

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

# Modern Slavery Assessment Report 2024



**National  
Pharmacies**

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# Introduction

This Modern Slavery Statement outlines FSMA's actions to prevent and address Modern Slavery within our organisation and supply chains during the financial year ending 30 June 2024. FSMA is committed to conducting business ethically and with integrity, and we have zero tolerance for Modern Slavery.

FSMA comprises Friendly Society Medical Association Limited, trading as National Pharmacies, and its wholly owned subsidiary, National Pharmacies Australia Pty Ltd, a dormant company with minimal activity.

This statement aligns with the requirements of the *Commonwealth Modern Slavery Act 2018* and reflects input from internal stakeholders and suppliers.

FSMA is required to produce an annual Modern Slavery statement identifying actions taken by FSMA to ensure Modern Slavery is not taking place in our operations and supply chains. This is FSMA's fourth statement.

In this statement, we use "Modern Slavery" to encompass forced labour, prison labour, indentured labour, bonded labour, debt servitude, state-imposed forced labour, human trafficking, sexual exploitation and other similar conduct commonly thought of as Modern Slavery.



## Our Business Structure and Operations

FSMA, trading as National Pharmacies, is a public company mutual organisation operating in Australia. We provide retail community pharmacy services, act as a Community Service Obligation (CSO) distributor and offer optical dispensary services. With approximately 900 employees across South Australia, Victoria, and New South Wales, we serve the community by providing access to essential healthcare products and services.

Our operations include managing 46 community pharmacies and distributing approximately 3,000 Pharmaceutical Benefits Scheme (PBS) medicines to retail pharmacies in South Australia and Victoria through our CSO wholesale business based in Hendon, South Australia. We also offer optical dispensary services in 19 locations across South Australia.

# Suppliers and Supplier Chain

FSMA plays a critical role in supporting the Australian healthcare industry and the Government's National Medicines Policy. Our supply chain involves approximately 300 suppliers with an annual spend of over \$200 million. 50% of this spend is from our top 10 suppliers. While we believe our industry has a low risk of direct Modern Slavery, we recognise the potential for indirect risks within our supply chain especially where the visibility is limited through third parties.

FSMA is committed to upholding the highest ethical standards and operating without Modern Slavery or human trafficking within our business or supply chain.

We recognise the critical role our suppliers play in our operations and maintain long-term relationships based on mutual respect and shared values.

FSMA's standard trading terms require a supplier to comply with the Modern Slavery Act 2018 (cth) or the Modern Slavery Act 2018 (NSW) (modern slavery). If a supplier breaches any of the Modern Slavery clauses in the trading terms, or if FSMA has reasonable

