

Quality-led care.

Sustainability Report
FY15

MD & CEO message

“As a company of caregivers, Healthscope’s 17,000 staff work together to improve the health outcomes of our patients. Our hospital, international pathology and medical centre divisions play a vital role in their local communities and we are passionate about upholding the highest standards of clinical quality and safety outcomes.”



Healthscope’s people are stewards of care and our work makes a positive difference to individuals, their families and communities every day. We know that as we strive to improve our healthcare and business outcomes, we must continue to execute our strategy in a responsible, ethical and sustainable way. Our sustainability focus includes four key areas:

- **Absolute commitment to patient safety and quality.** In FY15, we continued to make significant progress in our efforts to further enhance clinical care. As well as our robust clinical risk management framework, we have made positive improvements via our patient centred care initiative, and ensured all of our facilities achieve accreditation with the relevant certifying bodies. We have publicly recorded our clinical outcomes via *My Healthscope* – providing doctors, patients and the wider healthcare community with transparency of our performance against key clinical indicators.
- **A focus on our people.** Healthscope understands that creating a culture for employees to develop, work safely and thrive has a profound impact on our business, our patients, their families and our doctors. Our STAR values - Service Excellence, Teamwork & Integrity, Aspiration and Responsibility - underpin everything we do. In FY15, our low workforce turnover rate reflects our improved efforts in this area, and we continued to provide opportunities to develop and progress our employees, and aligned key safety indicator definitions with Australian Standards.
- **Giving back to our local communities.** Our employees are active supporters of their local communities. In FY15, Healthscope signed a Memorandum of Understanding setting out a framework for Healthscope’s commitment to indigenous health and education pathways in the remote Cape York Community.
- **Accepting responsibility to ensure environmental sustainability.** Healthscope is committed to reducing waste, ensuring efficient use of natural resources and contributing towards a sustainable future, including through the design and operation of our new facilities.

I am pleased to present Healthscope’s inaugural Corporate Sustainability Report, setting out our performance in relation to implementing sustainable business practices across our network during FY15.

Robert J. Cooke
*Managing Director
and Chief Executive Officer*

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SECTION 1: Our business



Committed to care

45

Private hospitals^{1,*}

50

International pathology laboratories

52

Medical centres^{2,*}

Victoria

18 Private hospitals
12 Medical centres

New South Wales

10 Private hospitals
12 Medical centres
1 Specialist breast diagnostic clinic

ACT

1 Private hospital

Queensland

7 Private hospitals
10 Medical centres
1 Skin clinic

South Australia

5 Private hospitals²
1 Medical centre

Western Australia

1 Private hospital
11 Medical centres
4 Skin clinics

Tasmania

2 Private hospitals

Northern Territory

1 Private hospital

New Zealand

19 Pathology laboratories

Malaysia

27 Pathology laboratories

Singapore

3 Pathology laboratories

Vietnam

1 Pathology laboratory

¹ Includes three hospitals under management for the Adelaide Community Healthcare Alliance (ACHA).

² Medical centres include five skin clinics and one specialist breast diagnostic clinic.

Map (and related data) and divisional overview prepared as at 31 August 2015. Excludes Brisbane Waters Private Hospital (divested on 21 July 2014), the Australian Pathology business (divested on 6 July 2015) and six skin clinics that Healthscope has agreed to divest as part of the sale of the Australian Pathology business. Includes La Trobe Private Hospital that became part of the Hospital portfolio on 20 July 2015.

Vision and values

What we stand for

Our vision is **to be a recognised leader of quality private health care services.**

In delivering our vision, we know that when we provide service excellence for medical professionals and their patients, everything else takes care of itself. Healthscope operates in an environment where safety and quality are paramount, comfortably balanced against our responsibility to shareholders and stakeholders.

Our STAR values

Service excellence

We strive to provide the highest standard of healthcare. We seek ways to improve our care and service and its delivery.

Teamwork & integrity

We respect each other and openly and honestly communicate to allow us to work together to achieve our goals.

Inspiration

Creativity, being forward-looking and continuously learning are integral to our jobs and Healthscope's success.

Responsibility

We take responsibility for our actions and consider their impact on others. We make decisions with a balanced focus on financial security and service excellence.

FY15 Highlights

Healthscope re-listed on the Australian Securities Exchange on 28 July 2014. In FY15, Healthscope delivered strong financial results, invested significantly in future growth, and continued to deliver the highest quality healthcare across its facilities.

\$2.4_b

FY15 GROUP REVENUE

\$388_m

FY15 GROUP OPERATING EBITDA

\$287_m

FY15 GROUP OPERATING EBIT



Serving our community

In FY15, we provided healthcare to nearly 10 million patients via our hospital, pathology and medical centre divisions.



Employees

Our 17,000 employees understand that healthcare is a special business. 24/7, 365 days a year our people provide quality care and positively contribute to the clinical outcomes of our patients.



Quality leader

Healthscope hospitals achieved three times more Met with Merit ratings than the industry average for accreditation.



Significant capital investment

In FY15, over \$275 million was invested in hospital expansion projects.



Public Private Partnerships

In December 2014, we were awarded the contract by the NSW Government to design, build, operate and maintain the new 450 overnight-bed Northern Beaches Hospital.







International Pathology growth

In April 2015, we were awarded the contract to provide pathology services to the Greater Wellington region in New Zealand.

