

# Corporate Governance Statement

as at 14 September 2021



# Corporate Governance Statement

## as at 14 September 2021

This Corporate Governance Statement describes Healius' corporate governance framework, policies and practices. This Statement has been approved by the Board and is current as at 14 September 2021.

As part of an ongoing commitment to security holders, Healius' Board of Directors is dedicated to creating and maintaining high standards of corporate governance. This is a key component of consistently delivering security holder value. As a result, Healius' Board works within an accountable system that includes corporate governance policies and practices and risk management processes. These are designed to promote and strengthen Healius' responsible management and corporate conduct.

This Corporate Governance Statement outlines the main features of our governance framework reporting against the ASX Corporate Governance Principles and Recommendations (4th edition) (**ASXCGC Recommendations**) as published by the ASX Corporate Governance Council (**Council**). This Corporate Governance Statement summarises Healius' compliance with the ASXCGC Recommendations. Healius' Board of Directors considers that Healius is fully compliant with the ASXCGC Recommendations.

## Principle 1: Lay solid foundations for management and oversight

### Recommendation 1.1: Board responsibilities and delegation of authority

#### BOARD FUNCTIONS

Healius' Board Charter outlines our Board and management's roles and responsibilities.

The Board is responsible for the following:

- Representing and serving the interests of security holders by overseeing and appraising Healius' strategies, policies and performance,
- Overseeing the financial and human resources systems that meet Healius' business objectives and reviewing management's performance,
- Protecting and optimising Healius' performance and building sustainable value for security holders,
- Monitoring and reviewing the effectiveness of Healius' occupational health, safety and environment practices, and
- Ensuring that security holders are kept informed of any major developments that affect Healius' performance and state of affairs.

From time to time, the Board may establish Board Committees which have delegated authority to act under Healius' Constitution and the Board Charter. Each Board Committee functions under its own Charter.

During and after FY 2021, the following Board Committees were in place:

- Audit,
- People & Governance, and
- Risk Management.

In carrying out its responsibilities and functions, the Board may delegate any of its powers or seek out qualitative or quantitative information from management and external consultants. This delegation may be to a Board Committee, a Director, an employee, or other person. However, the Board acknowledges that it retains ultimate responsibility for strategy and control and for the exercise of such powers under the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Board holds at least ten formal Board meetings each year and will also meet whenever necessary to carry out its responsibilities. During these meetings, Directors do the following:

- Request any relevant information,
- Raise and discuss any concerning issues, and
- Vote on resolutions based on their own judgement.

Directors are required to maintain confidentiality, with the exception of decisions which require public disclosure.

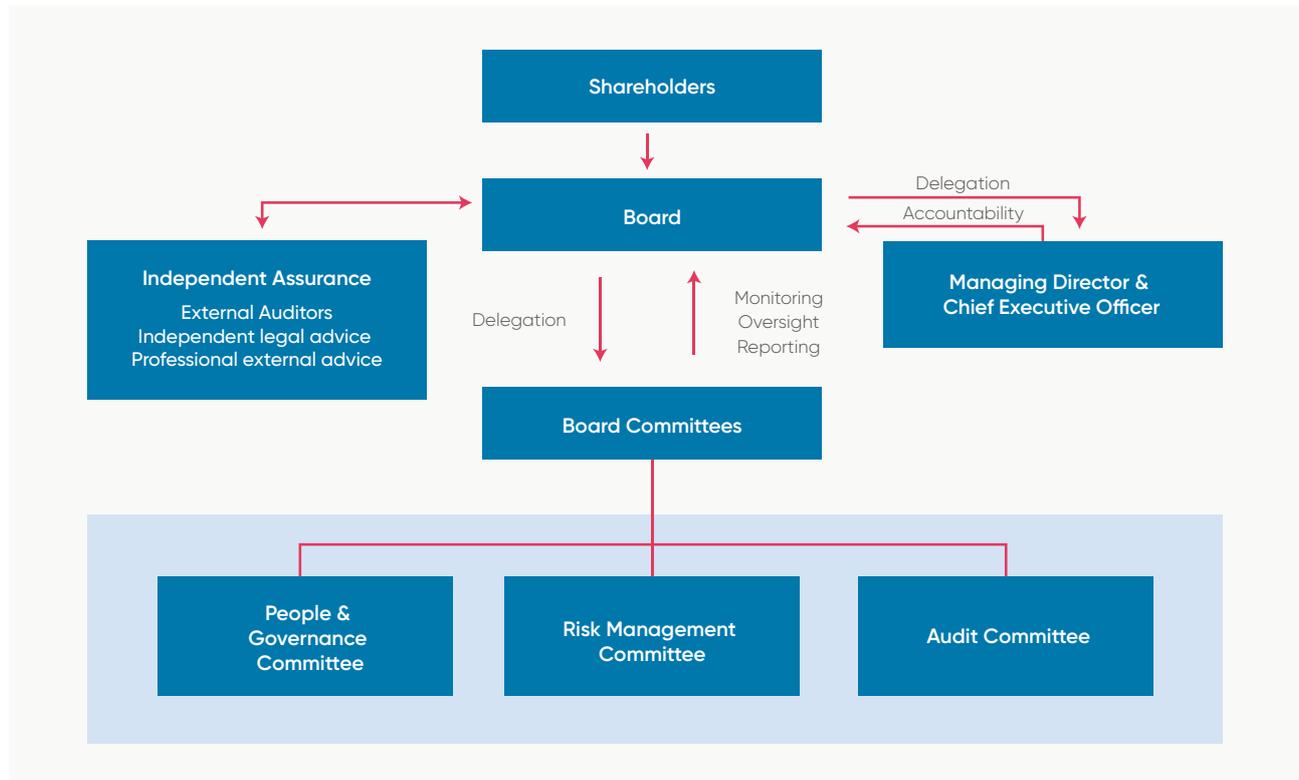
Copies of Healius' Board and Committee Charters are available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

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### HEALIUS' GOVERNANCE FRAMEWORK

Healius' Governance Framework illustrates Healius' decision-making processes. The Managing Director & Chief Executive Officer (CEO), in conjunction with those Senior Executives who report to the CEO, are responsible for Healius' day-to-day management. They, in turn, report to the Board on a regular basis. Board Committees have delegated authority to monitor specific issues involving remuneration and Board selection, risk management, audit and other regular reporting to the Board.



