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Supplier Policy



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Introduction

Sonic Healthcare Limited (**Sonic**) is a global healthcare company focused on delivering quality, independent services in laboratory medicine/pathology, radiology and primary care through its subsidiaries in Australia, the UK, the USA, Europe and New Zealand (together with Sonic, the **Sonic Group**).

The Sonic Group is committed to procuring high-quality, innovative products and services that demonstrate whole-of-life value for money. Assurance of these benefits, together with the supplier's ability and commitment to provide an ongoing and uninterrupted supply, are key factors in our procurement decisions.

We are also committed to responsible sourcing practices. When selecting a supplier, we undertake an assessment of the products' and services' environmental impact, as well as the prospective supplier's commitment to sustainability principles and practices. This includes reviewing suppliers' environmental, social and governance (ESG) policies and credentials, and their compliance with global human rights laws.

This Policy outlines the standards that we expect from our suppliers in their own business and supply chains, to ensure we maintain our global reputation for quality, safety and service excellence, as well as for social and environmental responsibility. It also outlines how our stakeholders can confidentially raise a complaint or concern about a breach, or potential breach, of this Policy.

Sonic's Board of Directors, CEO and senior executives are responsible for implementing this Policy and overseeing compliance with it.

We recognise that our suppliers operate within a number of diverse legal frameworks and operating environments globally, and that these environments (as well as community expectations) are constantly evolving. We are committed to reviewing this Policy annually.

We believe that mutually beneficial partnerships are built on trust, transparency and a sense of shared commitment. We encourage suppliers to be open and honest about the challenges they face, so we can work with them to achieve compliance and to implement practical solutions.

In this Policy:

- **Sustainability Report** means Sonic's annual Sustainability Report, as published on Sonic's investor website each year
- **Sustainability Goals** means the goals incorporated into Sonic's sustainability strategy, as set out in the Sustainability Report
- a reference to 'we', 'our' and 'us' includes all entities in the Sonic Group.

Policy application

This Policy applies to any supplier to one or more Sonic entities.

We expect suppliers to embed the principles and requirements outlined in this Policy within their own operations, and to monitor compliance. We also expect suppliers to use reasonable endeavours to embed the same principles and relevant requirements in their own supply chains, and to monitor compliance within their own supply chains.

We share this Policy with our suppliers during the onboarding process, and it may form part of their contract of doing business with us. For clarity, nothing in this Policy is intended to override the express terms of a contract entered into by a Sonic Group company with a supplier. To the extent that there is any inconsistency between a provision in this Policy and the terms of a supply contract, the terms of the supply contract will prevail.

Related policies

Other Sonic policies referred to in this Policy can be found in the list available [here](#).

Overview of the requirements

We expect all suppliers in our global supply chain to adopt an approach to ethical and sustainable business practices that is aligned to, and consistent with, our high standards. Broadly speaking, this means suppliers are expected to:

1. comply with all relevant laws and regulations, including those relating to
 - privacy
 - discrimination
 - equal opportunity
 - workplace, health and safety
 - individual and human rights
 - the environment
 - fraud, corruption and bribery
2. conduct their business in an ethical and transparent manner, and maintain the confidentiality of the Sonic Group's information
3. pursue environmentally sustainable business practices, reduce emissions in their own operations and supply chains, and set credible net-zero emissions targets
4. undertake their activities in a safe manner, treat all individuals, including employees, suppliers and customers, with respect and dignity, and work to prevent or eliminate all forms of modern slavery and human rights abuses in their own operations and supply chains
5. implement appropriate information safeguards and security frameworks in line with generally accepted industry standards applicable to the supplier, recognising the sensitivity of the information that the Sonic Group holds, and respecting the privacy of individuals.

These requirements are set out in more detail below.

Legal and regulatory compliance

Suppliers are expected to ensure that they, and their officers, employees, agents, contractors and other representatives, comply with all applicable laws, rules and regulations, including those relating to:

- discrimination
- employment and labour standards (including those relating to equal opportunity and human rights, minimum/living wages, fair working hours, leave entitlements, superannuation/pension entitlements, meal and rest breaks and other conditions designed to enhance employee health and safety)
- workplace health and safety
- business integrity and transparency
- the environment
- fraud, bribery and corruption
- privacy
- competition / anti-trust.

This Policy does not override specific policies, laws or regulations applicable in geographic locations in which the Sonic Group or suppliers operate, but instead serves to complement them. If a Sonic Group employee or a supplier identifies a conflict between this Policy and a specific local policy, law or regulation, they should refer this conflict to Sonic's Head of Procurement in the relevant country or region.

For clarity, if the laws, rules and regulations applicable to the supplier's operations do not conflict with, but are less stringent than, the standards and requirements set out in this Policy, we expect suppliers to comply with the standards and requirements set out in this Policy.

Ethical conduct and business practices

The Sonic Group has adopted a Code of Conduct (Code) that outlines the standards of conduct it expects from Sonic Group employees. Sonic Group employees are informed of the Code, and the Code is regularly reviewed by Sonic's Board to ensure it reflects best practice in corporate governance and ethical standards.