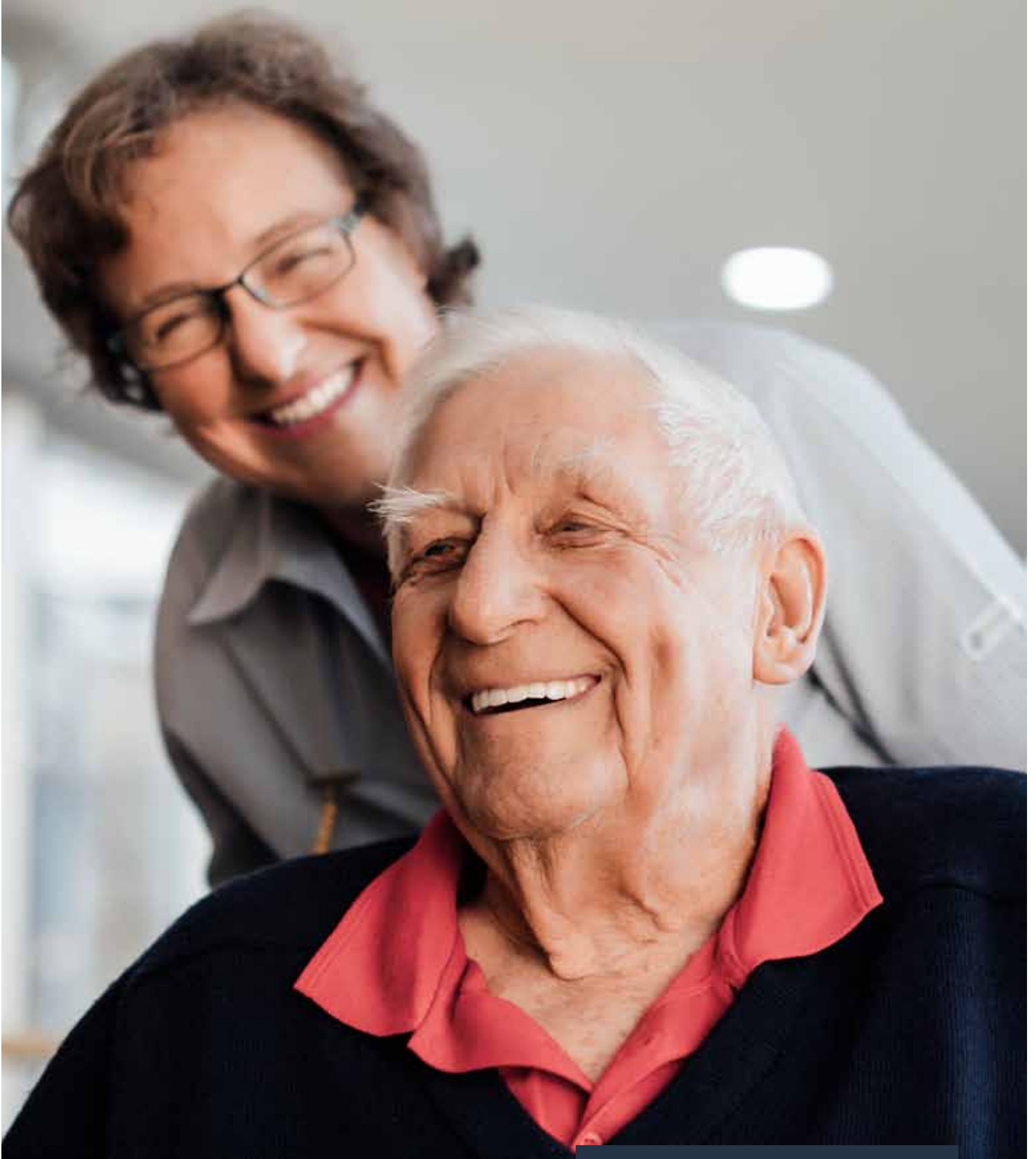
Our approach

Our approach to sustainability is summarised in the table below.

Governance	Corporate governance is core to ensuring creation, protection and enhancement of shareholder value at Healthscope. The Board is committed to conducting Healthscope's business in accordance with high standards of corporate governance and with a view to creating and delivering value for Healthscope's shareholders. To this end, the Board has adopted a system of internal controls, risk management processes and corporate governance policies and practices which are designed to support and promote the responsible management and conduct of Healthscope. Healthscope's Corporate Governance Statement sets out the key features of Healthscope's governance framework and reports against the Corporate Governance Principles and Recommendations (3 rd edition) published by the ASX Corporate Governance Council.			
Material issue	 Patient Safety and Quality	 People	 Environment	 Community
Focus	Clinical governance, consumer involvement, accreditation and transparency	Creating a safe and responsible culture for employees to develop and thrive	Reducing waste, ensuring efficient use of natural resources and contributing towards a sustainable future	Supporting community initiatives and giving back to our local communities
Healthscope measures	<ul style="list-style-type: none"> • Hospital Accreditation • Pathology Laboratory Accreditation • Medical Centre Accreditation • National rates of defined clinical indicators and clinical outcomes. 	<ul style="list-style-type: none"> • Key workforce statistics • Turnover and recruitment • Diversity • Training our future workforce • Career progression • Workplace Health and Safety – lead and lag indicators. 	<ul style="list-style-type: none"> • Energy consumption • Diversion of waste to landfill. 	<ul style="list-style-type: none"> • Cape York • Indigenous employment • Site level contributions.

SECTION 2:

Absolute commitment to patient safety and quality



Positioning

Healthscope is committed to providing the highest quality care to patients, continuously improving, minimising risks, and fostering an environment of excellence in care. Clinical governance is the term used to describe accountability for standards and performance in relation to clinical care. Sustainability of excellence in clinical governance requires:

- A focus on the patient experience throughout their stay with us
- Strong leadership and appropriate allocation of resources
- Clarity of responsibility for managing safety and quality
- Effective use of data to monitor, report on and improve performance
- Systems for identifying and managing risk
- Processes to support continuous improvement
- Compliance with legislative and relevant standards, including accreditation.

Scope

The Healthscope National Safety and Quality Plan and Clinical Governance Framework provide the framework for driving our quality and safety priorities. There are five key areas related to sustainability of quality and safety in patient care:

1. Accreditation
2. Patient Centred Care
3. Clinical Risk Management
4. Continuous improvement
5. Public reporting.

FY15 Performance/Progress

During FY15, progress has been made in each of these key areas as follows.

1. Accreditation

Commitment:

Healthscope is committed to achieving external accreditation of all facilities against relevant and required standards.

- **Healthscope hospitals** are accredited to the National Safety and Quality Health Service Standards (“National Standards”) published by the Australian Commission on Safety & Quality in Healthcare.

Accreditation helps us to measure our performance against the required healthcare standards and assess how we are performing against our peers and best practice benchmarks.

The National Standards are rigorous and challenging to achieve and are fully integrated into Healthscope’s quality program. Healthscope is a key partner and advisor for both the Australian Commission on Safety and Quality in Healthcare and the Australian Council on Healthcare Standards (ACHS) in relation to the development of the new National Standards, through participation on various committees, working groups and formal consultation processes.

- **Healthscope pathology laboratories** are accredited by the appropriate local agency as follows:
 - New Zealand medical testing laboratories are accredited to ISO 15189 and our Veterinary laboratories are accredited to ISO 17025 by IANZ
 - Malaysian laboratories are accredited to ISO 15189 by Standards Malaysia
 - Singapore laboratories are accredited to ISO 15189 by Singapore Accreditation Council (SAC).
- **Medical centres** are accredited to the Royal Australian College of General Practice Standards. The relevant accreditation system nationally is the Royal Australian College of General Practice (RACGP) 4th Edition Standards for General Practices Accreditation Program. Each medical centre must be accredited to the RACGP 4th Edition Standards by the national surveying organisation AGPAL.

FY15 Progress and achievements:

- For Healthscope hospitals, 100% of hospitals that have undertaken surveys against the new National Standards have gained accreditation.
- In the two years since the National Standards commenced in January 2013:
 - 8% of all criteria rated in all Healthscope hospitals were awarded a ‘Met with Merit’ (MM) rating. By comparison, the national rate across the healthcare sector is 2%.
 - 88% of Healthscope hospitals achieved accreditation with no actions to follow up (i.e. no “not met” criteria on initial assessment). This compares to the national rate of 17%.

- In FY15, 100% of Healthscope pathology laboratories and medical centres scheduled for accreditation achieved full accreditation.
- The Healthscope Medical Centres' Quality Managers participated in the consultation process with Australian Commission on Safety and Quality in Healthcare supporting the proposal for standardising accreditation processes in Australian medical centres and for the publication and transparency of accreditation outcomes.
- In FY15, the Healthscope Corporate Office was accredited by ACHS against the National Standards, receiving 78 met with merit ratings (39%), compared to a 2% average achievement for Australian healthcare organisations. This accreditation allows our hospitals to rely upon the governance, systems and processes we have in place across the group. Healthscope is the first company to be accredited as a corporate group since the introduction of the new National Standards.

2. Patient Centred Care

Commitment:

Healthscope is committed to involving consumers and carers in their own care at every contact with our organisation, as well partnering with consumers in service planning, designing care and service evaluation.

