional resources	<ul style="list-style-type: none"><li>In 2021, Sonic Healthcare appointed a Sustainability Director and Sustainability Manager to lead our ESG strategy, including our response to modern slavery. Sonic will continue to monitor whether additional resources are required to assist with our identification of modern slavery risks, and to work with partners and suppliers to abolish any proven instances of modern slavery</li></ul>