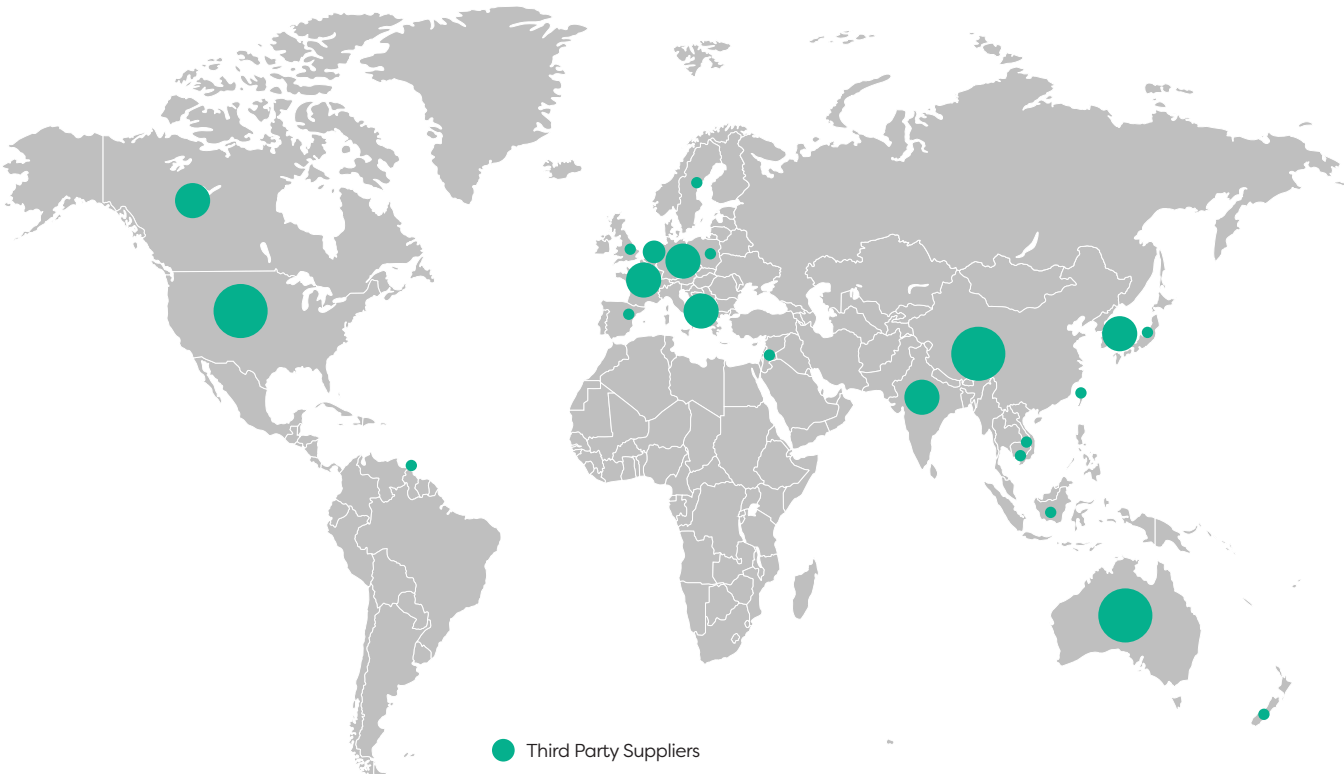
grounds to believe that a supplier or any of its directors, officers, employees, affiliates, suppliers, sub-contractors and/or agents has promoted or engaged in conduct that involves Modern Slavery, FSMA reserves the right to immediately terminate the Agreement without notice and without incurring any liability.

FSMA also requires all suppliers to sign off on its Supplier Code of Conduct which includes obligations about respecting human rights, labour, workplace diversity, equality and inclusion, anti-corruption and anti-bribery, compliance and sustainability and environmental practices.

Suppliers are expected to share and respect our commitment to the Code of Conduct. FSMA reserves the right to carry out frequent assessments of our suppliers' practices to ensure alignment with this Code.

Suppliers are expected to respond comprehensively and be honest in response to any request for information

The locations of FSMA's suppliers that completed the survey are as follows.



# Our Governance

The FSMA Board is responsible for overseeing the performance and operations of the FSMA group, setting the values and governance framework, and monitoring FSMA's culture and compliance with its Code of Conduct. The Board is assisted by two Board committees and the Executive Leadership Team in discharging its responsibilities.

FSMA promotes a supportive safe culture of honest and ethical behaviour, employee well-being and corporate compliance, and good corporate governance. FSMA has the following internal policies in place which address these principles:

# Our Policies



FSMA's Whistleblower Policy provides a framework for staff and others to raise concerns about misconduct or activities that do not comply with FSMA's policies and provides detail on our commitment to treat people with respect when they speak out if faced with integrity or other ethical concerns.

Employees are encouraged to make reports as early as possible and can raise matters of concern with individuals identified in the policy or by making an anonymous report to an independent third party. During the reporting period, FSMA did not receive any reports related to human trafficking or slavery and forced labour.



## Our Training

At FSMA, we realise that policies alone are not sufficient. We engage with our people and train our teams to ensure they are aware of our values and policy requirements.

All new employees to the business participate in mandatory onboarding programs including.

- Ethical Behaviour
- Code of Conduct
- Speak up Whistleblower process
- Cyber Security
- Bullying, harassment, and discrimination

In addition, refresher training is conducted on a cyclical basis and completed in an online platform with assessments for all topics. This allows FSMA to track the effectiveness of the training and a sign-off of on who has completed the training.

FSMA is committed to raising employee awareness about Modern Slavery. During this reporting period, FSMA prepared government developed training around Modern Slavery.

