

Version 2  
30 June 2021

# Modern Slavery Statement 2021

*Connecting health solutions*



This Modern Slavery Statement (**Statement**) has been developed and published in accordance with *The Modern Slavery Act 2018* (Cth) (the **Act**) by Sigma Healthcare Limited ABN 15 088 417 403 (**Sigma**), for the financial year ending 31 January 2021, and applies to the Sigma group of companies (**Sigma Group**).<sup>1</sup>

## Structure, operation and supply chains of the Sigma group

Sigma is a leading Australian full line pharmacy wholesale and distribution business. Established in 1912, the company has grown into a vibrant, nationwide network, servicing community and hospital pharmacies and currently employs in excess of 1,100 people Australia wide. Sigma is a public company listed on the Australian Stock Exchange (SIG: ASX) and has one of the largest pharmacy networks in Australia, with branded and independent stores including some of Australia's best known pharmacy retail brands: Amcal; Guardian; PharmaSave; Chemist King; Wholelife; and Discount Drug Stores.

As a Community Service Obligation (**CSO**) wholesaler, Sigma's supply chain provides retail pharmacies with one access point for approximately 6,200 Pharmaceutical Benefits Scheme (**PBS**) medicines. The CSO standards maintained by Sigma under the CSO Deed, ensure availability and supply of all PBS medicines to any community pharmacy and support the government's National Medicines Policy. Additionally, Sigma's supply network also manages the demand and supply of over 9,000 Over The Counter/Fast Moving Consumer Goods (**OTC/FMCG**).

In addition to its CSO wholesaler obligations to community pharmacy, the Sigma Group has an expanding presence in:

- institutional health and hospital pharmacy services conducted through subsidiary entity Central Healthcare Services Limited (CHS);
- Third/Fourth Party Logistics (3PL/4PL) conducted through subsidiary entity CHS;
- dose administration aid (DAA) services conducted through subsidiary entity Medication Packaging Services (MPS);
- medical devices and consumable supplies conducted through subsidiary entity Medical Industries Australia (MIA); and
- data analytics services conducted through partly owned entity NostraData.

Further information on Sigma's business can be found in our Annual Report.<sup>2</sup>

Sigma's supply chains are complex and have significant scale. Sigma's portfolio of medicines, medical consumables and FMCG products is sourced from over 550 suppliers. Sigma has an extensive network of distribution centres throughout Australia and receives over 265 million units from manufacturers which are picked and dispatched in more than 12 million totes and cartons each year. While Sigma does not manufacture products directly, it does have a range of 'private label' products contract manufactured locally and abroad on its behalf. Additionally, Sigma supply chains also include goods and services that contribute to its ongoing operations including, IT, marketing, catering, facilities management, labour hire and transportation and logistics.

A copy of the Sigma Group's Modern Slavery Policy is available online.<sup>3</sup>

## Risk of modern slavery practices in the operations and supply chains of the Sigma group.

Sigma plays a critical role in supporting the Australian healthcare industry to deliver better health and wellbeing for the community, and in supporting the Government's National Medicines Policy. Sigma is fully committed to providing a safe and healthy workplace for every team member, by eliminating hazards, reducing risk, increasing compliance, knowledge and awareness and promoting and maintaining a culture of continuous improvement.

<sup>1</sup> Refer to Appendix A for further information on the corporate structure of the Sigma group.

<sup>2</sup> See <https://investorcentre.sigmahealthcare.com.au/static-files/c56b46bd-0577-41ba-9a30-e657b9ba49ec>

<sup>3</sup> See <https://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents>

Using risk indicators provided by expert organisations such as the Global Slavery Index (**GSI**)<sup>4</sup> and the International Labour Organisation (**ILO**)<sup>5</sup>, Sigma believes that the risk of modern slavery in its directly employed workforce is low. This is due, in part, to Sigma being domiciled in, and its operations limited to, Australia and the highly regulated nature of our industry. However, Sigma has identified increased potential for operational risk when engaging with third parties, particularly in higher risk sectors such as catering, cleaning, security, uniform procurement and transportation.

Sigma also believes that the risk of modern slavery in its direct supply chain involving pharmaceutical manufacturers and suppliers is relatively low. Again, this is due to:

- the highly regulated nature of the pharmaceutical industry;
- the requirement for predominately educated and skilled employees; and
- the undertaking of work in controlled environments with established and sophisticated policies and processes.

However, Sigma is cognisant of the increased risk of modern slavery involving the indirect relationships of these manufacturers and suppliers with third parties, where Sigma's visibility is limited.

### **Actions taken by the Sigma group to assess and address these risks, including due diligence and remediation processes**

The Board of Directors and management of Sigma are responsible for setting and implementing the strategic direction and corporate governance of Sigma, including Sigma's approach to assessing and addressing the risks of modern slavery. The Sigma Board, on a recommendation from the Risk Management and Audit Committee (**RMAC**), has approved this Statement and adopted the recommendations below.

