
ParagonCare

Modern Slavery Statement **1 July 2022 to 30 June 2023**

Paragon Care Limited

ACN 064 551 426



1. Introduction

- 1.1. Paragon Care Limited (hereafter referred to **Company**”, “**we**”, “**us**” or “**our**”) has produced the annual Modern Slavery Statement (the “**Statement**”) since 2020, making this our fourth Statement, covering for period 1 July 2022 and 30 June 2023 (“**FY 2023**”).
 - 1.2. In the spirit of continuous improvement, this Statement reflects feedback from the Australian Attorney-General’s Department (AGD) on our previous Statement submitted for FY 2022.
 - 1.3. The Statement is approved by the Board prior to submission and publication.
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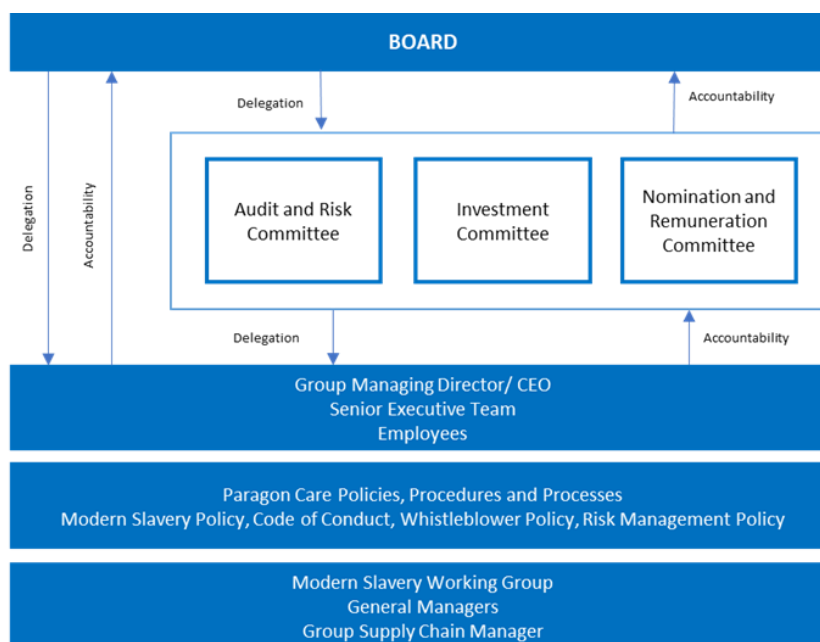
2. Identification of the Reporting Entity

- 2.1 Paragon Care Limited (ACN 064 551 426) is an Australian public listed company, listed on the Australian Stock Exchange.
 - 2.2 Paragon Care Limited wholly owns (100% ownership) a group of subsidiary companies incorporated in Australia, New Zealand and Asia, (collectively “**Paragon Care Group**” or the “**Group**”).
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3. Organisation Structure and Operations

3.1 General Governance Structure

- 3.1.1. The Board is responsible for overseeing performance and operations of the Paragon Care Group, sets the Group’s values and governance framework and monitors the Company’s culture and compliance in accordance with our Code of Conduct. The Board is assisted by the Board Committees and the Senior Management in discharging its responsibilities.



3.1.2. Paragon Care head office is situated in Mount Waverly, Victoria and the Group has 8 other offices across Australia, an office in New Zealand and 7 offices in Asia.

3.2 Operations

3.2.1. The principal continuing activity of the Paragon Care Group is supply of medical equipment, medical devices and consumable medical product and maintenance of technical medical equipment to the health and aged care markets throughout Australia, New Zealand and Asia.

3.2.2. The Paragon Care Group is comprised of 4 strategic pillars, being:

- **Capital and Consumables:** Paragon Care's Capital and Consumables business sources clinically innovative products and solutions for Urology, Point of Care, Anaesthetics and ICU.
- **Specialty Diagnostics:** Paragon Care Diagnostics provide high quality, clinically advanced solutions to immunohematology, Diagnostic and Scientific Laboratories.
- **Specialty Devices:** Paragon Care Specialty Devices includes businesses focused on both Eye Care and Orthopaedics. We supply devices and equipment for Optometry and Ophthalmic surgery, while our Orthopaedic focus is on innovative hip and knee prosthetic solutions, along with Pain Management.
- **Service and Technology:** With a network of engineers across Australia and New Zealand and Asia. Paragon Care supports ongoing performance of medical equipment and systems. This pillar also supports technology needs in the aged care sector.