The training covered:

- What is Modern Slavery
- Identifying and assessing Modern Slavery
- Managing Modern Slavery
- Modern Slavery in Public procurement

This training was completed by the Leadership of FSMA, Procurement teams, and the Merchandise team on an online platform. Training effectiveness was evaluated through knowledge assessments.



## Our People

The majority of FSMA's employees are directly employed on permanent contracts and covered by relevant awards and agreements. Our workforce is distributed across South Australia, Victoria, and New South Wales in pharmacies, optical stores, a distribution centre, and our administration office.

FSMA is committed to fair employment practices and employee well-being. We verify work rights and employment history for all new employees. Our recruitment process emphasises diversity, equity, and inclusion. We also maintain a robust whistleblower policy to encourage reporting of any concerns, including potential Modern Slavery issues.

While we believe the risk of Modern Slavery within our direct workforce is low, we remain vigilant and prioritise employee wellbeing. We comply with all applicable labour laws and regulations, ensuring the payment of minimum wages and adherence to fair work practices.

As a result of our direct control over the workforce, our focus for Modern Slavery risk assessment lies primarily with contracted or third-party labour providers.



# Due Diligence Process for Modern Slavery

During the reporting period, FSMA implemented a third-party due diligence platform (EthixBase), which enables us to conduct due diligence assessments on our suppliers and quantify the Modern Slavery risk across our supply base. 118 suppliers were requested to complete the Modern Slavery questionnaire.

These suppliers are asked annually to complete a self-assessment questionnaire covering potential indicators of Modern Slavery such as the use of child labour and the presence of vulnerable populations, and to confirm their commitment to adhere to our Supplier Code of Conduct. FSMA representatives may ask the suppliers for more information.

38 Suppliers completed the survey and other suppliers provided FSMA with their Modern Slavery statements. If a supplier did not respond we ensured they had a complying Modern Slavery statement on the Modern Slavery Statement Register. None of the questionnaire responses received, or the Modern Slavery statements viewed, indicated anything requiring further investigation.

In addition, FSMA introduced a contractor management system, whereby all existing contractors were required to sign off on a Modern Slavery declaration. All new contractors are required to sign the declaration upon appointment.

## FY 2023-2024 Actions Taken by FSMA

### Supplier Risk Assessment Process

We conducted risk assessments that included components specific to Modern Slavery across 118 Suppliers.

### Risk Ratings

We analysed the responses from each supplier and reviewed the supplier's Risk score.

### Legal Advice

We sought legal advice on Modern Slavery and are in the process of having the Modern Slavery clause in our trading terms reviewed.

### Staff Training

We raised awareness with our Leadership team, Procurement team, and Merchandise team on Modern Slavery.

### Contractor Management System

This system is fully implemented and in use. This system requires contractors engaged with FSMA to complete a Modern Slavery declaration.



## Assessing the Effectiveness of FSMA'S Action

To address the potential areas of Modern Slavery, FSMA will continue to work with Ethixbase for the next financial year and look for possible improvements within the platform to better understand our Suppliers' risk profiles.

We have taken steps during this reporting period to raise awareness and education about Modern Slavery with training for our Leadership team, Procurement team and Merchandise team.

Our trading terms agreements explicitly prohibit Modern Slavery and are currently undergoing a review to align with evolving best practices.

A third-party expert is advising on strengthening these terms to ensure robust protection against exploitative labour practices.

# Continuous Improvement and Further Steps

FSMA is committed to the ongoing prevention of Modern Slavery within our supply chain.

In the next reporting period, we will:

Continue to work with **Ethixbase** to assess, monitor, and address Modern Slavery risks and deepen our supply chain assessment

Continue to work with and educate our suppliers on Modern Slavery

Finalise and implement updated trading terms and introduce the revised trading terms agreement, incorporating robust anti-slavery provisions, to all suppliers.

## Looking forward

This Statement represents our commitment to addressing the risk of Modern Slavery and human trafficking. We will continue to review and improve our practices as necessary to ensure the ongoing protection of human rights within our business and supply chain.

## Approval of this Statement

This Statement has been approved by the board of FSMA on 9 December 2024 and is hereby signed by the Chairman of the Board.



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**Pauline Carr**  
FSMA Chairman

**Friendly Society Medical Association Limited**

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