Suppliers are expected to adhere to similarly high standards of ethical conduct at all times, including by:

- avoiding situations in which a perceived or actual conflict of interest could arise, and promptly notifying Sonic's head of procurement in the relevant country in writing if a perceived or actual conflict does arise
- not offering our employees gifts (other than those of nominal value), paid travel expenses, paid accommodation or paid conference registration without the consent of the relevant Sonic Group company's CEO
- respecting the privacy and confidentiality of all personal data, patient data and all other sensitive or confidential information, including in their dealings with our competitors
- restricting any market-sensitive information obtained from us to only those employees within the supplier's organisation with a direct 'need to know' and ensuring that its employees are bound by confidentiality obligations
- not making disparaging, untrue or misleading statements about the Sonic Group or Sonic Group employees during or after the term of the relationship.

Environmentally sustainable business practices

We recognise our corporate responsibility to respect and improve the environment in which we operate and in which our employees and customers work and live. We are committed to meeting our legislative environmental requirements, reducing our greenhouse gas emissions, waste and pollution, and achieving continual improvement in environmental performance. We expect our suppliers to be similarly committed to improving environmental management and performance.

More specifically, we are committed to:

- reducing our Scope 1 and 2 greenhouse gas emissions by converting to zero-emission fleet vehicles, reducing energy usage and transitioning to renewable energy sources
- identifying and reducing waste volumes to landfill through minimising packaging and switching to recyclable and biodegradable products
- adopting sustainable purchasing principles through which whole-of-life costs and the circularity of products are taken into account
- seeking to continuously reduce water usage within the requirements of delivering high-quality healthcare and, as far as practicable, maximising efficient water management
- providing education and training to our employees and information to suppliers on environmental matters, including emissions and waste reduction strategies
- conducting regular supplier audits through questionnaires, meetings and on-site visits (as agreed with the supplier from time to time)
- implementing risk assessment and mitigation strategies to reduce adverse environmental outcomes.

We expect our suppliers to adopt a similar approach to ensuring they conduct their business operations in a manner that promotes environmental sustainability, adheres to all relevant environmental laws and regulations, aims to reduce waste and provides appropriate training to personnel. Moreover, we reserve the right to require particular suppliers to set a credible emissions reduction target that aligns with the Paris Agreement to limit global warming.

Suppliers are expected to work collaboratively with Sonic Group companies to support the Sonic Group to achieve its Sustainability Goals. This may include:

- exploring best practice and innovative approaches to the use of technology, property and related resources, and management of supply chains
- monitoring, reporting and reviewing achievements and areas for future improvement.

Suppliers must promptly report any significant actual or potential negative environmental impacts and incidents identified in their operations or supply chains to Sonic's Head of Procurement in the relevant country or region of Sonic operations, and to Sonic's Global Chief Procurement Officer.

Social responsibility

One of Sonic's Core Values is to 'Treat each other with respect and honesty', with the objective of fostering a workplace in which trust, team spirit and equity are integral.

Suppliers must treat all individuals with whom they interact, including their employees, suppliers and customers, with respect and honesty. Without limiting their obligations to comply with relevant laws and regulations, Suppliers are expected to:

- actively encourage diversity in the workplace, based on age, race, gender and religion and, where appropriate, Indigenous heritage
- act in accordance with international human rights principles, including those concerning slavery, child labour and the principles contained in the United Nations' Universal Declaration of Human Rights, the United Nation's Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- not tolerate slavery or human trafficking, or abusive or unfair treatment in any part of their own business or in any of their supply chains
- provide a safe, healthy, hygienic and comfortable workplace
- ensure that their personnel comply with our safety principles and protocols (as notified to the supplier or their personnel) whenever they are on our premises
- maintain a blame-free work environment where employees and other stakeholders are encouraged to report misconduct and illegal or inappropriate behaviour, free from any threat of reprisals or other adverse consequences (refer to Sonic's [Global Whistleblower Policy](#))
- allow all employment to be freely chosen
- employ only those individuals with a legal right to work in the relevant geographic location
- respect workers' rights to freedom of association and worker's rights to collective bargaining
- prohibit corporal punishment, physical abuse, the threat of physical abuse, sexual or other harassment, coercive behaviours, verbal abuse and any other forms of intimidation in both the workplace and in relationships with customers
- treat staff fairly and equitably and provide written confirmation of their terms and conditions of employment where possible
- ensure all employee entitlements and prescribed conditions of employment under relevant laws and regulations are appropriately implemented and accounted for.

Suppliers must:

- take reasonable steps to identify, assess and address risks of serious human rights violations in the operations and supply chains used to perform their obligations to Sonic Group companies
- promptly notify Sonic or the relevant Sonic Group company if they become aware of any serious human rights violations, or potentially serious human rights violations, in those operations and supply chains
- provide any information or assistance reasonably requested by any member of the Sonic Group to enable the Sonic Group to comply with its own legal obligations in relation to human rights.