FY15 Progress and achievements:

Each of our hospitals is responsible for ensuring that patient centered care is integral to service delivery. In support of this, in FY15, a Patient-Centred Care Education package including competency questions was developed for our staff, focusing on the provision of superior customer service in clinical care. It is intended that this package will be updated with new best practice information and patient-initiated examples sourced from patient focus groups.

Bedside handover has been implemented at all Healthscope hospitals. This includes strategies such as hourly rounding, whiteboards, doctor question sheets and patient-nominated staff excellence awards. Improvements in measured rates of patient experience from baseline to resurvey include 3% improvement in ratings for the quality of discharge information, 5% improvement in ratings for noise management and 9% improvement in ratings for overall rating of 9 or 10 out of 10.

Healthscope has increasingly sought participation of consumers/patients in decision making. Our Consumer Consultants not only provide valuable feedback and suggestions on how our organisation can improve service, but act as active partners in how we undertake

our business and care provision. In FY15, a Resource Kit was developed to assist hospitals with consumer engagement and 100% of our hospitals now have Consumer Representatives in place. In FY15, we recorded a 77% increase in the number of consumer participation programs implemented within our hospitals.

Healthscope medical centres participate in Patient Experience Surveys every three years in preparation for accreditation using an Australian Government approved surveying company. In FY15, seven sites received Practice Accreditation and Improvement Survey (PAIS) reports and have demonstrated 91% improvement in scores in all 27 questions compared to their 2012 surveys.

3. Clinical Risk Management

Commitment:

Healthscope is committed to ensuring that our services are safe, errors and incidents are minimised, learnings from adverse events are shared and future similar incidents are prevented and/or mitigated.

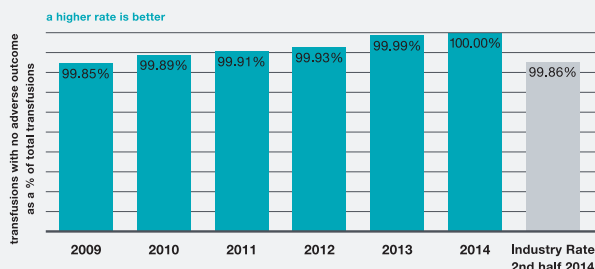
FY15 Progress and achievements:

Healthscope has a formal approach to investigating incidents, near misses and root cause analysis of serious incidents and sentinel events, and identifies and shares learnings from these across the network on a quarterly basis. These learnings are also formally reflected in applicable policies and procedures, and discussed via the Healthscope Clinical Governance committee structure and, where applicable, through Healthscope medical centres' State and Territory practice meetings.

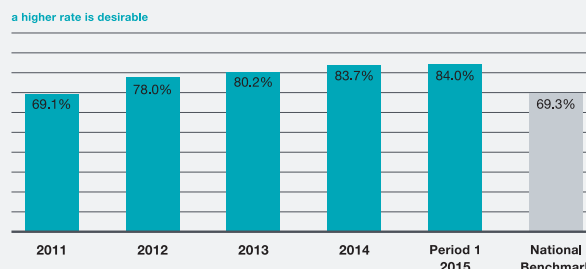
Our clinical risks are formally reported and recorded in our formal Integrated Risk Register, along with controls. We have mapped our clinical risks back to the National Standards where applicable. Our risk register is in line with the Australian Standard AS/NZS ISO 31000 Risk Management – Principles and Guidelines.

Key adverse event indicators are measured by all Healthscope hospitals, monitored over time, and reported publicly on the *MyHealthscope* website. Across the group, our approach and commitment to clinical risk management has led to a reduction in a range of key adverse events. The chart overleaf is one example of our performance with respect to the adverse event indicator of blood transfusions with no adverse outcome. Our full performance achievements can be viewed here.

Blood Transfusions with No Adverse Outcome Healthscope 2009-2014



Hand Hygiene Compliance Healthscope 2011-2015



4. Continuous improvement

Commitment:

Healthscope is committed to continuous improvement of clinical care and service, beyond the minimum standards to be met in healthcare.

FY15 Progress and achievements:

A key to continuous improvement is measurement of key indicators. Healthscope has a comprehensive suite of indicators which are monitored monthly and quarterly, and our performance is benchmarked against industry performance. Each hospital has a Quality Plan, in line with the National Healthscope Quality Plan, that guides improvement and monitoring activities. A comprehensive policy and procedure system is updated in line with best practice. An extensive audit program identifies areas for improvement, with 60 national audit tools used by our hospitals to check that quality processes are being followed.

Continuous improvement occurs in each Healthscope facility, and it is across the group that we often gain the greatest benefit from quality improvement activities. The Quality and Clinical Cluster system facilitates system-wide improvements across all Healthscope hospitals. The clusters represent clinical areas such as mental health, obstetrics, rehabilitation, medication safety, falls prevention and infection control. Key experts from across the company communicate regularly in support of benchmarking and the identification of best practice. The clusters provide leadership and support to ensure there is an ongoing commitment to monitoring and improving performance, reducing clinical risks at all facilities, and to developing a central repository of information, shared learnings and tools to assist Quality Managers and other hospital staff.

One example of a successful national project is the focus on hand hygiene (hand washing) in hospitals. The following graph shows that the various strategies implemented by the Infection Control cluster have been successful in improving hand hygiene across Healthscope facilities.

Healthscope medical centres collect a range of key performance indicators quarterly. These indicators are collated centrally and distributed back to the medical centre for benchmarking and improvement opportunities. They also provide for consistent monitoring of expected compliance to RACGP Standards.

This monitoring and reporting of results to Healthscope every three months ensures that some of the elements required for accreditation are embedded into routine practice.

Healthscope is committed to ensuring ongoing continuous improvement in its medical centres. One example of improvement activities is the hosting of a General Practice Master Class on Diabetes in Western Australia in May 2015 which highlighted updates in clinical and current practices to better inform General Practitioners.

5. Public reporting

Commitment:

Healthscope is committed to transparency in reporting key indicators of quality and safety to the general public.

FY15 Progress and achievements:

At Healthscope, we help patients make informed decisions by publishing indicators that reflect the quality and safety of our hospitals. Healthscope supports transparent public reporting of healthcare quality data and is proud to be the first private hospital group in Australia to publish the results of its clinical performance and health outcomes on its website.

Clinical quality can be defined and measured in many ways.

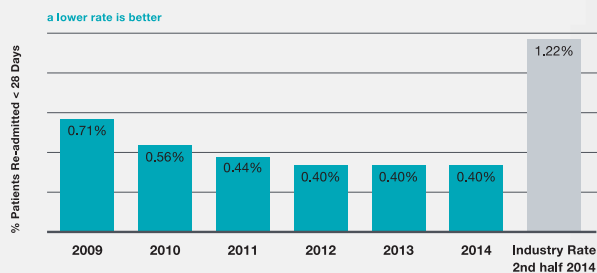
At Healthscope, clinical quality is not a single, simple measure – it is a comprehensive assessment of the many aspects of a patient's experience.

