

Modern Slavery Statement

2020/2021

1. Introduction

Arrotex supports the protection of human rights and is committed to implementing practices in its operations and supply chains to combat modern slavery. Arrotex recognises the complexities of modern slavery and the many forms it presents including human trafficking, slavery, servitude and forced labour and takes a firm stance against any such practices.

In line with the requirements of the Australian Modern Slavery Act 2018 ('Cth') ('the Act'), Arrotex Holdings Pty Ltd ('Arrotex') is required to produce an annual modern slavery statement identifying actions taken by Arrotex to ensure modern slavery is not taking place in our operations and supply chains for the financial year ending 31 March 2021. This is Arrotex's second modern slavery statement and covers Arrotex and all its companies.

2. Arrotex's business and supply chains

Arrotex Pharmaceuticals (Arrotex) is Australia's largest generic pharmaceutical and private label over the counter (OTC) medicines company. Arrotex is the largest privately-owned Australian pharmaceutical company operating in Australia.

Arrotex owns and markets a broad range of over 300 generic and branded pharmaceutical products, including a range of pharmacy only over-the-counter (OTC) products under the Chemists' Own and ApoHealth brands to pharmacies across Australia. Arrotex is also the largest provider of nurse-led clinics in community pharmacy in Australia. Arrotex also has a number of joint venture businesses, including Oraderm Pharmaceuticals, a branded dermatological company, and myPak Solutions, a leading Australian end-to-end solution for Dose Administration Aids.

Arrotex supplies high quality, affordable medicines in a wide range of therapeutic categories and dosage forms that are available in every Australian pharmacy. Arrotex also manufactures over 250 of the most prescribed medicines on the PBS. We are committed to providing sustainable, high-quality and cost-effective access to the pharmaceuticals that pharmacies and the Australian public rely on every day.

Arrotex is committed to supporting and creating value for Australian community pharmacies through products, programs and partnerships. We continue to expand and diversify our prescription and OTC ranges whilst providing ongoing investment in our established consumer brands to ensure community pharmacies can continue to offer these products to their patients.

Arrotex aims to streamline operations and consolidate policies and procedures in the areas of supply chain, risk management and employee training to support responsible business practices and further mitigate modern slavery risks.

Arrotex is committed to operating our business within a legal and ethical environment that upholds our reputation as a company committed to working with integrity alongside Australian and global suppliers that are aligned to our values. Our supply chain includes supply and manufacturing of pharmaceuticals in Australia and globally and the purchase of products and services required for the operations of our businesses including employment and training of staff, external legal advice, IT support and services and the leasing of office space.

We expect our suppliers to operate in accordance with all applicable modern slavery laws including those prohibiting human slavery and slavery like practices, human trafficking and child labour. We value and observe all laws regarding corporate social responsibility, environmental and workplace safety protection and staff inclusion and diversity.

3. Actions Taken to Address Modern Slavery Risks

a. Policies

Arrotex is committed to ensuring the highest standards of conduct and ethical behaviour in all of our business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. We recognise our responsibility to be aware of the risks of modern slavery in our organisation and have various internal policies to help mitigate against the risks of modern slavery and set out our expectations of all employees and how they should apply our values (Pioneering, Accountability, Collaboration and Tenacity) in their daily work. Arrotex has implemented a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These policies include:

- ▶ Code of Conduct
- ▶ Discrimination, Harassment, Bullying and Victimisation Policy
- ▶ Whistleblower Policy
- ▶ Workplace Health and Safety
- ▶ Modern Slavery Policy

The Modern Slavery Policy implemented requires all employees to act in a professional and ethical manner to preserve the human rights of others. Arrotex is committed to ensuring our manufactures and suppliers also adopt the same standards of expectations and behaviours exhibited in our policies.

b. Onboarding Suppliers

As part of its onboarding supplier process, Arrotex has introduced a modern slavery assessment process. Arrotex uses the information gathered from potential supplier as a way to assess and ensure their practices align with the values and expectations of Arrotex

4. Assessment of modern slavery risk

Arrotex has identified two areas where the potential for modern slavery risks arises in our business operations. These areas are through our direct and indirect workforce and supply chain. To combat modern slavery risks Arrotex intends to implement and enforce systems and practices to ensure no forms of modern slavery take place in our workforce nor supply chain.

c. Indirect and direct workforce

In 2020, we harmonised the policies of Arrow and Apotex. An assessment was undertaken to ensure our policies reflect our commitment to operate in line with international human rights standards and expectations and are committed to reviewing and updating these policies.

