



Clifford Hallam Healthcare

2021 MODERN SLAVERY STATEMENT



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CH2 acknowledges the Traditional Owners of Country throughout Australia and pays its respects to Elders past and present. We recognise their rich cultures and continuing connection to land, water and seas.

Aboriginal and Torres Strait Islander peoples are advised that this document may contain names and images of people who are deceased.

Introduction

Clifford Hallam Healthcare (CH2) vision is to be the preferred distribution network for all Australian providers of healthcare. CH2 will achieve this through a combination of customer focus, extensive product range, knowledge-based solutions, and leading logistics and technology.

CH2 is committed to managing risks of modern slavery and addressing human rights violations within our operations and supply chain. We strive to achieve this in accordance with our values, stakeholder expectations, industry expectations and the law.

Modern slavery is a severe violation of human rights. It occurs when a person is coerced into work and exploited for personal or commercial gain. Under Australian and international law, it includes offences such as forced labour, servitude, child labour, deceptive recruiting and debt bondage.

CH2 supports every individual's right to live and work freely.

This the second Modern Slavery statement has been prepared in accordance with the *Australian Modern Slavery Act 2018* (the Modern Slavery Act). It describes the risk of modern slavery in our own operations and our supply chains during the period 1st July 2020 to 30 June 2021 (CH2 FY21 financial year), and details the steps CH2 has taken to minimise the risks of modern slavery and the effectiveness of these steps.

CH2 Guiding Principles

The guiding principles of CH2's '1 Culture' underpin the business drive for fairness, ethical behaviour and continuous improvement across the organisation.



CH2 Group

CH2 is the leading privately-owned distributor of healthcare products to the Australian Healthcare market. CH2 has an extensive product range to offer a consolidated procurement solution of pharmaceutical, medical, nutrition, and equipment products. CH2 has been distributing products for over 80 years, specialising in logistics, with a focus on supply chain solutions to our customers and business partners.

CH2 has distinct business units – Wholesale Pharmaceutical, Wholesale Medical Supply, and Contract (4PL) Logistics which service Hospitals, Community Pharmacy, Primary Care, and Aged & Community Care. This business model ensures there is a dedicated focus and specialisation to accommodate the distinct needs of each segment. Each business unit is supported by an experienced dedicated and specialised team.

CH2’s extensive product range, dedicated teams, tailored supply chain and proprietary solutions enable CH2 to deliver exceptional service. Our greatest strength comes from our ingrained culture of building solid client and supplier relationships, maintaining open lines of communication, and delivering on what we promise.

CH2 operate out of eight warehouse locations. CH2’s integrated warehouses are temperature-controlled, ensuring all products are kept in a clean and climate-controlled environment (<25°C) all year round. Storage is a mix of pallet and shelving locations dependent on the product requirement.

CH2 adheres to the Australian Code of Good Wholesaling practice when handling, storing, and distributing products across all sites.

CH2 Locations



Message from our Shareholders and Managing Director/Chief Executive Officer

At CH2 people are key to our business. We are committed to respecting human rights across our business and supply chain. We are an important part of the healthcare sector and take pride in ensuring we hold ourselves to the highest standard in our daily business operations. Therefore, we understand and accept that we have a responsibility to ensure we do the right thing always, including safeguarding the rights of workers.

We view our commitment to addressing modern slavery risks more than a compliance activity.

As one of Australia's leading healthcare distributors, we know that we have a responsibility to work towards improving and driving positive change across the healthcare sector. We recognise that our business and supply chain is extensive and complex, and the external challenges associated with safeguarding human rights are significant and complex. We have continued to invest in our people, processes, and systems to further improve governance and controls and ensure we are effectively managing these risks.

Following the publication of our first Modern Slavery Statement in 2020, we continue to strengthen our knowledge about the potential for modern slavery risks in our sector. This has included discussion on an ethical sourcing practices and compliance policy, and is now an agenda item at each Audit & Risk and Board meetings.

When CH2 is making a purchase or investing in our business, we want our stakeholders to know that we make every effort to operate our business and source our products ethically, sustainably and responsibly. We know that best practice in this area will always be evolving and we are committed to learning, growing and striving to continually improve our approach.

We are investing in building external assurance capability by starting with a formal auditing program in FY22, for specific higher-risk suppliers. CH2 continues to actively promote our grievance mechanisms to workers and investigate allegations of supplier misconduct.

Doing the right things is important to CH2 and as we continue to evolve our Ethical Sourcing Program to achieve a higher standard of supply chain accountability and safeguard human rights.



David Collins

Shareholder, Managing Director/Chief Executive Officer

Impacts of COVID-19

The impact of COVID-19 caused several issues and constraints to supply of products and labour across the CH2 network, which did not change the internal assessment of CH2's modern slavery risk as low. Changes to operational times and rostering of staff was communicated and consultation was conducted with staff and Unions to develop an effective plan, which allowed operations to continue while giving the staff the highest level of safety during the most difficult times during lockdowns during COVID-19.