The key features of *MyHealthscope* include:

- Provides national rates of quality indicators, as well as individual hospital rates.
- Each indicator is presented with a trend over time, over several years.
- For every indicator, a national benchmark, average or target rate is displayed, so the reader can compare Healthscope to this rate.
- Patients and consumer representatives have been consulted about the indicator choice and how the website is presented.
- Information is provided about how the indicators are collected – a reference page lists the source information and definitions, if further details are required.
- Resources are provided on the web pages for patients/families, eg: how to wash your hands.
- Healthscope adds new enhancements and indicators to *MyHealthscope* annually.

MyHealthscope has received broad commendation across the healthcare industry, nationally and internationally, and from public and private healthcare leaders. No other private Australian healthcare group provides the same volume and detail of quality information to the general public. Below is an example chart from *MyHealthscope*.

Unplanned Hospital Readmissions Healthscope 2009-2014



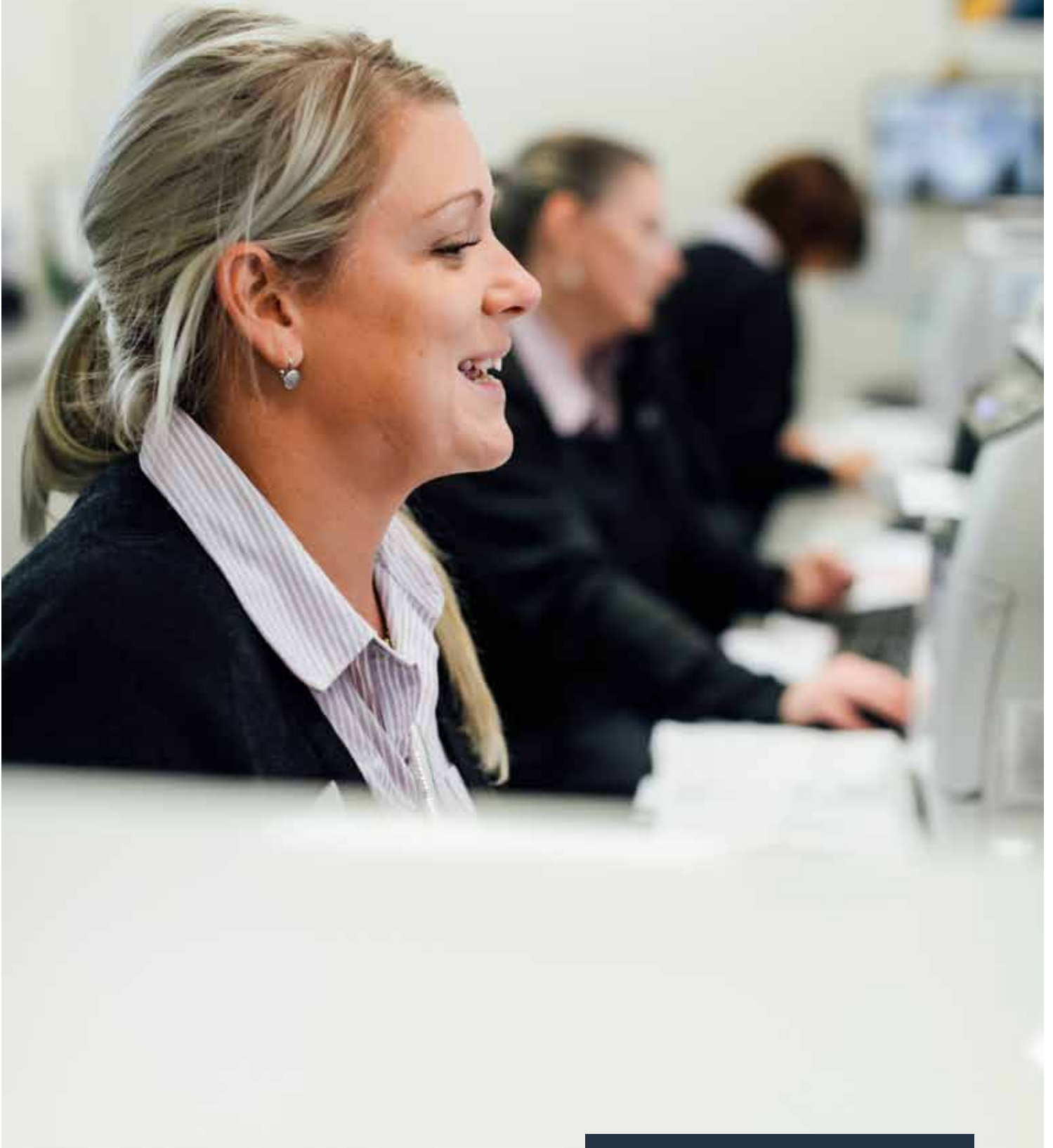
Achievements for FY15:

- 100% of the 22 Healthscope-wide indicators showed positive performance against benchmark (equal or better).
- At individual hospital level, 95% of 645 data points met/exceeded benchmark.
- Consumer evaluation of *MyHealthscope* conducted by feedback was incorporated in enhancements to layout and content.
- Web Marketing Association (WMA) WebAward, under the category 'Healthcare Provider Standard of Excellence'.



SECTION 3:

A focus on our people



Positioning

Healthscope recognises that managing our employees responsibly and respectfully is fundamental to our clinical quality care outcomes and business success. We are committed to providing a safe, inclusive and engaging work environment for our employees. We are also focussed on ensuring that our workforce meets our current needs and is well positioned for our future business needs.

Scope

Our main areas of focus in this area are:

1. Sustainable workforce strategy
2. Engaging our people and nurturing talent
3. Managing our people responsibly
4. Workplace Health and Safety.

This section sets out our FY15 progress in each of these material areas.

1. Sustainable workforce strategy

Commitment:

Healthscope aims to attract and retain a diverse workforce of talented employees with the appropriate skills, experience and qualifications required to deliver the highest quality services to our patients and doctors.

The development of professional relationships underpins the success of our business, and as a result, retention of highly motivated and engaged staff is important.

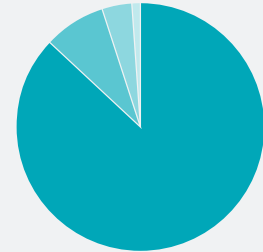
FY15 Performance and progress:

Healthscope employs over 17,000¹ staff. Of this total, Healthscope's International Pathology division employs over 2,500 staff, with 62% of international staff located in New Zealand. Healthscope has a stable workforce with average length of service across the group being 6.57 years.

Nurses are Healthscope's largest group of employees, accounting for 46% of our total workforce and 55% of our hospital division workforce.

Employees in each country Healthscope

Australia	87%
New Zealand	8%
Malaysia	4%
Singapore	1%



Turnover and recruitment

Our total FY15 Australian turnover rate is 8.5%, and 7.9% in our hospital division. These levels are well below historical rates and internal company benchmarks, and reflect the outcomes of a range of initiatives that have been in place since 2010 to stabilise our workforce.

We continue to experience some workforce shortages in specialised areas, and are working to grow our own recruits of the future by supporting further education.

Diversity

Healthscope enables diversity in our workforce through flexible work arrangements. 75% of our total workforce is permanent part time or casual, facilitating work-life balance whilst also allowing Healthscope to flex our workforce in accordance with demand. The average age of an Australian based Healthscope employee is just under 43 years, and 32% of our workforce is aged over 50.