3.3 Employees

The Group has approximately 625 employees, including a permanent representative in across Australia, Asia and New Zealand.

3.4 Countries of Operation

While the Group is primarily based in Australia, it also has offices and warehouses in New Zealand and Asia;

- Office and warehouse site in New Zealand
- Head office and manufacturing warehouse site in Victoria
- Office and warehouse in Sydney,
- Office and warehouse in Western Australia
- Office and warehouse in Queensland
- Office locations in Asia (China, South Korea, Japan, Thailand, Vietnam, and Philippines)

3.5 Overview of our Supply Chain

Our supply chain finished goods are predominately sourced from North American, European, and Asian product manufacturers, who supply their products to the Paragon Care Group under exclusive distribution agreements. These products are registered as per regulatory requirements then re-sold into the Australian, New Zealand and Asian markets.

What we buy: medical consumable products, medical device, medical equipment (including maintenance), utilities, freight services, waste removal, pest control, cleaning services, leasing equipment, security services and leasing facilities.

Who we buy from: The Group's total medical spend for FY23 was AUD\$94 million for Tier 1. The distribution of the medical spend is as follows by region:

Region	Percentage of Spend (%)
Australasia	19%
North America	22%
South East Asia	11%
Western Europe	18%
Others (<i>less than 1%</i>)	30%
Total	100%

Paragon Group's medical spend has also been further analysed based on annual spend, where 70% of the Group's annual spend are with suppliers on Tier 1.

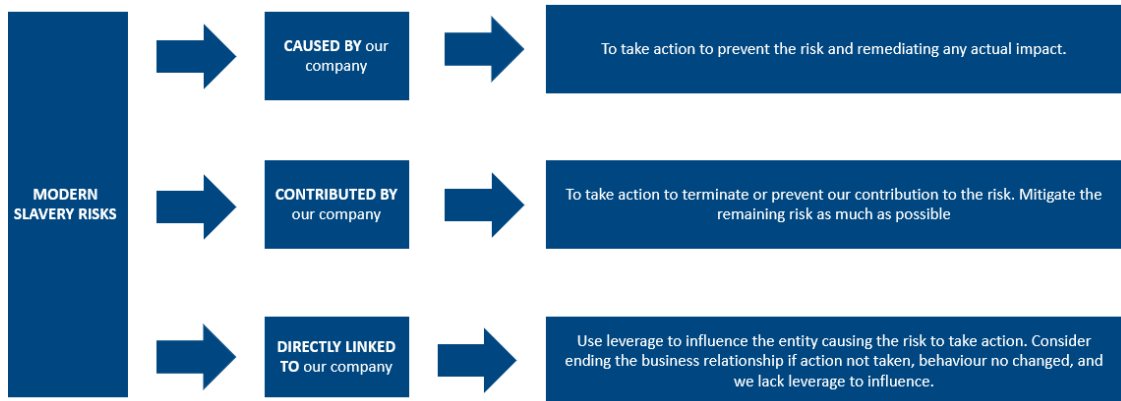
Annual Spend	Tier	Percentage of Suppliers
Annual Spend > AUD \$500K	Tier 1	5%
Annual Spend AUD \$100K – AUD \$500K	Tier 2	9%
Annual Spend AUD \$30K – AUD \$100K	Tier 3	12%
Annual Spend < AU \$30K	Tier 4	74%
Total		100%

4. Modern Slavery Risks and Actions

4.1 Overview

The Group applies the UN Guiding Principles 'Cause, Contribute and Directly Linked Model' in assessing our risk of modern slavery in our supply chains. The model enables us to understand

and focus on those items we directly control or contribute to as opposed to those items where we have less control.



As an end user of finished goods and products, Paragon Care is a downstream company in the supply chain to distribute to healthcare sector.

Our suppliers source materials, components, and products from suppliers upstream which, in turn, source items from their upstream suppliers. As a result, there are many tiers of suppliers in the chain between us and the companies that mine, grow, extract, and process the raw materials that go into the finished goods we purchase for distribution.

The inherent risks that exist in a large global supply chain and how we identify, assess, and manage the risks of modern slavery practices are dependent on a range of factors, including: the supplier tier, geographical location of our suppliers, regulation and compliance requirements within the relevant country and industry, exposure to economic, environmental, and social issues.