The general functions of the Board include, but are not limited to:

- Defining Healius' purpose and approving its strategic direction,
- Overseeing and approving major capital expenditure, capital management, acquisitions and divestments, to ensure the integrity of financial reporting,
- Approving Healius' statement of values and code of conduct to underpin Healius' desired culture,
- Monitoring corporate performance,
- Determining capital structure and dividends,
- Selecting, appointing and evaluating the performance of the CEO and determining the remuneration and succession planning associated with that position,
- Reviewing the procedures for appointing, selecting and monitoring Senior Executives' performance as well as succession planning associated with these roles,
- Reviewing and approving Senior Executives' development and performance objectives,
- Setting the risk appetite to which the CEO and Senior Executives are expected to operate,
- Monitoring Healius' Work Health and Safety (WHS) issues and reviewing WHS reports and information,
- Approving Healius' major business initiatives,
- Providing advice and guidance to Senior Executives,.
- Approving the delegation of powers to Board Committees, the CEO and Senior Executives, and
- Approving, overseeing and monitoring Healius' governance model.

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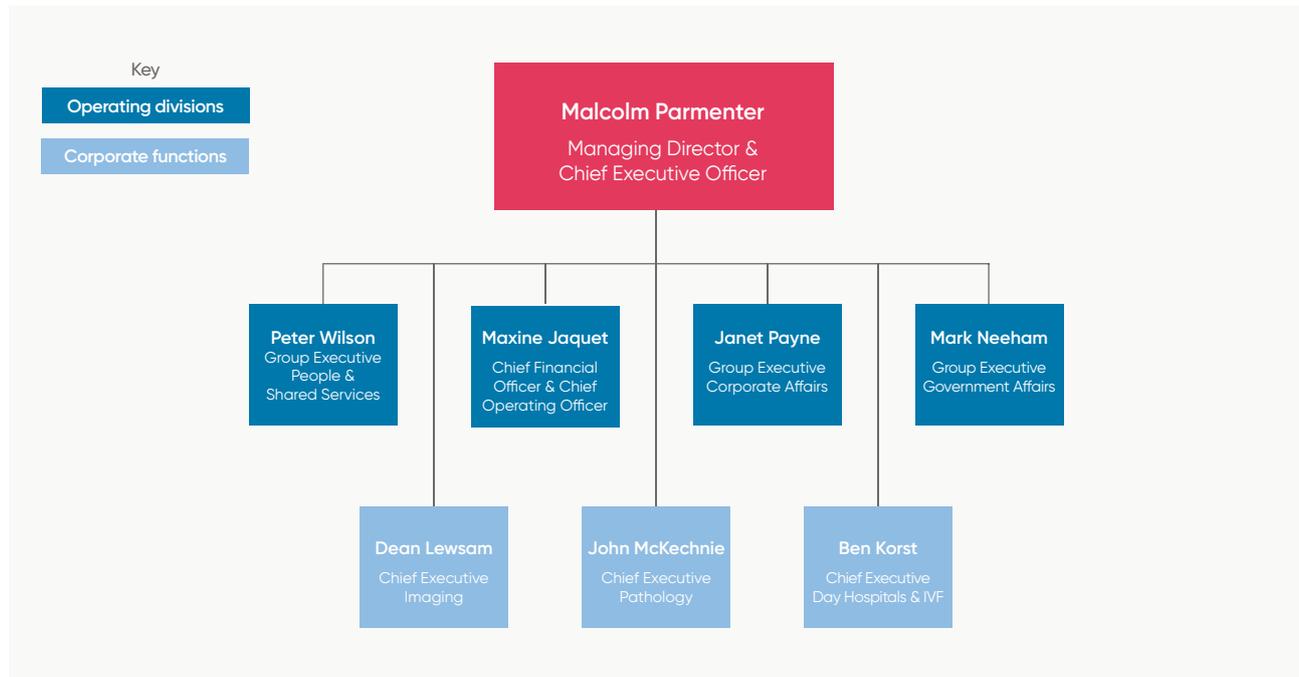
## as at 14 September 2021

### MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER (CEO)

Healius' CEO is Dr Malcolm Parmenter. Malcolm is responsible for:

- Developing Healius' strategic development initiatives,
- Leading the Executive Management team, and
- Managing Healius' business divisions.

The following Senior Executives report directly to the CEO:



### Recommendation 1.2: Provision of Director information to security holders

Healius follows all Council recommendations relating to information provided for security holders. This is information that is relevant to deciding whether or not to elect or re-elect a particular candidate as Director.

Healius has adopted a protocol for conducting criminal and insolvency background checks on candidates for the office of Director.

These checks are conducted in relation to all Healius' Director appointments.

### Recommendation 1.3: Agreements with Directors and Senior Executives

Healius has service agreements in place for the CEO and with Senior Executives. The service agreements set the key terms of their appointment, remuneration arrangements and entitlements on termination.

Healius' current appointment process for Non-executive Directors includes the provision of a letter of appointment setting out Healius' expectations.

Thus all current Directors are fully aware of the terms of their appointment including their roles and responsibilities. The Board considers that the appointment arrangements for Directors adequately protect the interests of Healius and its security holders.

### Recommendation 1.4: Group Company Secretary

Healius' Group Company Secretary is responsible for advising the Board and its Committees on governance matters (covering all matters relating to the proper functioning of the Board and its Committees), monitoring the Board and Committee policies and procedures, and ensuring the efficient administration of Board meetings. The Group Company Secretary is directly accountable to the Board in that the role reports to the Chair. The Board Charter requires that the Group Company Secretary attend Board and Committee meetings as minute secretary.

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### Recommendation 1.5: Diversity at Healius

Healius considers diversity to be an essential attribute in achieving superior outcomes for security holders and other stakeholders. Our diversity should reflect the diversity of the communities we serve.