Information security

We recognise that information is a critical asset of our business. The ways in which information is collected, accessed, used, managed and protected has a significant impact on the confidentiality, integrity, availability and privacy of the Sonic Group's information assets.

The Sonic Group's commitment to information security can be found in the [Data Security Statement](#) on our website.

Suppliers should maintain thoroughly documented processes and routines for handling information security risks within their operations. Suppliers are expected to identify information and cybersecurity risks, and take reasonable actions to control and mitigate these risks.

Suppliers must also adhere to any specific, agreed information security requirements set out in their supply agreement with Sonic. Such information security requirements may cover the classification of any information that is to be processed or stored by the supplier (including any required mapping between Sonic classifications and those in use within the supplier's business), legal and regulatory requirements, and any additional information security controls or data privacy controls that may be required. These requirements may vary in different geographic locations. Sonic Group companies' contractual requirements will be based upon a risk assessment that takes into account our information security requirements, the goods or services to be provided, their criticality to our business and the capabilities of the supplier.

At a minimum, suppliers are expected to implement information security controls consistent with standards considered to be 'good security practice', including generally accepted principles regarding the segregation of duties, techniques such as strong authentication, encryption where required, access controls and 'least privileged access' (for reference, see ISO/IEC 27001, National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) or the Australian Federal Government Information Security Manual (ISM); some suppliers may also be required to be fully compliant with, or accredited in accordance with, these specific standards).

In addition, Suppliers must:

- ensure any confidential information and personal information provided by, or on behalf of, the Sonic Group (Sonic Information) is encrypted while in transit and at rest, when required
- use reasonable endeavours to exercise adequate control over, and otherwise ensure the suitability of, the information security policies and procedures used by contractors who play a part in the supply chain of delivery of goods or services to the Sonic Group, and advise the relevant Sonic Group company of those information security policies and procedures
- maintain and enforce procedures relating to transmission and communication methods to protect Sonic Information
- ensure that Sonic Information is accessed only by appropriate personnel and used only for purposes that have been agreed in writing
- maintain security with regard to the internet through firewalls and other measures that address unauthorised attempts to access applications, sites or services available through the internet, or to access data transmitted over the internet
- maintain specifications of technical and organisational resources (covering computer system authentication, authorisation and accounting) required to ensure the confidentiality, integrity and availability of the data that is processed
- restrict access to system features (including computer system configuration settings) and other tools relevant for computer system security to authorised personnel
- make available to the relevant Sonic Group company any independent compliance attestation material (for example, SOC2 report or ISO/IEC 27001 certification of compliance), as well as any other externally available security documentation
- on termination or expiry of their supply agreement with Sonic (or novation/assignment of the agreement to a third party) follow appropriate processes for return, destruction or transfer of data and information
- where information is to be deleted or assets holding information are to be destroyed, ensure that this is done securely consistent with industry best practices, to mitigate the risk of data breaches occurring.

Suppliers must notify the relevant Sonic Group company promptly of any breach of these requirements, either within their own operations or within their supply chain, and cooperate with the Sonic Group company in relation to any related investigation, having regard to (a) mandatory reporting timeframes in the relevant jurisdiction; and (b) any contractually agreed timeframes.

Verifying compliance

The Sonic Group is committed to fostering long-term relationships with our suppliers. This includes working with suppliers to support them to achieve compliance with this Policy, to uplift capability and to find practical solutions to identified problems.

We review supplier compliance with this Policy through a formal assurance program, which includes undertaking supplier risk assessments, formal onboarding and supplier management procedures, formal supplier performance reviews and internal audits. Suppliers are expected to enable Sonic Group companies to verify their compliance with this Policy by:

- permitting the relevant Sonic Group company to access the supplier's premises on reasonable notice (subject to the Sonic Group company complying with the supplier's reasonable access and safety requirements whilst on-premises)
- providing access to relevant supplier records, to allow the relevant Sonic Group company to undertake an audit where reasonably required or agreed
- otherwise co-operating with the Sonic Group through participation in the conduct of its formal assurance program.

We reserve the right to report violations, non-conformances and actions in our annual Sustainability Report and/or Human Rights Modern Slavery Statement where we are legally required to do so. We also reserve the right to review supplier suitability and ongoing contractual arrangements if a supplier appears to be unwilling or unable to address non-compliances with this Policy, or refuses to participate in the Sonic Group's supplier assurance program.

Raising concerns

We encourage anyone actually or potentially adversely impacted by our operations, or the operations of those in the Sonic Group supply chain, to raise their concerns with Sonic on a confidential basis. Please send an email to procurementcomment@sonichealthcare.com. Alternatively, suppliers can report issues in accordance with Sonic's Global Whistleblower Policy.

We are committed to engaging with affected stakeholders, either directly or in collaboration with suppliers or other third parties, to better understand the issues and to identify solutions and/or remedies.

We expect our suppliers to implement similar mechanisms for raising concerns.