We believe that our risk of exposure to modern slavery in our direct workforce is low. This is due to the highly regulated nature of our industry, our employees being largely educated or skilled, and operating in workplace environments where established policies and processes are in place and employees regularly undertake training. Arrotex is committed to continuing to maintain a low risk to modern slavery and recognises that we need to be observant and attentive to potential exposure to modern slavery. We intend to take the following steps:

- (a) Increase awareness of modern slavery through communications to our workforce so all our employees understand potential risks and are able to identify and raise concerns relating to modern slavery; and
- (b) Implement further training to ensure employees possess a high level of understanding of potential modern slavery risks in our organisation and supply chains.

We have assessed that our risk of exposure to modern slavery increases where we engage with external third parties where visibility of their operations is limited. The higher-risk third party engagements most relevant to Arrotex includes manufacturing, facilities services, construction, hospitality, logistics and warehousing.

d. Supply Chain

We believe that our exposure to modern slavery predominately rests in our product supply chain. Our supply chain is made up of three components:

- (1) Suppliers of direct materials, including pharmaceutical ingredients, manufacturing and packaging;
- (2) Suppliers of indirect services, such as professional services, facilities; and
- (3) Sales and distributors of our products.

Arrotex engages with suppliers and manufactures domestically and globally. Our exposure to the risk of labour exploitation is particularly heightened in countries where we do not have clear visibility to the operations of suppliers and manufactures, and where human rights are afforded lower protections. We acknowledge our responsibility to be aware of modern slavery and human trafficking risks within these supply chains and to endeavor to uphold human rights in all our business activities. In order to reduce our exposure to modern slavery in our product supply chain we have begun and continue to implement the following:

- (a) Practices to ensure new and existing suppliers and manufactures are subject to additional due diligences checks to confirm they compliant with modern slavery requirements and operating in an ethical manner. If a new or existing supplier and/or manufacturer is not compliant with the Act and engages in practices which are unlawful and unethical we may decide to not work with them.
- (b) Modern slavery clause in our manufacturing and supply agreements. The modern slavery clause establishes our expectation for how we require our suppliers and manufactures to assess and manage modern slavery risks.

On a domestic level Arrotex ensures all its manufacturing sites which produce products supplied to the Australian market are compliant with the Therapeutic Goods Administration (TGA) Good Manufacturing Practice (GMP) procedures. All therapeutic goods supplied to the Australian market by Arrotex are registered on the Australian Register of Therapeutic Goods (ARTG).

5. Due diligence and risk management

Arrotex is committed to implementing approaches to minimise the potential for modern slavery activities to form part of our business and supply chain. In managing these approaches the observance of human rights forms an integral part of our organisation.

a. Governance

Arrotex's human rights compliance is overseen by our People and Culture department, including

modern slavery compliance. An initiative of our People and Culture department was the implementation of the newly-created Arrotex Values. All employees were required to attend a workshop to understand how these values embody Arrotex's commitment to operate ethically and with integrity in all our business dealings and relationships and our obligation to improve our practices to combat slavery.

The Arrotex Board, which includes senior representative from across the business (including Legal and Compliance), provides oversight of our governance and risk management framework and has approved this statement.

b. Reporting and investigating concerns

All Arrotex employees are encouraged to report on any concerns they may have in regards to possible breaches of our policies or suspected breaches of laws and regulations. Arrotex, through its Whistleblower Policy, encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving Arrotex's businesses and provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation, disadvantage or reprisal.

6. Training

Arrotex requires all employees to undertake training modules in relation to Anti-Competitive Conduct, Consumer Protection, Contract Law and Privacy. Arrotex also ensures we are compliant with GMP training requirements requiring all staff to complete annual Arrotex Pharmacovigilance Refresher Training.

Arrotex intends to implement a modern slavery training module for all its employees to complete to ensure they are aware of the actions they can take to mitigate modern slavery risks within our organisation and supply chains.

6. Effectiveness of Actions

Modern slavery is a complex issue that requires a multilateral response with ongoing input and collaboration with stakeholders and suppliers. Arrotex is focused on continuing to raise awareness and developing strategies for its employees to understand the risks of modern slavery and how to deal with these. Arrotex's Modern Slavery policy educates employees on the potential threat of modern slavery and the different forms it presents itself. It also provides ways for our employees to deal with the threat if it materialises in our business and/or

operations. The training modules Arrotex employees are required to complete further assists in developing awareness as to recognising and addressing threats and/or instances of modern slavery. The Implementation of a modern slavery clause into Arrotex's supplier agreements as a contractual requirement ensures that our suppliers are aware of Arrotex's expectation with regards to modern slavery practices and that Arrotex will not accept any form of modern slavery, discriminatory or exploitative behaviour.



Dennis Bastas
Chairman & CEO
Arrotex Holdings Pty Ltd
2021