Sigma's approach to assessing and managing the risk of modern slavery forms part of broader efforts to respect human rights and conduct its business ethically. Sigma has developed and published a 'Supplier Handbook',<sup>6</sup> which sets out our minimum expectations of suppliers when engaging and conducting business with the Sigma Group. The Supplier Handbook incorporates certain governance policies and frameworks including Sigma's Code of Conduct, health and safety policy, our approach to legal compliance and our general approach to sourcing and contracting.<sup>7</sup>

The Supplier Handbook requires all new suppliers to complete a 'Supplier Due Diligence Questionnaire' (**Due Diligence Questionnaire**) specific to the type of goods and services provided. Further, potential suppliers are required to disclose their policies concerning human rights / labour rights and anti-slavery and identify the measures undertaken by the supplier to combat modern slavery within its own supply chain.

Sigma has also reviewed existing contractual agreements with suppliers which are due for renewal and included representations and warranties in respect of modern slavery. These representation and warranties have been included in relevant standard form contracts and require the supplier, its officers, agents, employees and respective subcontractors to comply, among other things, with the Act.

In accordance with the UN Guiding Principles (Principle 31), Sigma's Whistleblower Policy is published on our website and governs the process of reporting certain unacceptable conduct, including modern slavery.

### **Assessing the effectiveness of actions taken to address modern slavery risks**

Sigma reserves its right to conduct audits with suppliers to ensure compliance with the terms of the Supplier Handbook and each contract, including in respect of modern slavery. Sigma's Risk Management and Audit Committee receives regular reporting on

<sup>4</sup> See <https://www.globallslaveryindex.org/>

<sup>5</sup> See <https://www.ilo.org/global/lang-en/index.htm>

<sup>6</sup> Sigma's Supplier Handbook is available for download here <https://sigmahealthcare.com.au/app/uploads/2018/08/Supplier-Handbook.pdf>

<sup>7</sup> Sigma's Corporate Governance framework is outlined in its Corporate Governance Statement and in the Charters, Group Policies and other documents available for download <https://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents>

all regulatory compliance matters including modern slavery. Sigma's General Counsel and Company Secretary also monitors and reviews Sigma's Whistleblower Policy on a regular basis.

## The process of consultation with entities within the Sigma Group

While Sigma's core business is as a full line pharmacy wholesaler and distributor, Sigma has a number of entities within the group which have been acquired or incorporated for the purpose of providing other healthcare service adjacencies. While separate legal entities, the adjacencies are a natural extension of, and inextricably linked with, Sigma's core business. Corporate governance, oversight and operational support is provided to these entities by Sigma under a federated model of services provision. Further, these entities use broadly the same policies and processes, and have many shared suppliers.

## Impact of COVID-19

Sigma was unable to implement certain initiatives due to the impact of COVID-19, however intends to undertake a review of the Supplier Handbook and the Due Diligence Questionnaire to take into account the risks posed by the pandemic in the next reporting phase.

## Continuous Improvement

As a CSO wholesaler, Sigma is obligated to hold and distribute medicines listed on the PBS by the Australian Government. As such, Sigma is reliant on third party entities to procure PBS medicines for distribution and has limited leverage and ability to influence direct suppliers and change their behaviours in respect of modern slavery. However, as a major participant and contributor to Australian healthcare, Sigma actively seeks to engage in and influence industry discussions to contribute to maintaining a viable, dynamic, and equitable healthcare system; including a system which is free from modern slavery.

Sigma engages on several levels, including directly with Government and industry representatives, and also through industry bodies including:

- National Pharmaceuticals Services Association (NPSA);
- The Australian Industry Group (AIG); and
- The Chartered Institute of Logistics and Transport (CILTA).

Accordingly, Sigma seeks to advocate for reducing the risk of modern slavery in operations and supply chains of the pharmaceutical wholesale industry and the pharmaceutical industry more broadly.



Mark Hooper  
Chief Executive Officer, Sigma Healthcare Limited

30 June 2021

## Appendix A – Subsidiaries of Sigma Healthcare Limited as at 30 June 2021

Sigma Company Limited ABN 44 004 132 923  
Chemist Club Pty Ltd ABN 33 087 278 251  
Central Healthcare Pty Ltd ABN 81 141 734 723  
Crucible Health Pty Ltd ABN 23 641 858 924  
Allied Master Chemists of Australia Limited ABN 80 005 393 957  
Guardian Pharmacies Australia Pty Ltd ABN 42 005 092 839  
Tromax Pty Ltd ACN 615 139 225  
MPS Hold Co Pty Ltd ABN 72 621 372 138  
Medical Industries Australia Hold Co Pty Ltd ABN 99 622 066 424  
Sigma Employee Share Administration Pty Ltd ACN 083 101 848  
Sigma Healthcare Hospital Service Pty Ltd ABN 73 613 777 610  
QDL Limited ABN 81 009 658 191  
Sigma (W.A.) Pty Ltd ABN 38 008 669 878  
Sigma NZ Ltd  
Pharmacy Wholesalers (Wellington) Ltd  
Wholesale Pharmacy Pty Ltd ABN 34 631 496 190  
NostraData Pty Ltd ABN 37 139 101 656  
Central Healthcare Services Pty Ltd ABN 66 142 005 552  
Discount DrugStores Pty Ltd  
Chemist King Pty Ltd ABN 54 133 432 096  
Price Save Pty Ltd ABN 75 154 732 340  
Linton Street Pty Ltd ABN 12 613 550 093  
PharmaSave Australia Pty Ltd ABN 17 134 090 476