As part of Healius' Diversity Policy, the Board's People & Governance Committee has amended its Charter to expressly encompass the Committee's role in fostering diversity at Healius. The Committee is responsible for making recommendations to the Board about:

- The setting of measurable objectives for achieving gender diversity in the composition of the Company's Board, Senior Executives and workforce generally,
- Disclosure of the above objectives, the Company's progress towards achieving those objectives, and other matters required to be disclosed under relevant Principles, and
- The monitoring of other indicators of diversity (such as race, cultural background, sexuality, gender identity, faith and religious identity); and measures to foster and enhance such diversity.

Healius' Diversity Policy provides that the Board sets objectives for identifying ways to foster gender diversity. The Committee is responsible for making Board recommendations in relation to:

- Initiatives that support and encourage diversity throughout Healius,
- Objectives that address gender diversity, particularly at Board level. This includes selection, performance evaluation and succession planning processes, and
- The annual assessment of the effectiveness of the objectives relating to diversity.

Healius' Group Executive, People and Shared Services), is responsible for:

- Developing transparency with promotion, development opportunities and gender pay parity,
- Researching diversity barriers in Healius' workplace and developing and implementing policies which address those barriers,
- Leading Healius' initiatives regarding diversity,
- Reporting on diversity initiatives to the CEO, Senior Executives, and the People & Governance Committee,
- Developing, reviewing and maintaining people policies and procedures according to the Diversity Policy and in keeping with the measurable objectives for achieving diversity, particularly gender diversity at senior levels, and
- Preparing and reporting to the Workplace Gender Equality Agency (**WGEA**).

When identifying candidates for vacancies on Healius' Board of Directors, the People & Governance Committee ensures that internal and external assessments of potential candidates includes a search for suitably qualified and experienced women and men.

In order to promote equality and gender diversity when appointing Board members, all Directors play an active role in the interview process after the selection panel recommends a shortlist of candidates.

In July 2020, the Board adopted a gender target, to be achieved by 31 December 2021, of 40% male, 40% female and 20% of either male, female or other genders. As at the date of this Corporate Governance Statement, that target has been achieved.

When developing and implementing recruitment and selection processes, Healius ensures that all candidates are considered and selected on the basis of individual skills, experience and merit, in line with all equal opportunity and anti-discrimination legislation. Healius' Code of Conduct promotes respect for others, integrity and fairness in the workplace. All Directors, employees and contractors must adhere to those principles within the framework of the Code.

The WGEA continues to assess Healius as compliant with the *Workplace Gender Equality Act 2012* (Cth).

Healius' maintains a high rate of female participation at all levels of the Company's operations. Each year, Healius participates in the WGEA public reporting program. Those reports indicate that Healius comprises a diverse range of employees and contractors and is represented by a high number of women across the Pathology, Imaging and Day Hospitals functional business divisions. Women comprise 76% of Healius' full-time, part-time and casual employees.

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### Healius Group Workplace Gender Profile as at 30 June 2021

OCCUPATIONAL CATEGORY	FULL TIME EMPLOYEES: % WOMEN	PART TIME EMPLOYEES: % WOMEN	CASUAL EMPLOYEES: % WOMEN	ALL EMPLOYEES: % WOMEN
Directors	43	–	–	43
CEO	–	–	–	–
Other KMP	33	–	–	33
Other Executives/General Managers	24	–	–	24
Senior Managers	54	11	–	56
Other Managers	46	16	1	63
Clerical & Admin	38	39	2	85
Community & Personal Service	18	60	10	87
Labourers	–	–	–	–
Machinery operators & drivers	11	19	4	35
Professionals	38	26	3	66
Sales	61	6	–	67
Technology, Software & Application Programmers	41	–	–	41
Technicians & trade	36	27	7	70
Other	–	–	–	–
Graduates	–	–	–	–
<b>All occupational categories</b>	<b>26</b>	<b>41</b>	<b>9</b>	<b>76</b>

- **Key Management Personnel**, for the purposes of WGEA reporting on separate business entities, are those who sit on the divisional or functional executive leadership team as direct reports of the divisional CEO or functional Group Executive.
- **Other Executive/General Managers** are those general managers largely tasked with managing state operations, smaller businesses or a direct report of a functional Group Executive.
- **Senior Managers** are charged with one or more defined function, department or outcome. They are more likely to be involved in a balance of strategic and operational aspects of management. Some decision-making at this level would require approval from either of the two management levels above. They are also responsible for resourcing a budget and assets (capital expenditure).
- **Other Managers** are those who plan, organise, direct, control and coordinate an operational function. They usually oversee day-to-day operations, working within and enforcing defined Company parameters. These individuals implement, determine, monitor and review strategies, policies and plans to meet business needs relating to their own function/work area. An "Other Manager" is accountable for a defined business outcome which generally involves the management of resources that also includes time management, coordination of different functions of people, financial resources and other assets. Line managers are also included in this category.

A copy of Healius' Diversity Policy is available on Healius' website. The Policy requires Boards of ASX listed entities to approve, monitor and report on diversity at all levels, including Board level particularly in relation to gender diversity.

Previous editions of the Corporate Governance Statement have included information on current and planned Gender Diversity initiatives in the Healius Group. Healius is currently focused on the delivery of its 3 Year People Strategy, in year one we have delivered a major policy development to support working parents with paid primary and secondary carers leave and we have made significant progress in our understanding of gender pay across the Group. In year two we are embarking on key projects which will deliver greater opportunities to understand the composition of our workforce and reduce the potential for a range of unconscious biases to influence leaders' decisions.

#### Recommendation 1.6: Board performance

The performance of the Board, its Committees and individual Directors is assessed and reviewed by the Board and facilitated by the Chair and the Group Company Secretary. To determine whether it is functioning effectively, the Board periodically reviews its corporate governance policies and processes and performs an evaluation of the Board's performance at appropriate intervals. This process is confidential and involves both self and peer assessment. The evaluation is a useful tool for examining the role, composition, administration and effectiveness of the Board, its Committees and individual Directors.

The Board is responsible for undertaking a regular performance evaluation of its members in light of Healius' Board Charter. The most recent review took place in FY 2019, with the Board electing to use an external consultant to facilitate the performance evaluation. The outcomes of this review were shared among the Chair, the Directors and Senior Executives. A new external review is to be conducted in the first half of FY 2022.