Paragon Care is currently unaware of the Group causing, contributing or being linked to such modern slavery practices anywhere in our supply chain. However, we are committed to progressively improve our processes to increase our capability to detect modern slavery practices in our global supply chain.

4.2 Risks and Actions

The highest modern slavery risk has been uncovered because of the due diligence with Tier 1 suppliers:

- 3 x suppliers with high risk in South East Asia. More investigation will be centred on these suppliers with a view to further to ascertain information on their policies, guidelines and any remedial actions arising.
- If the deeper investigation does not result in any improvement, then we would ascertain if retention were feasible and/or if remediation can be achieved.
- Due diligence is ongoing for Tiers 2,3 and 4.

The following are the main categories of modern slavery risks that the Group is exposed to;

Risk Category	Mitigating Strategies and Controls	Risk Level
People		
Forced Labour (low-skill or migrant workforce, low level regulation)	<ul style="list-style-type: none"> • All Paragon Care employees are employed directly by our Group. Their employment contracts are governed by the laws of Australia, New Zealand, South Korea, Japan, Thailand, Vietnam, and the Philippines. • All employees employed in Australia are covered by Employment Agreement. • We have an open-door policy and encourage our employees to raise concerns or feedback especially those of a legal and ethical nature. Employees may also raise their concerns through any of the reporting channels outlined in our Whistleblower Policy • Our compensation packages are competitive and consistent with the laws that regulate minimum wage and overtime. • We require each of our regions to implement employment/ engagement practices to protect the rights of every employee to voluntarily work under the terms and conditions offered, free of compulsion or coercion, and which, at a minimum, conform to universal human and labour rights and legislated employment standards in the relevant jurisdiction. 	Low
Hazardous or unsafe working condition	<ul style="list-style-type: none"> • Our employment conditions adhere to the legislation relevant to the jurisdiction in which the employees work. • We provide adequate training including necessary health and safety training. • Our Code of Conduct Policy defines the ethical standards we will follow to ensure we conduct our business with integrity and treat other people with respect, and not contributing to any bullying or harassment. 	Low
Agency labour contractors	We will ensure agency labour agreements in place contain specific prohibitions against modern slavery	Low

Risk Category	Mitigating Strategies and Controls	Risk Level
Employee awareness	<p>We have several policies in place to ensure we have the necessary controls to mitigate modern slavery risks in our business and operations.</p> <ol style="list-style-type: none"> i. Code of Conduct- framework around conduct required of our employees. It provides guidance with respect to expected and acceptable standards of behaviour that are aligned with the Group’s core values (which includes acting lawfully and therefore acting in accordance with the Act). This Code of Conduct is issued to all employees upon induction. ii. Modern Slavery Policy- sets out our commitment to combatting Modern Slavery in our business and supply chains. This expectation extends to contractors, suppliers and business partners. iii. Whistleblower Policy - provides protection for employees, suppliers and other third parties by encouraging a “speak up” culture. It outlines the mechanisms available for reporting and the investigation of misconduct. It also advises of the protections available to eligible whistleblowers. iv. Risk Management Policy that sets the framework for managing risks within the Group. <p>Each policy is reviewed periodically and formally approved by our Board and is published on our website.</p> <p>The employees also receive regular awareness sessions on identification of modern slavery acts (if any).</p>	Low
Supply Chain		
Complex multi-tiered supply chains (high risk location)	<ul style="list-style-type: none"> • We have agreements in place with our suppliers which contain specific prohibitions against modern slavery. • Majority of our suppliers are European, and American, whom are operating under mature and tested modern slavery legislation. The awareness of modern slavery has also been increasing with our Asian based suppliers. • We ensure applicable modern slavery legislation and regulations are factored into our selection and procurement decision- making process. Where appropriate, additional information is 	Medium

Risk Category	Mitigating Strategies and Controls	Risk Level
	<p>sought from potential suppliers regarding their supply chain processes and procedures concerning modern slavery.</p> <ul style="list-style-type: none"> • Procuring goods and services, as far as reasonable, be conducted in a way as to ensure that we source goods and services from suppliers that comply with their obligations under the Act. • Where appropriate, we require our suppliers to provide us with appropriate comfort that they conduct their business and operations in a manner that is consistent with all applicable laws. • We engage with our suppliers regularly with a focus on the origin of what is being purchased or sources (supplier eco-system) to enable responsible sourcing. 	
Others		
Facilities Services and Management	We engage suppliers in countries with modern slavery, human rights and labour laws.	Low

It is unlikely that the Group’s current known and immediate supply chain has risks which meet the threshold for serious exploitation as defined by the Act.