In FY15, Healthscope was assessed as compliant with the Workplace Gender Equality Act (2012) in acknowledgement of its wide range of supportive policies, practices and employment conditions that support gender equality in the workplace. Significant achievements during the 2015 reporting period include the approval of Healthscope's Diversity Policy that sets the vision for diversity across the organisation including gender diversity and specifically, the representation of women at a Board and senior management level. Although women are well represented across all management groups (80%), Healthscope has resolved to extend this representation at a board and senior executive level through the setting of diversity targets and strategies to facilitate and address impediments to greater gender diversity in management and leadership roles.

A copy of the full Workplace Gender Equality Agency report is available on the sustainability section of the Healthscope website.

¹ August 2015 employment number, excludes staff who work in the ACHA hospitals and the employees of the Australian Pathology business which was divested to Crescent Capital Partners on 6 July 2015.

Building our future workforce

Healthscope has formal agreements with all major Australian universities for the clinical placement of nursing and allied health students. Healthscope employees present at many of the University and TAFE/RTO's career days, where we inform students about opportunities available in our company. Our comprehensive graduate education program allows us to identify and recruit graduates into our workplaces.

In FY15, we provided 60,000 clinical placement days for nursing and allied health students, representing an increase of 36% on prior year. Healthscope has fellowship arrangements in place in several Australian states.

2. Engaging our people and nurturing talent

Commitment:

Healthscope is committed to leading a values based culture and equipping our people with the right skills to perform their roles. We know that a culture that allows our employees to develop and thrive has a profound impact on our business, our patients and our doctors.

FY15 Performance and progress:

We support our people to deliver better quality patient care and customer service in line with our organisational strategies, through a wide range of development initiatives and opportunities including:

- **Onboarding:** New employees joining Healthscope are provided with a formal induction program which includes an online overview of Healthscope, mandatory compliance training modules and locally based programs. In FY15, a Welcome to Healthscope brochure was introduced.
- **eLearning:** An appropriately skilled, experienced and qualified workforce is vital to our capacity to deliver safe, quality patient care. Healthscope's online learning management system provides employees access to a library of 4,300 courses including a wide variety of clinical and non-clinical training, mandatory compliance training, business and nationally recognised Certificate and Diploma qualifications. In FY15, we commenced a major review of our on line learning capacity and announced an upgrade and change to this service for FY16.
- **Professional development:** Healthscope supports and invests in the ongoing professional development of our employees through internal and external programs, support via study leave, financial assistance to meet CPD requirements, and conducts craft group conferences and clinical cluster educational initiatives.

We have a network of national educators and clinical cluster groups that oversee clinical training and policy development. Our locally based staff development coordinators, departmental educators and preceptors provide in-depth education and ongoing training for staff, including both mandatory training and specialised education and training

- **Career progression:** We encourage the use of internal transfers and secondments to provide opportunities for our employees to develop skills and knowledge in new areas. Vacancies are internally advertised across Healthscope – and we promote the opportunity to transfer when relevant positions are available. In FY15, over 900 internal transfers occurred between Healthscope's Australian business sites. Our employees receive formal feedback at least annually through a performance review and development interview which provides guidance and opportunities for career development. We provide scholarship arrangements with specific universities – including opportunities for graduate nurses to complete a clinical honours course to complement their graduate year, and opportunities for registered nurses to enhance their leadership skills and capabilities via clinical honours programs.
- **Leadership:** Healthscope is highly committed to attracting, developing and retaining exceptional business unit leaders who build capable and highly engaged teams focussed on delivering high quality care, and the organisation's objectives. In FY15, selected staff received formal leadership development through either the Supporting Leaders program (for new business leaders) or the Leadership Foundations program for high potential middle managers. Retention and promotion rates in these cohorts have continued to be high.
- **Engagement:** We know that engaged employees contribute more productively to delivering a positive experience for our patients and doctors. In FY15 we continued to implement group wide and site initiatives to promote employee engagement including the introduction of a formal service recognition program and upgrading our performance review and development programs including the development of tools to assist managers and the introduction of the HR Essentials training program delivered to over 800 middle managers to increase their people management capability and engagement with their teams. Through an organisation wide employee engagement survey in FY16 we will continue to monitor and benchmark employee engagement levels across our business.

Healthscope

STAR AWARDS 2014

celebrating our stars

Our STAR awards are a peer based recognition program which recognise and celebrate excellence across our organisational values of Service Excellence, Teamwork and Integrity; Aspiration and Responsibility.

In FY14, the STAR AWARDS were rebranded and relaunched which resulted in increased participation across all categories highlighting many inspiring examples of individuals and teams who showed an outstanding commitment and dedication to their workplace.

All nominees were formally acknowledged, and in September Award recipients from each of Healthscope's business divisions were recognised for their remarkable service and outstanding commitment to excellence and to the STAR values at the annual Healthscope Leadership Conference.

Specific achievements included the provision of innovative services such as scalp cooling treatments for chemotherapy patients; introducing environmentally responsible waste minimisation strategies in domestic and cleaning services; consistently achieving 100% in monthly patient satisfaction ratings; talented managers nurturing and creating positive work environments and culture change programs that inspired their staff to consistently deliver high standards of care at all times; working across multiple disciplines to improve service delivery that reduced waitlists and improved clinical outcomes and introducing measures to improve food variety.

3. Managing our people responsibly

Commitment:

Healthscope recognises that the provision of quality healthcare to our patients and doctors draws upon the skills and commitment of our diverse workforce. Integral to Healthscope's attraction and retention strategies is the development of appropriate conditions of employment as well as adherence to our Code of Conduct.

FY15 Performance and progress:

In Australia, Healthscope operates across every State and Territory. Terms and conditions of employment for over 85% of our workforce is regulated by Enterprise Agreements with the balance of staff engaged under modern awards or contractual arrangements.

Healthscope has just under 30 active Enterprise Agreements across our Australian hospital and medical centre businesses. Our Enterprise Agreements regulate employment conditions in various States/Territories. Healthscope has long standing relationships with relevant stakeholders.

In FY15, 13 Enterprise Agreements were successfully renegotiated, covering 39% of our Australian workforce.

During FY15, the rollout of Healthscope's electronic time and attendance scheme continued across our hospitals division. The system improves governance around our previous manual rostering and attendance system, and was successfully implemented in 26 hospitals including all Victorian, Western Australian and South Australian hospitals, and some of our NSW hospitals. The rollout to the remainder of the hospitals division will be completed in FY16.

Healthscope's Code of Conduct promotes a high level of professionalism and a healthy, respectful and positive workplace and environment. The Code of Conduct outlines how Healthscope expects its employees to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

4. Workplace Health and Safety

Commitment:

People Matter. Safety Matters. At Healthscope, health and safety is everyone's responsibility. We promote safety, health and wellbeing throughout the company and having our people return home safely without being injured at work is a fundamental objective.

FY15 Performance and progress:

During FY15, we streamlined our incident and hazard reporting system. As a result, our analysis and evaluation now provides greater visibility over key health and safety risks across the business. The upgrade also included the development of a broader range of lead and lag indicators for health and safety, as set out below.

- Lost time injury frequency rate
- Total recordable injury frequency rate
- Hazard reports
- Safety observations
- Early incident notification
- Key health and safety programs and initiatives.