#### Recommendation 1.7: Senior Executive performance

The performance of Senior Executives at Healius is assessed as part of Healius' executive incentive programs.

The operation of the incentive programs, including the Transformation Long-Term Incentive Plan (TLTIP), is explained in Healius' Remuneration Report for FY 2021, which is part of Healius' 2021 Annual Report.

The Board considers that the incentive plan assessment process meets the Council's requirements of formality and rigour.

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## Principle 2: Structure the Board to be effective and add value

### Recommendation 2.1: People & Governance Committee

Amongst its other responsibilities, the People & Governance Committee is responsible for making Board recommendations about::

- Evaluation of the performance of the Board, its Committees, and Directors,
- The appointment, re-election, and succession of Directors, and
- Remuneration, recruitment, retention and termination policies and procedures for Senior Executives as well as superannuation arrangements.

During and after FY 2021, the People & Governance Committee comprised at least three independent Non-executive Directors::

- Sally Evans (Chair),
- Robert Hubbard,
- Paul Jones, and
- Kate McKenzie (from 25 February 2021).

This committee composition meets the Council's criteria in terms of the Committee Chair's independence, number of members and independence of members.

The number of meetings attended by each member of the People & Governance Committee is set out on page 39 of Healius' 2021 Annual Report.

A copy of Healius' People & Governance Committee Charter is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

### BOARD SELECTION AND MEMBERSHIP

As part of its role in relation to the nomination of Directors, the Board devises criteria for Board membership. The criteria for the selection of suitable candidates are the candidate's capacity to contribute to Healius' development regarding the business, the candidate's experience, and the attributes of existing Board members.

Where a vacancy exists on the Board, or where it is considered that the Board would benefit from a new Director with particular skills, suitable candidates are proposed for consideration. Where appropriate, the services of external consultants are also engaged.

### BOARD RENEWAL

With the exception of the sole Executive Director (the CEO), one third of all eligible Directors, and any other Director who has held office for over three years since their last election, must retire in rotation at the Annual General Meeting (**AGM**). This is in accordance with Healius' Constitution. A retiring Director holds office until the conclusion of the meeting at which he or she retires. They may stand for re-election by security holders at that meeting. The Board may appoint a new Director to fill a casual vacancy and that Director holds office until the close of the next AGM, unless elected at that meeting.

The Board makes recommendations in respect of the election or re-election of each Director based on tenure, skills and experience of the Director in relation to Board composition. The People & Governance Committee ensures that appropriate background checks take place for the appointment of a new Director. The details of those Directors who stand for re-election are provided in the Notice of Meeting which is sent to security holders prior to the AGM.

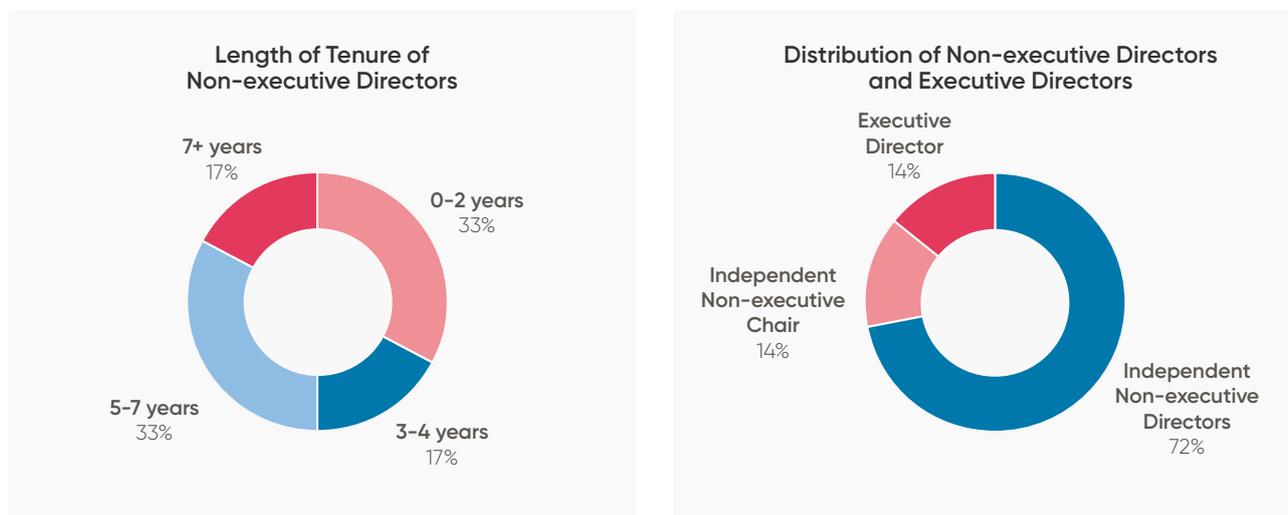
Additionally, each Director standing for re-election makes a short presentation to security holders at the meeting itself.

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### Recommendation 2.2: Board skills matrix

The Board considers that its membership should consist of Directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds. The names, skills, experience, expertise, and appointment dates of Healius' current Directors are set out on pages 30 to 31 of Healius' 2021 Annual Report. The length of tenure, and distribution of Non-executive Directors and Executive Directors are listed in the following charts.



The current skills and experience of Healius' Directors include the healthcare industry, financial, regulatory and business acumen and public company Board, Committee member and Chair experience.

The most recent update to the Healius' Board Skills Matrix occurred as part of the Board Performance Assessment carried out in FY 2019. The information allowed the Board greater visibility of the key issues relating to the Directors' experience, knowledge and skills. This process has assisted, and will continue to assist, Healius in meeting high standards of corporate governance.

