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Independent Workers Union of Great Britain



Sonic Healthcare Limited Investor Alert

Dear Investors,

We are writing to you as an investor in [Sonic Healthcare Limited \(SHL\)](#), to draw your attention to: [The Sonic Dossier: Pathological Duplicity in the Pursuit of Profit](#), a 67 page document which sets out various issues of serious concern regarding Sonic's operations in the UK. This includes, among other things, alleged breaches of UK employment laws and the European Convention on Human Rights, a pending health and safety investigation before the state enforcement body, widespread negative press coverage, and the public criticism of Sonic by various UK politicians, including at some of the most senior levels of the Labour Party.

We believe the [dossier](#) will provide you with important information as a Sonic Healthcare Limited shareholder. The dossier outlines specific risks for Sonic, including documentation of Sonic's failure to follow its own risk management guidelines in multiple areas, most acutely in the area of employee relations and, relatedly, in the areas of operational and reputational risk. Sonic claims, in its own documents:

- *"Sonic recognises that risk management is an integral part of good management and corporate governance practice and is fundamental to driving shareholder value across the business;"* and
- [At Sonic, we] *"Treat each other with Respect & Honesty: To grow a workplace where trust, team spirit and equity are an integral part of everything we do"*.

Despite these statements, in the midst of a global pandemic in which worker and customer safety are paramount and in which the company has a chance to establish itself as the reliable provider of a vital service, Sonic has decided to violate its own principles and bring operational, reputational and employee relations risk to the company. We detail these risks below in summary and in detail in the [dossier](#).

We ask you to protect Sonic employees, customers and your investment in Sonic by **communicating your concerns to Sonic** regarding the company's failure to effectively manage these risks, and by asking that the company take immediate action to remedy these

failures. By way of comparison, see the [recent initiative of various Amazon investors](#) to obtain information and improve conditions, reputation, and by extension, the value of their holdings, at that company.

The dossier is produced by the [Independent Workers' Union of Great Britain](#) (IWGB), the leading trade union for low-paid and precarious workers in the UK, and which represents the in-house couriers at [The Doctors Laboratory](#) (TDL), Sonic's UK subsidiary. These couriers are "essential/key workers", a designation applied in various jurisdictions to those individuals in the healthcare or other key industries who have been on the frontlines of the response to the pandemic. In particular these couriers have been transporting Covid-19 samples among other things, and putting themselves at very high risk in order to keep the rest of us safe.

The [dossier](#) sets out why Sonic Healthcare Limited is responsible for the actions of its UK subsidiary, details the UK subsidiary's unlawful actions and the industrial strife which has characterised the past few years, and compares how Sonic holds itself out to the public and investors on the one hand, with how it operates on the other.

Of particular note is Sonic UK's refusal to provide regular Covid testing for its couriers. Couriers had requested this given their extremely high risk of exposure to the virus as well as out of concern for the vulnerable people in the buildings the couriers regularly attend, e.g. cancer wards, maternity clinics, and care homes for the elderly, among others. Sonic UK refused the opportunity to better safeguard its couriers and high risk patients on the grounds that "[regular testing is of no value](#)", an extraordinary proposition from the largest private provider of pathology/laboratory services in the UK. We are aware of no fewer than six couriers who have recently had Covid-19 symptoms.

Of further concern from a long term risk management perspective during a global pandemic, is Sonic UK's unfair firing of a [disabled courier](#) of 21 years of service, their ongoing attempt to dismiss 10 couriers, including some of the most active trade unionists at the workplace, and their failure to take adequate measures to protect courier health and safety in the context of Covid-19. The IWGB has submitted [employment tribunal proceedings](#) against Sonic UK for trade union and whistleblowing victimization and has submitted a [formal complaint to the Health and Safety Executive](#), the state enforcement body for health and safety at work legislation, regarding their failure to provide testing and sufficient PPE, and undertake appropriate risk assessments, in breach of their requirement to provide a safe workplace. This represents risks to the workers themselves, as well as to the multitude of health care workers with whom each courier comes into contact each day.

Of additional alarm to investors, this situation has seen widespread coverage in national and international news outlets such as [The Washington Post](#), [Al Jazeera](#), [The Guardian](#), the [BBC](#), and the [Associated Press](#), among others. Similarly, national and international public outrage has been extensive. Various members of the UK Parliament have written to Sonic to ask them to reconsider their actions. These include Shadow Secretary of State for Employment Rights and Protections, [Andy McDonald MP](#), the former Shadow Chancellor [John McDonnell MP](#),

and Shadow Health Minister [Justin Madders MP](#), among others. Similarly, the Co-Leader of the Green Party of England and Wales, [Jonathan Bartley](#), the General Secretary of the International Transport Workers' Federation, [Stephen Cotton](#), and the Board of the [International Lawyers Assisting Workers](#) (ILAW) Network, have also written to Sonic on the same grounds. And Unions New South Wales, the largest state union federation in Australia, has unanimously adopted a resolution condemning Sonic and committing to campaign against them.

The issues outlined above should cause concern for any investor. However, allegations of failings on health and safety, and public condemnation by members of Parliament, should cause particular concern when they relate to a healthcare multinational whose future growth prospects depend to a large degree on contracts with governments.

Of further concern is the discrepancy between the issues outlined above and Sonic's proclaimed ESG credentials. Sonic is listed on the FTSE4Good Index on the basis of these supposed credentials. In this regard, Sonic's [Corporate Responsibility Report 2019](#) and various internal policies make a variety of claims about Sonic's behaviour and corporate culture and values which simply cannot stand up to scrutiny when one assesses their track record in the UK. All of this is comprehensively detailed in the [dossier](#).

For the reasons outlined above, and more extensively set out in the [dossier](#), we believe your fiduciary duty is engaged and necessitates action. Sonic appears to show no signs of changing their behaviour anytime soon and the PR and legal ramifications are currently snowballing. We believe this situation is a threat to the value of your holdings in Sonic.

For those of you who are signatories to the [Principles for Responsible Investment](#), we believe it is incumbent upon you to act in order to comply with Principles 2 and 3:

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We ask that you **read the [dossier](#), ask the relevant questions, and apply the necessary pressure**, before irreversible damage to Sonic's reputation, business, customers, employees, and by extension, your investments, is done.

As we state in the [dossier](#), we believe there are immediate steps Sonic can take to remedy its risk management failures and minimize potential damage to the company's workforce, brand and value. These include:

1. Reinstatement of recently fired 21 year employee Joe Williams;

2. Calling off the plan to dismiss (under the pretext of redundancy) 10 couriers, which include some of the most active trade unionists at the company; and
3. Negotiate the implementation of a health and safety plan with the IWGB.

These steps will protect the interests of all Sonic Stakeholders and improve the company's short, medium and long-term outlook. **We would appreciate the opportunity speak with you** about the information detailed in the [dossier](#). We share your interest in finding a solution that leads to a positive outcome for all Sonic stakeholders. We would also be happy to host a virtual event, as was [recently done in the case of Amazon](#), to facilitate communication between the Sonic couriers and yourselves. Do let us know if this would be helpful. You can reach us by responding to this email.

Kind regards,

IWGB