Lost Time and Total Recordable Injury Frequency Rate

As at 30 June 2015 our Group Lost Time Injury Frequency Rate (LTIFR) was 7.00 per million hours worked. At the commencement of FY15, Healthscope changed the group wide definition of a Lost Time Injury, to align it with Australian Standard 1885. 1-1990¹. The new definition is a lower threshold than our previous definition, making comparison with previous periods a difficult exercise.

Our Total Recorded Incidents (TRI) is an important indicator of our health and safety reporting culture. The TRI allows visibility over the number and type of events or circumstance which lead to, or could have led to unintended and/or unnecessary harm to a person (i.e. near-misses).

As at 30 June 2015 our group Total Recordable Injury Frequency Rate (TRIFR)² was 24.58 per million hours worked.

¹ A Loss Time Injury (LTI) includes an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more. This includes estimates for future absences. The time lost is not necessarily continuous, and may occur over a number of separate periods for the same injury. The LTI must involve an injury/illness/disease where work is a significant contributing factor. LTI includes cases that result in sick leave for a work related injury. LTI is not dependent on the lodgement or acceptance of a workers' compensation claim. The lost time excludes injuries that occurred during travel while not on duty or during a recess period. The frequency rate is the number of lost time occurrences for each one million hours worked. Contractor injuries are not included. Data includes ACHA, and all corporate and operational departments.

² A TRI involves an event or circumstance which led to unintended and/or unnecessary harm to a person. The classification of harm is measured in terms of lost time or medical treatment. TRI excludes administration of first aid or no adverse outcome (near miss). TRI includes cases that result in sick leave for a work related injury. TRI is not dependent on the lodgment or acceptance of a workers' compensation claim. The TRI includes injuries that occurred during travel while not on duty or during a recess period. The frequency rate is the number of lost time occurrences for each one million hours worked. Contractor injuries are included.

Despite an increase in the number of LTT's, largely attributable to the definition change, we have seen an improvement in our return to work rates, injury management, and incident investigation processes.

The number of reported safety incidents across Healthscope has increased by 22% since the last financial year. In terms of severity of the incidents, more than 40% of total recordable incidents involved 'no adverse outcome' (i.e. near miss). Compared to the same time last year, we have seen 'no adverse outcome' incidents increase by 80%, demonstrating a positive health and safety reporting culture, and providing us with better data to inform our risk-profiling activities. This larger dataset assists us in more accurately identifying the main cause of incidents to allow us to strategically eliminate or mitigate physical and psychosocial risks in our workplace.

There were zero work-related fatalities recorded across the Group during the financial year.

Manual Handling

Sprains and strains from manual handling continue to be the primary cause of injury within Healthscope. The majority of these incidents occur in our hospital wards. In FY15, we implemented a range of strategies to reduce risks associated with hazardous manual handling activities and placed a greater emphasis on injury prevention strategies.

Early Incident Notification Program

In FY15, Healthscope implemented an early incident notification program focusing on early escalation of incidents and injuries to improve planning for early and sustainable return to work. As a result of this program we have seen an 8.2% improvement in our early incident notification timeframes. We have also seen an improvement in our return to work rates for injured workers.





WELLBEING PROGRAMS

As part of our ongoing commitment to health and wellbeing, Healthscope's employees have access to an Employee Assistance Program (EAP).

This is a work-based intervention program designed to enhance the emotional, mental and general psychological wellbeing of all employees.

The EAP provides preventive and proactive interventions for the early detection, identification and/or resolution of both work and personal problems that may adversely affect performance and wellbeing.

Additionally, across our sites, there are a range of wellbeing programs in place for employees – including, but not limited to:

- Staff exercise program
- Tai Chi and Pilates classes
- Neck and hand massages
- Mindfulness meditation
- Study days in emotional intelligence and resilience
- Quit smoking programs
- Engagement with community (volunteering)
- Professional development (staff leading new projects)
- Cultural understanding/identity activities.

SECTION 4:

Giving back to our local communities



Positioning

With a footprint across Australia, New Zealand and parts of Asia, Healthscope has a long term commitment to not only the provision of quality healthcare in these regions but also playing an active role in supporting our local communities.

Scope

Healthscope focuses on empowering our individual hospital, pathology and medical centres to work within their communities to provide support, guidance and assistance by way of financial donations, sponsorship, health based education opportunities and the provision of medical resources. We believe our local teams are best placed to guide our charitable efforts for the greatest impact.

Commitment and progress to support our local communities

Committed to playing an active role in our communities, the focus across the broader Healthscope group in FY15 was to further explore opportunities to contribute and add value.

Across the board there has been an increase in community contributions with a number of new partnerships being developed as well as renewed vigour placed around existing initiatives to ensure further growth and development.

Our employees are active supporters of their communities. Their efforts include providing health screenings at community events, raising money for important research and programs, visiting schools to educate students on healthy behaviours and donating time and resources to various community initiatives.

Some examples of our commitment to giving back to our local communities in FY15 include:

- **Healthcare education** - With a strong focus on fostering the health leaders of tomorrow, John Fawcner Private Hospital runs an education workshop in partnership with local secondary schools and sporting clubs to provide interested students with the insight and information they need to pursue a career in health. The workshops include simulated medical events so the students can get a first-hand look of the skills and knowledge required for a career in health.
- **Working together for community causes** - Our staff play a significant role in driving community causes throughout our hospitals, pathology and medical centres. Throughout the course of FY15 our over 17,000 strong team supported a number of sponsorship and fundraising causes including but not limited to: Australia's Biggest Morning Tea, Daffodil Day, Smith Family Christmas Drive, Red Nose Day, Mother's Day Classic's, various fun runs for specific causes and the Salvation Army Christmas Appeal. Other specific examples include:
 - Healthscope Support Services Leaders during a national conference were given a brief to develop a strategy that would allow them to raise as much money as possible for the Variety charity. In a two and a half hour period, the team worked together to meet the unusual fundraising request and presented Variety with a \$10,000 cheque.
 - Labtests Auckland has, over many years, supported the Auckland Rescue Helicopter Trust, an essential community service for the region. The primary aim of the Trust is to provide and develop a highly efficient aero medical service for the benefit of the community at large.
 - Gribbles Veterinary in New Zealand supports Sands Manawatu Horowhenua - a voluntary, parent-run, non-profit organisation set up to support parents and families who have experienced the death of a baby at any stage during pregnancy, as a baby or infant – during their annual 'Miles in Memory' event. This is a 24 hour cycle marathon and one of the charity's main fundraisers.
 - Labtests Auckland holds a Maori language week each year to celebrate and promote the cultural heritage of the original settlers. The Labtests Auckland cafeteria includes traditional foods on the menu as well as hosting a performance from one of the local colleges' Kapa Haka. This is a group of students who perform speech, song and action in Maori. The performance includes traditional welcome and greetings between Labtests management and the college and is enjoyed by all the staff during the lunch hour. Labtests is one of the few organisations who observe "Te reo o te wiki" to this extent and this is much appreciated by the broader Maori community.
- **Community outreach** - Prince of Wales Private Hospital has a long standing commitment to supporting nursing staff to undertake surgical outreach programs overseas. Across FY15, a number of teams flew to international locations to provide critical healthcare services to patients that would not otherwise have access to their required medical care.

The programs included two orthopaedic teams undertaking clinics in Labasa and Lautoka in Fiji, a cardiac outreach program in Papua New Guinea and two teams undertaking paediatric correction surgery for patients with cleft lips and palettes.