The methodology used to construct the Matrix involved selecting appropriate criteria for assessment. The following criteria were selected and sorted into categories that illustrate the broader areas considered in selecting assessment criteria:

TECHNICAL	EXPERIENTIAL	INDUSTRY KNOWLEDGE	RISK	GOVERNANCE	FINANCIAL
Business & organisation management	Experience on other Boards	Clinical	Risk management	Corporate governance	Audit & accounting
Strategic planning	International experience	Health care admin & policy	Legal	Committee experience	Corporate finance
Information technology	Marketing, comms & PR				Fundraising
HR management	Government				

The 17 criteria listed above were evaluated for each Board member by the other Board members. Self-evaluation was also part of this process.

The evaluation was conducted on a four point scale for each criterion:  
0 (absent or not observed); 1 (basic); 2 (sound); or 3 (advanced).

This resulted in an average score between 0 and 3 for each criterion for each Director. The mean score for each criterion across all Directors was obtained (again a value between 0 and 3). This value was converted to a percentage for mapping onto the matrix.

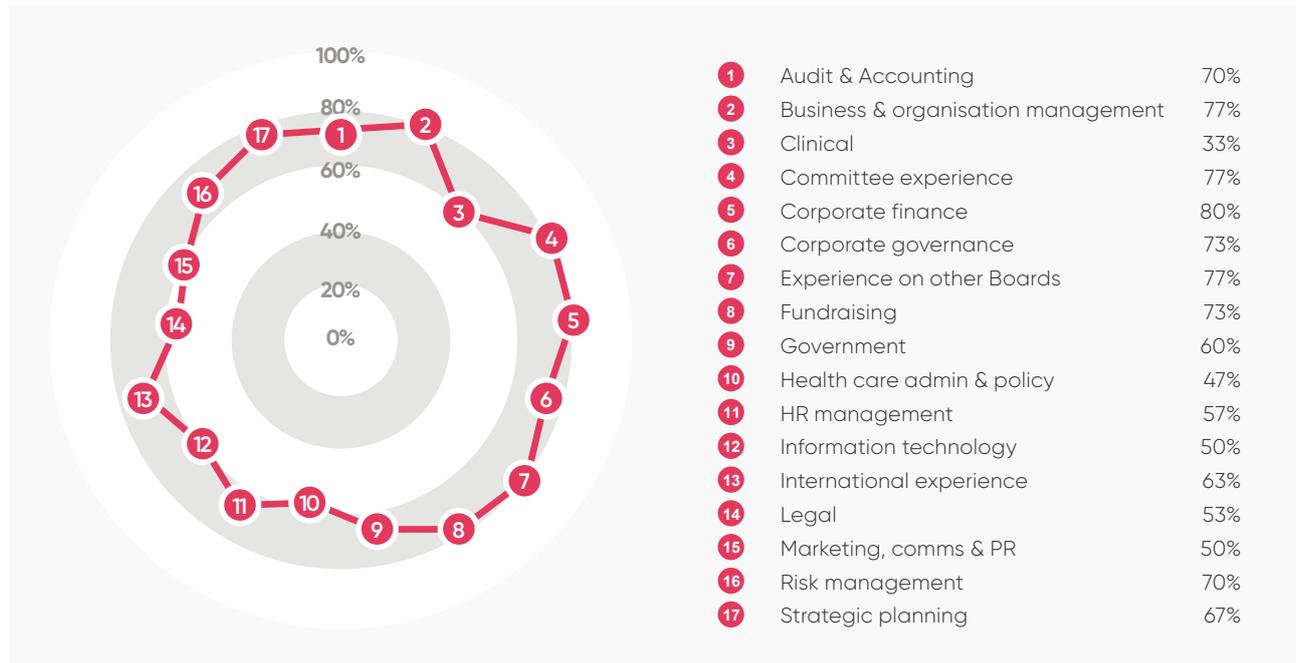
For the forthcoming 2021 Board Performance Review, the list of skills has been rationalized and updated as follows.

TECHNICAL	INDUSTRY KNOWLEDGE	GOVERNANCE	FINANCIAL
Business & organisation management	Clinical	Environment, Social and Governance	Audit & accounting
Strategy, transformation and execution	Health care admin & policy	Risk management (inc legal)	Corporate finance
Digital	Property development	Stakeholder relations	
People & culture			

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The most recent Board Skills Matrix is as follows:



### COMPOSITION, OPERATION AND REPORTING OF COMMITTEES

The composition of Board Committees is also reviewed annually. Members are selected on the basis of their skills and experience, as well as requirements related to independence. Each Board Committee is chaired by an independent Non-executive Director.

Committees meet at least four times annually and more often as required. Senior Executives and other senior managers may attend Committee meetings by invitation, provided there is no conflict of interest. All Directors have access to all Board Committee papers and can attend Board Committee meetings on request.

#### Recommendations 2.3 & 2.4: Directors' independence

The size, composition and independence of Healius' Board is determined by the Board Charter and Healius' Constitution. It is also assessed annually. The Board recognises that independent Directors are important in assuring security holders that the Board is able to exercise independent judgement when meeting its responsibilities under the Board Charter.

A Director should be independent of management and free from any interest and business or other relationship that could be perceived to materially interfere with his/her ability to act in Healius' best interests. To determine this, materiality is assessed on a case-by-case basis in relation to each Director's personal circumstances rather than a specific materiality threshold.

The Board considers that the current Non-executive Directors, including the Chair, meet the definition of independence as prescribed in the ASXCGC Recommendations.

Healius' current independent Directors are:

- Robert Hubbard (Chair) (6.7 years' service),
- Gordon Davis (6.1 years' service),
- Sally Evans (3 years' service),
- Paul Jones (10.8 years' service),
- Jenny Macdonald (0.8 years' service), and
- Kate McKenzie (0.5 years' service).

In considering the independence of Paul Jones, the Board is aware that the Healius Group had, until the sale of its Healius Primary Care business, provided medical centre management services to a company controlled by Paul on ordinary 'arm's length' terms. The Service fees received by Healius from Paul's company for FY 2020 were \$44,831 (FY 2020: \$96,839). This Service fee revenue was accounted for by Healius in the same way as revenue from other healthcare practices. There were no amounts payable or receivable as at 30 June 2021 (2010: nil).

The Board is satisfied that Paul demonstrates independent judgement and character in performing his Board role and as a member of the Committees he serves on and considers him to be independent.