Due to the impacts and constraints during COVID-19 some of the modern slavery plans have been set back, however, CH2 is committed to continue to develop and report in the 3rd modern slavery statement on the progress made.

CH2 Supply Chain

CH2 is a fully integrated pharmaceutical and medical consumable distributor servicing the entire healthcare market. CH2 is proud to be a leader in supply chain innovation and investing in superior technology and systems.

CH2 manages a product portfolio of over 50,000 Stock Keeping Units (SKUs) including pharmaceutical [incorporating PBS medicines delivered through the CSO agreement], OTC, medical and general consumables, and equipment, sourced from more than 700 suppliers.

Modern slavery risks

CH2 has identified the following areas of risk;

- Contingent workforce
- Facilities management
- Offshore vendors

Risks identified in operations

Contingent workforce

CH2 complies with relevant Australian workplace, workplace health and safety, and other employment legislation and is covered by several awards and two enterprise agreements. CH2 has not identified any specific modern slavery risks in its operations with the way staff and contingent workforce is engaged.

Facilities management

CH2 will continue to develop and use a supplier questionnaire to help assess suppliers understanding and risk of modern slavery in their operations and supply chain which may undermine CH2's commitment and position. Further to the use of the supplier questionnaire CH2 has formal supply agreements and reviews for major vendors and service providers which will expand to include modern slavery requirements. The ongoing review and questionnaire can be enhanced with supplier audits where higher risk is identified.

Risks identified in supply chain

CH2 has identified risks relating to its supply chain;

Offshore vendors

CH2 sources products from a range of different types of suppliers.

It has been identified that the majority of providers in the pharmaceutical supply are in a highly regulated industry and CH2 may have limited influence or leverage on these organisations, however, CH2 will continue to look for meaningful ways to engage with larger manufacturers in this industry in an effort to reduce risks.

CH2 has long-term relationships with large-scale manufacturing companies based in China, Malaysia and Korea producing CH2's own branded products (engaged through a third-party intermediary).

CH2 does identify the supply from these regions as a risk of companies engaging in modern slavery behaviour. CH2 uses the intermediary to provide oversight on all manufacturers they engage with on CH2's behalf with strict guidelines and auditing of manufactures on the following criteria;

Supplier Sustainability Principles checked by intermediary			
1	Compliance with applicable laws	8	Harassment & Disciplinary Practices
2	Business Ethics	9	Wages & Benefits
3	Management Systems	10	Working hours
4	Labour & Working Conditions	11	Overtime work
5	Child Labour and Young Workers	12	Freedom of Association
6	Freely Chosen Employment	13	Health & Safety [Worker Protection]
7	Non-discrimination	14	Emergency Preparedness

Service providers

CH2 outsources its domestic requirements for cleaning, security and transport (courier) services along with maintenance for each of the warehouse and office locations.

CH2 has local and/or national relationships with providers of services to each of the CH2 warehouses in the supply of packaging and consumables supply. The suppliers of each of these services is reviewed for risk at service acceptance, through a supplier questionnaire to assess the extent of understanding of the modern slavery issues and risks.

Risk assessment and policies

CH2 has reviewed the potential risks in the operations and supply chain against those risk factors which may result in modern slavery, to this point however, CH2 has not yet identified any specific instances of modern slavery harm in the current reporting timeframe.

CH2 has an established set of policies and procedures that govern the way it operates and manages potential human rights related issues with regard to its employees, supply chain, and business operations, including:

- Code of Conduct;
- Equal Employment Opportunity Policies;
- Procurement Policy and agreements; and
- Whistleblower Program.

CH2 will continue to develop and expand policies as necessary if further risks are identified.

CH2 will monitor the effectiveness of these steps with processes including; senior management reviews, regular checks of risk assessment processes, internal audits, regular supplier engagement, establishing KPIs around modern slavery risks, and measuring achievement against them.

Modern Slavery progress

Staff training

Over the last reporting period CH2 has undertaken staff training through face to face toolbox sessions and on-line training platform [SAP Litmos] in the area of staff code of conduct, ethical behaviour, misleading conduct, anti-discrimination and CH2's employee handbook to cover off on modern slavery issues, having over 900 individual training sessions completed.

Service providers

Ongoing development and engagement with local suppliers through the supplier questionnaires, this program was slowed during the COVID-19 pandemic, however, has covered off on the first level of key suppliers to CH2 and will progress to the next tier of suppliers over the next period.

Monitoring

CH2 has engaged with Ecovadis ESG reporting platform to develop and score the ongoing work against industry benchmarks with a view to develop better reporting and management of the risks around modern slavery across the CH2 supply chain.

This statement was approved by the board of CH2 on 28th March 2022.



David Collins
Managing Director
28th March 2022