- **Re-utilisation of medical equipment** - Partnering with Rotary International, many of our sites donated excess and superseded medical equipment including IV stands, blood pressure monitors, patient recliners, cots, stainless steel trolleys and mattresses to countries where medical supplies are limited.
- In New Zealand we provided superseded computers to midwives that work in the Pacific Islands as well as to local primary schools.
- **Emergency relief** - In the wake of the Nepal earthquakes Healthscope staff, across all divisions mobilised and provided not only financial aid but medical equipment, medications, surgical supplies as well as blankets and clothing, to support the relief effort.

Strategic contributions to indigenous health

Cape York Group

In mid-2014 Healthscope partnered with the Cape York Partnership to provide healthcare provisions, medical assistance and education opportunities to indigenous communities in the remote regions of Cape York. In FY15, a Memorandum of Understanding was signed. A key focus of the partnership is fostering education opportunities and support for indigenous youth who have an interest in a health based career.

In FY16, as part of Healthscope's engagement with the Cape York Partnership and the indigenous community of the Cape, we have been asked for assistance in assessing and identifying students with special needs. A team of nine Healthscope clinical psychologists will be sent to an indigenous school in Gordonvale, 20 minutes outside of Cairns. Also on a pro-bono basis, Healthscope will send an Adelaide-based trauma specialist to Yarrabah, south of Cairns, to advise the community on a proposed overhaul of its stretched accident and emergency service.

Indigenous employment

Healthscope is a signatory to the Australian Employment Covenant's (AEC) industry led initiative which aims to break the cycle of unemployment and poverty among many indigenous Australians through meaningful and sustainable employment. To support our commitment to

the AEC we have developed an indigenous employment program that sets the framework and actions to build employment opportunities and to ensure successful outcomes and support for indigenous employees in our business.

Our commitment to the AEC is underpinned by our broader aim to attract, recruit and retain a diverse workforce and to create a work environment that values and utilises the contribution of its staff from diverse backgrounds and experiences. We recognise that as a leading employer in the healthcare industry with a national footprint, we are well positioned to make a positive contribution to improving social and economic outcomes for indigenous Australians through employment.

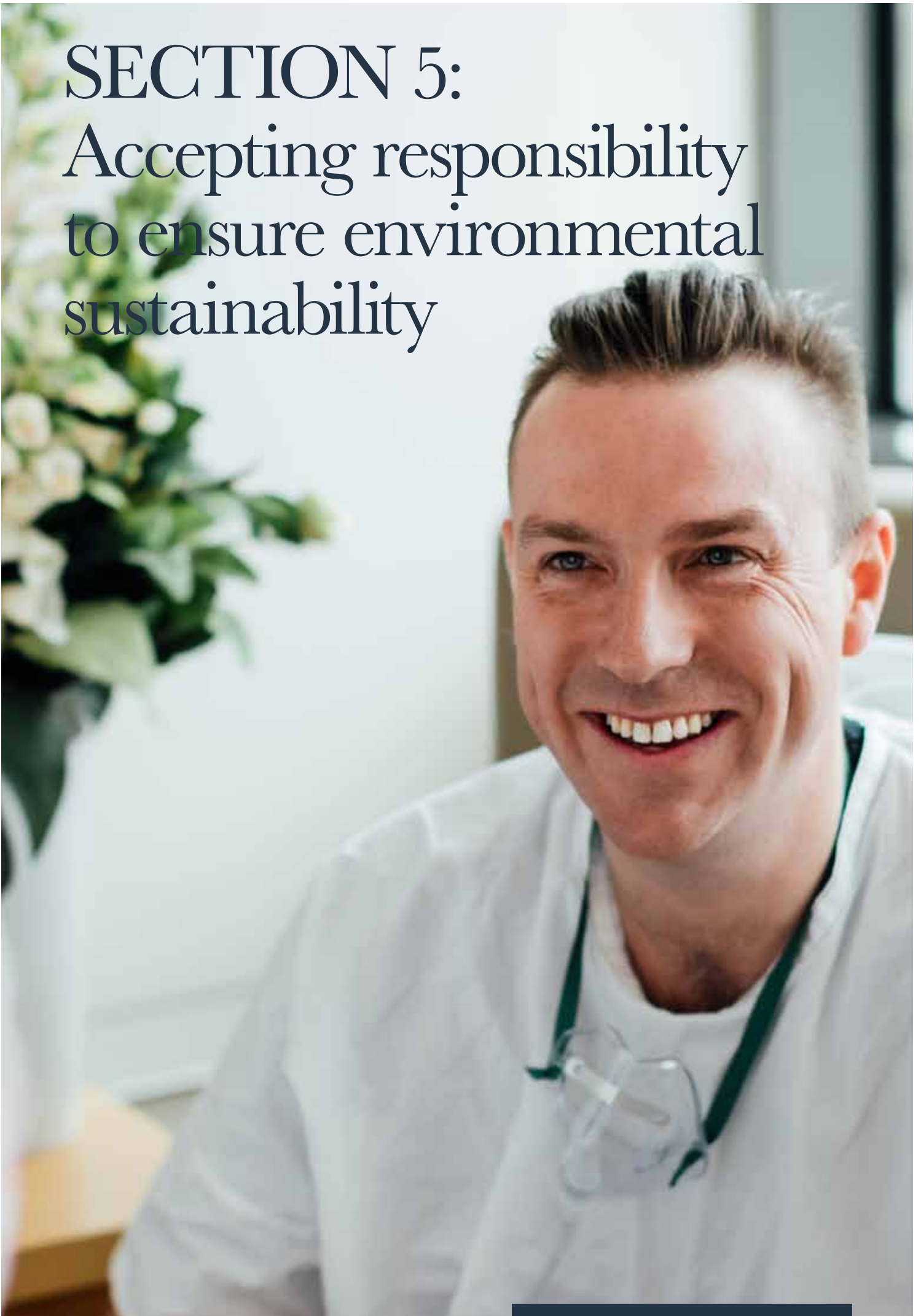
The program is in its formative stage in a number of our hospitals in New South Wales and Darwin Private Hospital.

Employment opportunities offered include entry level positions in support services and administration and we are also exploring opportunities for Assistants in Nursing and Enrolled Nurses.

Our next step is to support indigenous employees in employment with Healthscope through our new employee's induction and orientation programs, on the job training and ongoing support with workplace mentors at each site of employment.

SECTION 5:

Accepting responsibility to ensure environmental sustainability



Positioning

Healthscope recognises that environmental sustainability is an important issue for our global community. We understand the importance of maintaining a high standard of environmental care in conducting our business activities.

From the provision of best practice healthcare to the design and operation of our facilities, as an organisation, we are committed to reducing waste, ensuring efficient use of resources and contributing towards a sustainable future.

The Healthscope hospital portfolio is a growing business and our environmental impact is most influenced by the buildings we occupy and the technology and equipment we use within them. This report covers areas including energy saving initiatives, waste management, recycling equipment, as well as new building design.

We are committed to managing our operations in compliance with applicable laws, legislation, regulations, standards and codes of practice that minimise any adverse impact on the environment. Healthscope complied with all relevant environmental legal obligations in FY15. We regularly review our policies and procedures with the aim of making changes that deliver continual improvement in our environmental practices.