The Healius Group has since disposed of its Healius Primary Care business and no longer conducts medical centre management services. Given this development, the Board currently does not intend to separately note Dr Jones' independence in future Corporate Governance Statements.

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### **Recommendation 2.5: The Chair**

Healius' Non-executive Chair is Robert Hubbard. The Chair is responsible for:

- Effective leadership of the Board.
- Oversight of Healius' corporate governance framework.
- Oversight of Board meeting agendas, record-keeping (in conjunction with the Group Company Secretary) and Committee processes.
- Representing the Board in communications with the public, the CEO and with management.

The Chair is independent and does not also hold the office of Chief Executive Officer.

### **Recommendation 2.6: Board induction, information, advice and support**

All new Board members participate in an induction program individually designed to help them understand Healius' operations. The induction is coordinated by the Group Company Secretary and includes meetings with key management across all business divisions, visits and practical demonstrations at various sites. It also includes information about Healius' history, operations, key stakeholders and corporate governance protocols.

All Directors have access to company records and information and receive regular reports from executive management. The Group Company Secretary also plays an important role in supporting Board members by monitoring adherence to policies and procedures and by providing briefing material for the Board's consideration at Board meetings. This information includes regular reports from Healius' Senior Executives including the CEO and the CFO & COO. This is to ensure the Board can discharge its duties effectively.

Each Director has entered into access and indemnity arrangements which allow access to documents for a period of seven years following resignation or retirement. With the prior approval of the Chair, each Director has the right to seek independent legal and other professional advice, at Healius' expense, concerning any aspect of Healius' operations or undertakings, in order to fulfil their duties and responsibilities as a Director.

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## Principle 3: Instil a culture of acting lawfully, ethically and responsibly

### Recommendation 3.1: Healius' values

#### Healius' Purpose:

We are inspired to care for health and wellbeing at every stage of life.

#### Healius' Mission:

We share a mission to seek and sustain life-enhancing healthcare, delivered by people who care.

#### Healius' Values:

##### WE CARE



**Work it together:** We believe when we bring out the best in each other, there is no limit to what we can do.

- Listening to others and speaking up to sharing our ideas.
- Helping each other whenever we can.
- Working with different people and teams to achieve our shared goals.
- Creating and maintaining a respectful environment for everyone.
- Looking for opportunities to work with others to solve problems.
- Building and maintaining effective and professional relationships.



**Empathy for everyone:** We believe we build better relationships when we take the time to understand and care about each other.

- Asking questions and actively listening.
- Having compassion for people's experiences and situations.
- Thinking about the impact of our actions on others.
- Being genuine and honest about our own feelings.
- Look out for the safety and well-being of each other, our patients and our community.



**Committed to excellence:** We believe in striving for excellence and quality in everything we do, from big goals to the smallest interactions.

- Following through on our promises.
- Communicating with impact.
- Genuinely caring about doing the best we can.
- Developing ourselves and others.
- Seeking out and acting on feedback.



**Act with integrity:** We believe that when we are fair and honest, we gain the trust of our colleagues and patients.

- Holding ourselves accountable for our actions.
- Role modelling positive, values-based behaviours and professional standards.
- Having the courage to make the right choices even when they're difficult.
- Showing ownership, initiative and energy.



**Recognise our people:** We believe that the work our people do every day deserves recognition and celebration.

- Personally acknowledging positive behaviour and outcomes.
- Saying thank you.
- Speaking positively.
- Celebrating diverse achievements (big and small).



**Embrace innovation:** We believe that everything we do can benefit from a fresh perspective, and that great ideas can come from anyone.

- Taking the time to imagine a better way of doing things.
- Asking questions and challenging the way things work.
- Suspending judgement of other people's ideas and suggestions.
- Finding the opportunity when faced with change.
- Keeping an open mind.
- Being curious and willing to try something new.

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### Recommendation 3.2: Code of Conduct

Healius' Code of Conduct promotes ethical and responsible decision-making throughout the Healius Group. Application of this code is supported by a range of policies and management practices including:

- Compliance with law and regulations,
- Corporate integrity and social responsibility,
- Conflicts of interest,
- The maintenance of information privacy and confidentiality,
- Inside information,
- Improper benefits,
- Misappropriation, and
- Workplace conduct.

Any issues which may amount to a breach of this Code will be reported for investigation to the Senior Executives identified in the Code.

The Board or, where appropriate, the most relevant Board Committee receives reports of material breaches of the Code, including action taken in response to such breaches.

A copy of Healius' Code of Conduct is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

### Recommendation 3.3: Whistleblower Protection Policy

Healius is committed to a culture of corporate compliance and ethical behaviour generally. Healius considers it vital that improper conduct should be disclosed through appropriate channels, and is committed to protection of individuals who disclose instances or allegations of improper conduct occurring in relation to the Healius Group.

The Group has had in place, for a number of years, a Whistleblower Protection Policy.

Through fostering openness and transparency, the policy helps Healius develop increased levels of trust across the organisation and helps to give its stakeholders the confidence that they are engaged with an organisation committed to doing the right thing and swiftly detecting and addressing wrongdoing.

The policy aims to ensure that any person making a Disclosure is not personally disadvantaged or discriminated against for making that Disclosure.

The Board or, where appropriate, the most relevant Board Committee receives reports of material breaches of the policy, including action taken in response to such breaches.

Healius has engaged an external third party service provider to provide a confidential and, if requested by a whistleblower, anonymous line of communication. This communication can take place by a number of channels including phone, e-mail and web. Healius has appointed Whistleblower Protection Officers and Whistleblower Investigation Officers to manage the day-to-day operation of the policy.

A copy of Healius' Whistleblower Protection Policy is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

### Recommendation 3.4: Anti-bribery and anti-fraud Policy

Healius is committed to a culture of corporate compliance and ethical behaviour generally. Healius' Anti-bribery and anti-fraud Policy (which also encompasses anti-corruption measures) is an important aspect of instilling that culture.

The Board or, where appropriate, the most relevant Board Committee receives reports of material breaches of the policy, including action taken in response to such breaches.

