

MODERN SLAVERY STATEMENT

For the 2024 Financial Year

Background

This Modern Slavery Policy ("the Policy") has been developed in accordance with the Australian Commonwealth Modern Slavery Act 2018 and includes references from the UN Guiding Principles on Business and Human Rights and ACSI Modern Slavery Risks, Rights and Responsibilities report for the financial year ending 31 December 2024 for Lipa Pharmaceuticals Limited ("Lipa").

Lipa recognises Modern Slavery as a term which covers a range of exploitative practices including human trafficking, forced labour, forced criminality, domestic servitude, and child exploitation. Lipa is committed to limiting the risk of modern slavery within its own business, within its supply chains, and through any other business relationships.

This Policy applies to all persons working for or on behalf of, or providing services to, Lipa in any capacity, including all suppliers, employees, officers, agency workers, contractors, trainees, consultants, and any other third-party representatives.

Structure, Operations, and Supply Chains

Headquartered in Minto, Sydney, Lipa is Australia's leading full-service, integrated contract manufacturer of dietary supplements and OTC pharmaceutical products. Lipa's core manufacturing operations include tablets, soft gelatine capsules, two-piece hard gelatine capsules, powders, liquids, creams, and more. Lipa also conducts R&D services which includes developing new products to target specific consumer health needs and market segments, improvements and enhancements to customers' existing products and novel and/or exclusive ingredients and claim substantiation.

Lipa is an organisation which employs over 300 people in Australia and services Australia's leading brands and various overseas customers across North and South America, Europe, Asia, and the Pacific region.

Lipa's supply chain extends to third party suppliers that are primarily located across Asia. These suppliers provide the direct materials (active pharmaceutical ingredients, manufacturing, and packaging) for the production of dietary supplements and OTC pharmaceutical products.

Potential Risks

To improve the understanding and transparency of various modern slavery risks, Lipa uses online tools including the Global Slavery Index (GSI) and the Modern Slavery Registry to seek more in-depth information of our supply chain activities.

- ❖ Lipa sources raw materials from dozens of countries, several of which (e.g. China and India) are considered to have high levels of forced labour and child exploitation. As such, this presents a potential risk that Lipa's supply chain may include businesses that engage in such practices.
- ❖ Certain industries are more exposed to modern slavery due to a variety of factors, including the use of sub-contractors, migrant workers, and lower-skilled labour. Lipa has identified certain third-party contracted services including cleaning and maintenance which are key modern slavery risk industries.
- ❖ Lipa has also identified a risk in the purchase of consumable products. These include protective clothing (e.g. gloves, garments and hairnets) which are categorised as having a risk of being produced under forced labour and sub-standard working conditions, which violate Australian Labour rights including pressuring workers with unreasonable production targets and the withdrawal of wages. Further information into these high-risk categories where our business may be involved in modern slavery can be found [here](#).

Due Diligence and Assurance (Actions)

In light of these potential risks, Lipa takes a range of steps aimed to reduce the likelihood of engaging with suppliers that utilise modern slavery in their supply chain.

Identifying and Assessing

- ❖ All new suppliers, as well as existing suppliers (as part of the Quality Accreditation process) are subject to a due diligence process prior to onboarding or contract award/extension. Initially, suppliers are requested to answer a brief pre-qualification questionnaire administered by Lipa's procurement contract management system.
- ❖ Suppliers with a rating score on the Modern Slavery SAQ below Lipa's minimum acceptance criteria will not be approved and are instead provided feedback on areas they can address in order to improve their Modern Slavery rating. This triage process helps Lipa to identify and screen potential areas of risk, and where identified, the supplier will be referred for further due diligence.

Training and Awareness

- ❖ Lipa conducts training with the aim of educating relevant employees on signs that could indicate modern slavery, due diligence practices for suppliers, auditing existing suppliers and actions an employee can take if they have a concern in relation to modern slavery.
- ❖ All employees have a written contract of employment in a language they understand and confirming they have not been required to pay any direct or indirect fees to secure work. In addition, ensuring employees are legally able to work in the country in which they are recruited.
- ❖ Lipa aims to create greater social awareness by making its modern slavery policies accessible across numerous online platforms, including on the Australian Border Force's Modern Slavery Registry.

Compliance

- ❖ All suppliers are informed that a breach of this Policy will be dealt with on a case-by-case basis. Depending on the nature of the breach, Lipa may choose to adopt a zero-tolerance stance towards the supplier's behaviour and look at methods of

preventing further engagement with the supplier or may decide to work with the supplier to ensure they become compliant with this Policy.

- ❖ All Lipa employees are notified during their induction training that any breaches of this policy may lead to disciplinary action in accordance with Lipa's disciplinary process. Serious breaches may be regarded as gross misconduct and could lead to immediate dismissal in accordance with the disciplinary procedure.

An investigation will be undertaken where Lipa is made aware of any claims of modern slavery practices in its business or within its supply chain. Where substantiated, the matter will be resolved in accordance with the process outlined in this policy.

Measuring Effectiveness

Lipa is constantly committed to improve its adherence with its Modern Slavery Policy and supplier questionnaires are undertaken annually, which provides valuable feedback.

During the reporting period, feedback received from suppliers and employees about the weighted scores for each SAQ question allowed Lipa to identify opportunities for revision. Consequently, weighted scores were adjusted which allowed a more accurate representation of suppliers' performances in relation to modern slavery.

In 2022, Lipa conducted a 4-Pillar SMETA Audit to identify actions for improvement in relation to on-site ethical and labour work practices, health and safety, the environment, and business ethics. The audit and recommendations that came from it provided guidance to effectively address and mitigate modern slavery risks. Following these audits, various improvement opportunities were identified, such as:

- ❖ Additional formalisation of various policies including Child Labour and Forced Labour to make these more transparent to our employees and suppliers.
- ❖ Suggestions to improve our Modern Slavery SAQ with questions to help identify Human Rights compliance with our suppliers and contractors.

The above points were adopted by the leadership team and similar action will be undertaken to address the findings of future audits.

Stakeholder Engagement and Entity Consultation

Lipa encourages all of its employees to raise concerns or assist in addressing any suspected incidents of modern slavery that may have occurred by introducing various communication channels, including following the procedures outlined in our 'Whistle-blower Policy' for anonymous disclosure.

Moving Forward

Lipa's employees and management are constantly reviewing and improving the measures in place to prevent, identify, and eliminate instances of modern slavery. Lipa aims to create an environment that is free from the risks of modern slavery.

Approval

This statement was approved by the board of Lipa Pharmaceuticals in their capacity as principal governing body of Lipa Pharmaceuticals.



Rob Tanna
Chief Executive Officer
Lipa Pharmaceuticals Limited