Scope

As outlined in our Environmental Management Policy, Healthscope has several key areas of focus, including those set out below:

1. Conserving energy and effective use of natural resources
2. Waste minimisation and prevention
3. Sustainable development.

This section sets out our FY15 progress in each of these key areas.

1. Conserving energy and effective use of natural resources

Commitment:

Healthscope is committed to effectively managing and reducing our energy consumption and carbon emissions, as well as ensuring business practices focused on conserving water.

FY15 Progress:

In FY15, Healthscope has continued to integrate environmentally sustainable practices in the way we do business.

In addition to the Environment Management Policy, Healthscope has a specific policy on energy management which provides direction for organisational strategies in this

area. Healthscope monitors and manages our electricity consumption across all of our divisions, with regular reporting on energy usage by site.

In FY15, Healthscope engaged energy experts to assist in the co-ordination of our electrical and gas consumption and associated costs, and to assist in identifying additional opportunities to reduce consumption. Opportunities to reduce electricity usage through the installation of Power Factor Correction (PFC) units were identified. The installation of PFCs at appropriate sites allows Healthscope to reduce chargeable electricity demand and maximise the outputs of electrical consumption. Ultimately this leads to reducing overall electricity consumption and eases the demand for power generation.

Each site delivers consumption savings in different ways. In general however, we implement energy efficiency projects that make sound commercial sense via installation of newer technology. Specific initiatives implemented at site level during FY15 to improve operational energy efficiency have included:

- The introduction of building controls and sensor lighting
- Continued and ongoing upgrading to LED lighting
- Airconditioning and heating in our sites accounts for a significant component of Healthscope's energy usage. In FY15, we continued to install airconditioning management systems and monitors and to upgrade less efficient systems across the group
- Across the hospitals division, we have commenced investigating the opportunity to install solar systems for electricity production
- Automatic computer power save and shutdown on computers. All of Healthscope's PC's are refreshed on a three year cycle ensuring that Healthscope is using the most efficient technology across its PC fleet
- Upgrades to more energy efficient office equipment, including printers.

Each of our individual sites is responsible for compliance with the Healthscope Environmental and Energy Policies. Our Hospital Green Groups consider, assess and implement opportunities to:

- Minimise waste and energy consumption.
- Segregate all products for recycling.
- Convert to biodegradable products and substances to reduce landfill.
- Work with our suppliers to introduce more sustainable products.

Period	Type	Energy Consumed GJ	MJ/ PD	CO ₂ e Tonnes	KgCO ₂ e/ PD	Water kL	kL PD
2014/15	Hospitals	598,599	390	95,405	62	728,547	0.47
2014/15	Other Operations	78,052		13,141			

PD – Patient Day

Hospitals are typically large users of water due to the need to maintain the highest standards of hygiene and sterile environments. Healthscope does not use recycled water within the hospital environment for hygiene reasons, and our focus is instead on conserving water usage. FY15 initiatives across our hospitals included the ongoing transition to water efficient devices, including shower heads, installation of water efficient flush toilets and pan flush systems, and water flow devices on basins.

In FY15, Healthscope appointed an industry expert to assist us in identifying additional opportunities to reduce water consumption. As an example, our individual sites, where appropriate and practical, are using recycled rainwater capacity for landscape management.

2. Waste minimisation and prevention

Commitment:

We aim to use natural resources efficiently, minimise the production of waste, harmful air emissions and water discharges and recycle or reuse where possible. We seek to prevent or reduce waste generation wherever possible to reduce the impact of our operations on the environment.

FY15 Progress:

Healthscope is committed to reducing the waste we produce by increasing recycling rates and reducing waste to landfill. Hospitals generally have a lower recycling diversion rate compared to other industries because, for safety reasons, clinical waste (which makes up a large proportion of our waste) cannot be recycled. All of our chemical and bio medical waste is removed by licensed contractors who are fully compliant with EPA regulations.

We recycle cardboard/paper, comingle (aluminium, PET plastic and glass), food organics, confidential documents, and e-waste.

Healthscope worked with its waste service providers during FY15 to introduce new recycling streams of fluorescent tube recycling battery recycling and stainless steel recycling. These new initiatives were piloted in our hospitals and, as a result of the program's success, are planned for rollout across the group in FY16.

From an office supply perspective, Healthscope purchases a range of recycled paper products and recycled toner cartridges. We are continually looking to find opportunities

to digitise processes, reducing the need for paper forms and printouts. In FY15, rollout of eAdmissions continued, providing patients choice with the introduction of digitised admission forms. This has resulted in 50,000 patients choosing the digital rather than paper option and reducing Healthscope's footprint on the environment. A number of projects are ongoing to digitise additional forms.

On a quarterly basis, Healthscope IT reviews any older model mobile phones, iPhone's or iPad's on stock to determine whether they can be reused within the business. If individual devices are not deemed suitable for reuse, they are sent to a third party for recycling.

DVT (Deep Vein Thrombosis) sleeves are an example of clinical consumable recycling within Healthscope. Our supplier of DVT sleeves provides special bins and sites are educated and encouraged to place used sleeves in the special bins instead of disposing of them in the normal waste streams. This program leads to a saving in both landfill as well as the avoidance of CO₂ emissions.

	Diversion of waste to landfill – Hospital Division
FY15	17.71%

3. Sustainable development

Commitment:

Healthscope is committed to appropriately integrating environmental sustainability principles into planning and design of its hospitals and other health facilities.

FY15 Progress:

During FY15, Healthscope continued to apply best practice standards to the design and operation of our building portfolio. Our brownfield developments are all compliant with the Building Code of Australia, including Section J requirements for environmentally sustainable design. Details in relation to our significant new build, Gold Coast Private Hospital are included in the case study overleaf.



GOLD COAST PRIVATE HOSPITAL: ENVIRONMENTAL DESIGN STATEMENT

Architecture

In Queensland, Australia, the Gold Coast Private Hospital's overall form has been designed to optimise passive solar design. This has been achieved by providing large eave overhangs, vertical and horizontal sunshades to minimise heat load on the glazing areas. The energy impact on the building is further minimised by the use of high performance glazing, solid concrete elements where suited to internal layouts and orientation to reduce the heat load on the building and reduce its energy consumption.

The building has an articulated plan form for the ward wings which maximises the use of natural light whilst reducing the need for electrical lighting during the day-time. Landscaped courtyards promote the entry of natural light and additionally provide a pleasant outlook for patients and visitors.

External courtyards have been provided for recreation use, reducing the need for internal recreation space which would need to be mechanically ventilated. These spaces are designed for patients and visitors to use as a haven from the normal hospital surroundings, providing areas to stroll, or sit under cover, in a garden environment.

Landscape

The landscaped gardens and courtyards have been designed with drought resistant plants which are less reliant on water and are watered from on-site rainwater retention tanks that are linked into the campus irrigation system.

Green plant walls, incorporated into the western and southern elevations, minimise heat gain and glare, while enhancing the surrounding urban environment by softening the building edges and linking it to the surrounding landscape.

Building services

The central energy plant from the co-located Gold Coast University Hospital provides shared services to the building including chilled water and standby power.

The efficiencies of using central plant to generate chilled water, heating hot water and steam as well as use of natural gas, maximises the efficiency of energy used and reduces the carbon foot print of the project.