A copy of Healius' Anti-bribery and anti-fraud Policy is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

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### Principle 4: Safeguard the integrity of corporate reports

#### Recommendation 4.1: Audit Committee

Healius has a formal and rigorous structure and process for verifying and safeguarding the integrity of our corporate reporting. The Audit Committee is a key part of this structure.

The Audit Committee's main responsibility is assisting the Board in the following:

- Reporting financial information,
- Determining the appropriate application and amendment of accounting policies,
- Appointing and remunerating an external auditor, and
- Providing a link between the external auditor, the Board, and management of Healius.

The Audit Committee is also responsible for:

- Reviewing Healius' financial reporting and disclosure processes,
- Ensuring the reliability and integrity of Healius' financial reporting and accounting policies,
- Assessing whether Healius' external reporting is consistent with Committee members' information and knowledge and whether it satisfies security holder requirements,
- Assessing the adequacy of the management processes supporting external reporting,
- Developing and implementing procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners,
- Reviewing the performance and independence of the external auditor, including recommending the appointment, or, if necessary, the removal of the external auditor,
- Recommendation to the Board in relation to the compensation, terms of engagement and other contractual terms for the external auditor, and
- Assessing the performance and objectivity of the internal audit.

During and after FY 2021, the Audit Committee comprised the following independent Non-executive Directors:

- Jenny Macdonald (Chair, from 2 November 2020),
- Gordon Davis,
- Robert Hubbard,
- Paul Jones (from 25 February 2021), and
- Arlene Tansey (Chair, until 22 October 2020).

This committee composition meets the Council's criteria in terms of the Committee Chair's independence, number of members and independence of members.

The relevant qualifications and experience of the members of the Audit Committee are set out on pages 30 to 31 of Healius' 2021 Annual Report. The number of meetings attended by each member are set out on page 39 of the 2021 Annual Report.

A copy of Healius' Audit Committee Charter is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

#### Recommendation 4.2: Executive assurance to the Board

Prior to the approval of Healius' financial statements for the half year and full year periods, the Board receives a written declaration from the CEO and the CFO & COO with the following confirmations:

- The financial records of Healius have been properly maintained and the financial statements comply with the appropriate accounting standards; they give a true and fair view of Healius' financial position and performance.
- Their opinions have been formed on the basis of a sound risk management and internal control system which is operating effectively.

In providing this assurance declaration, the CEO and the CFO & COO require a comprehensive review from the business division managers as well as independent declarations of their respective business divisions' financial position.

#### Recommendation 4.3: Processes for verification of non-audited/reviewed periodic corporate reports

From time to time, Healius releases periodic corporate reports which are not subject to review or audit by Healius' external auditors. Two examples in Healius' case are the Preliminary Final Report (Appendix 4E) and the Sustainability Report.

Where a periodic report is not subject to review/audit, Healius ensures it employs processes which minimise the chance of error in the report. The processes adopted depend to some extent on the nature of the report being issued. Generally, this involves engaging with relevant internal stakeholders throughout the report generation process from start to finish, culminating in internal sign-off by relevant stakeholders that the portion of the report to which they have contributed is accurate.

In some cases the process can leverage parallel verification processes; for example the Preliminary Final Report, whilst not formally audited, leverages the parallel audit process which is conducted in the course of review and release of Healius' full year accounts, which typically occurs a few weeks after issue of the Preliminary Final Report.

All periodic reports are also subject to approval from the Board or a Board Committee before release and this approval process includes confirmation from management to the Directors that the relevant report has been reviewed and is accurate.

# Corporate Governance Statement

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## Principle 5: Make timely and balanced disclosure

### Recommendation 5.1: Communication (including Continuous Disclosure) Policy

Healius has put in place a Communication Policy – which includes Continuous Disclosure – to ensure the provision of timely, balanced and accurate disclosure of material information to the market. This helps to ensure that Healius keeps its security holders informed and that Healius complies with the continuous disclosure obligations under the Corporations Act and the Australian Securities Exchange (ASX) Listing Rules. This includes the provision of information on:

- Healius' financial situation,
- Performance,
- Ownership, and
- Corporate governance.

Healius also ensures security holders, regulators, ratings agencies and the general investment community have equal and timely access to all the material information that concerns Healius including:

- Annual and interim profit announcements,
- Release of financial reports,
- Trading updates, and
- Investor presentations and briefings.

The identification and monitoring of matters which may require disclosure, in accordance with Healius' continuous disclosure obligations, occurs regularly at Senior Executive meetings and meetings of the Disclosure Committee. If a matter is identified as potentially requiring disclosure, it may be referred to the Board by the Disclosure Committee.

Company announcements are lodged on both the ASX Company Announcements Platform and Healius' website. Investors can elect to receive key announcements via a website link.

In addition to recent announcements, Healius' website contains key information:

- Results releases and security holder meetings,
- Annual Reports,
- Other reports such as the Sustainability Report and the Tax Transparency Report,
- Presentations, and
- Corporate governance policies.

A copy of Healius' Communication (including Continuous Disclosure) Policy is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

### Recommendation 5.2: Prompt Board receipt of material market announcements

The duties of Healius' Group Company Secretary include prompt forwarding of all material ASX announcements to Healius' Directors as soon as they are released on the ASX Platform. (Such announcements have also been through the review process under the Communication Policy.)

### Recommendation 5.3: Investor or analyst presentations

All substantive investor or analyst presentations by Healius are released via the ASX Platform before the commencement of the relevant presentation.

# Corporate Governance Statement

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## Principle 6: Respect the rights of security holders

### Recommendation 6.1: Communications with security holders via Healius' website

Healius provides information about the company and governance to all investors via the Healius website.

In order to make information easily accessible for investors, the website includes a dedicated "Invest in Us" section as well as copies of all information lodged with the ASX.

### Recommendation 6.2: Investor relations program

Healius' communication strategy is disclosed in Healius' Communication (including Continuous Disclosure) Policy. Developed to provide security holders with accurate, relevant, and timely information, it also enables them to exercise their rights as security holders in an informed manner.

This communication strategy provides security holders, potential investors and other interested stakeholders with equal and timely access to important Healius information.

