

Background

This Modern Slavery Policy ("the Policy") has been developed in accordance with the Australia Commonwealth Modern Slavery Act 2018 and includes references from the UN Guiding Principles on Business and Human Rights and ACSI Modern Slavery Risks, Rights and Responsibilities report for the financial year ending 31 December 2020 for Lipa Pharmaceuticals Limited ("Lipa").

Lipa recognises Modern Slavery as a term which covers a range of exploitative practices including human trafficking, forced labour, forced criminality, domestic servitude and child exploitation. Lipa is committed to limiting the risk of modern slavery within its own business, within its supply chains and through any other business relationships.

This Policy applies to all persons working for or on behalf of, or providing services to, Lipa in any capacity, including all suppliers, employees, officers, agency workers, contractors, trainees, consultants and any other third party representatives.

Structure, Operations and Supply Chains

Headquartered in Minto, Sydney Lipa is Australia's leading, full service, integrated, contract manufacturer of dietary supplements and OTC pharmaceutical products. Lipa's core manufacturing operations include tablets, soft gelatine capsules, two-piece hard gelatine capsules, powders, liquids and creams. Lipa also conducts R&D services which include developing new products to target specific consumer health needs and market segments, improvements and enhancements to customers' existing products and novel and/or exclusive ingredients and claim substantiation.

Lipa is an organisation which employs some 300 local people, servicing Australia's leading brands and various overseas customers across North and South America, Europe, Asia and the Pacific region.

Lipa was acquired by CK Life Sciences in 2007. Since then Lipa has acquired a cream and liquids manufacturing facility; Quantum Pharmaceuticals - now known as Quest Pharmaceuticals Pty Ltd in 2014. Whilst building its own a standalone TGA licensed packaging facility 'ATR Packaging' in 2016.

Lipa's supply chains extends to third party suppliers in countries mainly located in the Association of Southeast Asian Nations (ASEAN) for direct materials (active pharmaceutical ingredients, manufacturing and packaging) for the production of dietary supplements and OTC pharmaceutical products.

Potential Risks

To improve the understanding and transparency of various modern slavery risks Lipa uses online tools including the Global Slavery Index (GSI) and Modern Slavery Registry to seek more in-depth information of our supply chain activities.

- ❖ Lipa sources raw materials from the ASEAN region. Several of these countries (China, India) are registered as having high levels of forced labour and child exploitation. As such this presents a possible risk that Lipa's supply chain may reach into high risk levels of modern slavery geography.
- ❖ Certain industries are more exposed to modern slavery due to a variety of factors including the use of sub-contracting, migrant workers and lower-skilled labour. Lipa has identified certain third party contracted services including cleaning and maintenance which are key modern slavery risk industries. Lipa has also identified a risk in the purchase of consumable products. These include: gloves, garments and hair nets which are categorised as having a risk of being produced under forced labour and sub-standard working conditions which violate Australian Labour rights including pressuring workers with unreasonable production targets and withdrawal of wages.
Further information into these high risk categories where our business could be involved in modern slavery can be found [here](#).

Due Diligence and Assurance (Actions)

In light of these potential risks, Lipa takes a range of steps aimed to reduce the likelihood of engaging with suppliers that utilise modern slavery in their supply chain.

Identifying and Assessing

- ❖ All new suppliers, as well as existing suppliers (as part of the Quality accreditation process), are subject to a due diligence process, prior to on boarding or contract award/extension. Initially, suppliers are requested to answer a brief pre-qualification questionnaire administered from the Lipa procurement contract management system. This triage process helps Lipa to identify and screen potential areas of risk, and where identified, the supplier will be referred for further due diligence.

Training and Awareness

- ❖ Lipa provides training with the aim of educating all employees on signs that could indicate modern slavery, due diligence practices for suppliers, auditing existing suppliers and actions an employee can take if they have a concern in relation to modern slavery.
- ❖ Ensure all employees have a written contract of employment in a language they understand and that they have not had been required to pay any direct or indirect fees to secure work. Also, ensure employees are legally able to work in the country in which they are recruited.
- ❖ Lipa aims to create greater social awareness by making its modern slavery policies available and accessible across numerous online platforms, including on the Australian Border Force's Modern Slavery Registry.

Compliance

- ❖ All suppliers are informed that a breach of this Policy will be dealt with, on a case by case basis. Depending on the nature of the breach, Lipa may choose to adopt a zero-tolerance stance towards the supplier's behaviour and look at methods of preventing further engagement with the supplier, or may decide to work with the supplier to ensure they become compliant with this Policy.

- ❖ All Lipa employees are notified during their induction training that any breaches of this policy may lead to disciplinary action in accordance with Lipa's disciplinary process. Serious breaches may be regarded as gross misconduct and could lead to immediate dismissal in accordance with the disciplinary procedure.

An investigation will be undertaken where Lipa is made aware of any claims of modern slavery practices in its business or within its supply chain. Where substantiated, the matter will be resolved in accordance with the process outlined in this Policy.

Measuring Effectiveness

Lipa is constantly making a commitment to improve its adherence with its Modern Slavery Policy and Supplier Questionnaires are undertaken annually which provides valuable feedback. As part of the contractual obligations, suppliers will be required to undertake a SAQ process so Lipa can assess the suppliers ongoing commitment towards introducing modern slavery policies within its own business and those of its own suppliers. This establishes a mutual relationship with our suppliers which allows us to work together on progressing actions to address modern slavery risks.

Stakeholder Engagement and Collaboration

Lipa maintains an open environment where individuals can feel confident to raise concerns about possible breaches of our Code of Conduct or suspected violations of country laws and regulations. Employees who raise concerns or assist to address any suspected incidents of modern slavery will have their identity/ information protected under Lipa's 'Whistle-blower Policy'.

Lipa engages with suppliers to promote and support anti-slavery practices throughout its entire supply chain. This sets the clear expectation that Lipa will only engage with suppliers who hold similar values in relation to modern slavery.

Moving Forward

By constantly reviewing and improving the measures we have in place to prevent, identify and mitigate aspects of modern slavery we hope to create an environment that is free from the risks of modern slavery.

This Modern Slavery Statement has been approved by the Executive Board of Lipa Pharmaceuticals Limited on the 23rd April 2021.



Rob Tanna

Chief Executive Officer
Lipa Pharmaceuticals Limited
23 April 2021