5. Effectiveness of our Modern Slavery Actions

The Paragon Care Group understands the importance of assessing the effectiveness of the actions we are taking to assess and address modern slavery risks. Our actions taken up until and during FY23 have been focused on developing our Modern Slavery Policy and processes. To date we have not identified any instances of Modern Slavery within our operations or supply chain.

Our progress against our FY2023 commitment is set out below;

FY 2023 COMMITMENT	FY 2023 ACTION
Update our Modern Slavery Policy to better reflect our expectations and accountabilities at each pillar level.	Our Modern Slavery Policy has been updated and approved by the Board. The Policy has been shared with our employees and published on our website.

FY 2023 COMMITMENT	FY 2023 ACTION
<p>Develop modern slavery training learning modules for;</p> <ul style="list-style-type: none"> • senior management • employees • provide supplier assessment training to procurement teams 	<p>Training module has been developed and training is currently under progress. Training is being prioritised for senior management, the procurement team, operations, and key employees.</p> <p>The progress is monitored and once all employees have been trained, the module will be rolled out to new employees via new induction program.</p>
<p>Articulate modern slavery risks mitigations and reporting mechanism.</p>	<p>The following published policies and procedures reflect our expectations and accountabilities with Modern slavery.</p> <ul style="list-style-type: none"> - Modern Slavery Policy - Code of Conduct - Procurement Policy - Supplier Management Procedure - Risk Management Policy - Whistleblower Policy - Anti-Bribery & Corruption Policy - Diversity & Inclusion Policy - Work Health & Safety Policy <p>We have established a Modern Slavery Working Group (MWSG) which has representation from each business unit. MSWG meets, consults, develop and provide feedback on policies, assessments, training, statement & induction.</p>
<p>Develop a risk assessment tool to be used in procurement activities to improve identification of modern slavery in our supply chain (across our Tier 1 suppliers)</p>	<p>A supplier due diligence questionnaire has been designed and circulated to all Tier 1 suppliers to ascertain their position on their Modern Slavery risk and a corresponding risk rating have been assigned.</p> <p>The results are shared with the Senior Management for action and remediation (where required).</p>
<p>Assess any requirement for the drafting of new clauses to be included in approach to market and contract documentation to identify supplier's obligations with regards to modern slavery.</p>	<p>The Group is working with legal counsel on inserting modern slavery provisions into contract templates for IT, Finance, and our supply chain contracts as well as our New Zealand standard form contracts.</p>

FY 2023 COMMITMENT	FY 2023 ACTION
New employees	During on boarding, induction process will include modern slavery awareness training and related policies and procedures on eradication

6. Action Plan for FY24

- 6.1 Enhance our Group-wide risk assessment and due diligence on suppliers. All business units will review the all the contracts with their respective supplier to identify any gaps and make recommendations for improvements.
- 6.2 Devise a more effective mechanism for dealing with identified high risk suppliers. We will look at introducing additional procedures to be implemented for any suppliers deemed high risk to identify any potential red flags, and require further investigation and a program to ascertain if retention is still feasible and/or if remediation can be achieved.
- 6.3 Introduce programs for employees and new suppliers, with more in depth training for new employees and due diligence questionnaire provided to new suppliers and to suppliers on Tier 2 and Tier 3.
- 6.4 Measure the outcomes of the due diligence, contract amendments and new inductions to ascertain if adjustments are required.
- 6.5 Introduce Supplier Audits for Tier 1 suppliers.

7. Consultation Process and Approval

This statement has been prepared by the Group in consultation with each General Managers across the Group and it has been approved by the Board of Paragon Care Limited on 12th December 2023.

The process of consultation involved engagement and input from the various relevant internal stakeholder groups (including Supply Chain, Procurement, Management, Human Resources, Legal).

This statement is made in accordance with the Australian Modern Slavery Act 2018 (Cth).



Shane Tanner - Chairman
Paragon Care Limited
12 December 2023