Healius arranges advance notification of security holder briefings via its investor database and website. Investors also have access to Healius' briefings and question and answer sessions through teleconferences or webcasts; this facilitates effective two-way communication with investors. Copies of webcasts are made available on Healius' website at [www.healius.com.au/invest-in-us/results-and-presentations/webcasts/](http://www.healius.com.au/invest-in-us/results-and-presentations/webcasts/).

### Recommendation 6.3: Security holder participation at meetings

The AGM provides an open forum for the Board to communicate directly with Healius' security holders. It is also an opportunity for security holders to express views, ask questions, and respond to Board proposals.

### Recommendation 6.4: Polls

Healius' practice at all security holder meetings, including the AGM, is that all resolutions are decided by a poll rather than by a show of hands.

### Recommendation 6.5: Electronic communications

Security holders also have the option to receive and send communications from and to Healius and its share registry, via the Healius website. Security holders can register to receive relevant announcements via e-mail using Healius' website.

# Corporate Governance Statement

## as at 14 September 2021

### Principle 7: Recognise and manage risk

#### Recommendation 7.1: Risk Management Committee

The Risk Management Committee is responsible for approving, reviewing and monitoring Healius' system of risk management and internal controls.

This Committee also assists the Board with its oversight responsibility by reviewing, assessing and making Board recommendations relating to the risk management framework and internal control structures.

The risk identification, analysis, treatment and monitoring processes implemented by Healius are in accordance with Standards Australia AS/NZS ISO 31000: 2018. Every quarter, management reports to the Risk Management Committee on Healius' key risks and the status of risk mitigation activities.

The Risk Management Committee is also responsible for:

- Ensuring Healius identifies and updates the profile of each material business risk (excluding financial risks which are managed by the Audit Committee),
- Monitoring any anticipated changes to Healius' material business risks,
- Monitoring and reviewing the effectiveness of the risk management system implementation,
- Reporting and providing recommendations to the Board (or the CEO and/or CFO & COO) in relation to any proposed financial certifications on whether the risk management system is sound, being managed and implemented effectively, and
- Reviewing and approving key policies in each business division that relate to the risk management system implementation.

During and after FY 2021, the Risk Management Committee comprised the following Independent Non-executive Directors:

- Gordon Davis (Chair),
- Sally Evans,
- Paul Jones (until 25 February 2021),
- Jenny Macdonald (from 25 February 2021),
- Kate McKenzie (from 25 February 2021), and
- Arlene Tansey (until 22 October 2020).

This committee composition meets the Council's criteria in terms of the Committee Chair's independence, number of members and independence of members.

The Risk Management Committee has the authority to seek any information it considers relevant to its functions from any Healius officer or employee. These personnel must readily provide the requested information. The Committee also has authority to conduct or direct any investigation it considers necessary.

The number of meetings attended by each member of the Risk Management Committee is set out on page 39 of Healius' 2021 Annual Report.

A copy of Healius' Risk Management Committee Charter is available at [www.healius.com.au/about-us/corporate-governance/](http://www.healius.com.au/about-us/corporate-governance/).

#### Recommendation 7.2: Risk management framework review at least annually

In FY 2021, Healius' risk management framework was reviewed and updated by the Risk Management Committee. The Committee determined that the risk management framework continues to be sound.

# Corporate Governance Statement

## as at 14 September 2021

### **Recommendation 7.3: Internal Audit function**

The Internal Audit team's role is to review and enhance internal control processes across the entire Healius Group. As in FY 2020, FY 2021 saw the team focus on a number of specific projects. (During FY 2020, the structure of Healius' Internal Audit team was enhanced so that its functions are carried out by the Internal Audit Manager rather than by external consultants.)

All progress was reported back to the Board, via the Audit Committee or the Risk Management Committee. The internal audit function continues to evolve into a balance of compliance and business reviews.

In addition to the dedicated internal audit function, Healius has an effective system of risk management and internal control processes. Within the risk management framework, each business unit is required to formally consider its risk environment and create the following:

- A register of identified risks,
- Controls, and
- A risk treatment plan.

All of these are stored in a risk information management system.

### **Recommendation 7.4: Material exposure to economic, environmental and social sustainability risks**

Healius does not have any material exposure to economic, environmental or social sustainability risk under the ASXCGC Recommendations. The Risk Management Committee continues to consider formal evaluation of the extent to which Healius is exposed to climate change risk and the potential making of disclosures recommended by the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

Healius' operations are highly regulated and subject to a range of State and Commonwealth legislation and accreditation requirements. Each of the Pathology, Imaging and Day Hospitals divisions operates under a range of policies which provide guidance relating to identifying and responding to risk.

An incident notification and response procedure is in place throughout Healius. Implementation of these policies is ultimately overseen by Senior Executives within each division. A comprehensive insurance program and nationwide work health and safety program is in place and is reviewed annually.

Further information on the Group's sustainability initiatives can be found in the Sustainability Report at <https://www.healius.com.au/invest-in-us/reports/sustainability-report/>.

# Corporate Governance Statement

as at 14 September 2021

## Principle 8: Remunerate fairly and responsibly

### **Recommendation 8.1: People & Governance Committee**

The independence of the Committee Chair, number of members and member independence meets the criteria set out by the Council. For details on Healius' People & Governance Committee, please refer to page 7 of this Corporate Governance Statement.

### **Recommendation 8.2: Remuneration of Non-executive Directors, CEO and other Senior Executives**

For further details on the remuneration of Healius' Non-executive and Executive Directors and Senior Executives, please refer to pages 43 to 68 in Healius' 2021 Annual Report.

Healius' current policies comply with the Council's guidelines set out in the ASXCGC Recommendations.

### **Recommendation 8.3: Economic risks under equity-based remuneration scheme**

The Healius executive incentive plans allow the Board to award incentive payments in the form of equity. The Corporations Act prohibits key management personnel (or closely-related parties) of an ASX-listed Australian company (such as Healius) from entering into an arrangement that would limit their exposure to an element of their remuneration subject to a holding lock. Equity-based awards by Healius under the incentive plans are made on the condition that Corporations Act requirements are complied with.

[www.healius.com.au](http://www.healius.com.au)

