

Modern Slavery Assessment Report

Friendly Society Medical Association Limited
Financial Year 2024-2025



1. INTRODUCTION

This Modern Slavery Statement outlines the actions taken by Friendly Society Medical Association Limited (FSMA) to prevent and address Modern Slavery within our operations and supply chains during the financial year ending 30 June 2025.

FSMA, trading as National Pharmacies, comprises FSMA and its wholly owned subsidiary, National Pharmacies Australia Pty Ltd (NPAPL), a dormant company with minimal or no operating activity.

We are committed to conducting business ethically, with integrity, and have zero tolerance for any form of Modern Slavery. This statement has been prepared in accordance with the **Commonwealth Modern Slavery Act 2018** and reflects input from internal stakeholders and relevant suppliers.

This is FSMA's fifth Modern Slavery statement. For the purpose of this document, 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.

2. 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
- 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 and
- Providing optical dispensary services in 19 locations across South Australia.

3. 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 390 suppliers with an annual spend of over \$210 million. Notably, 50% of this spend is to our top 10 suppliers.

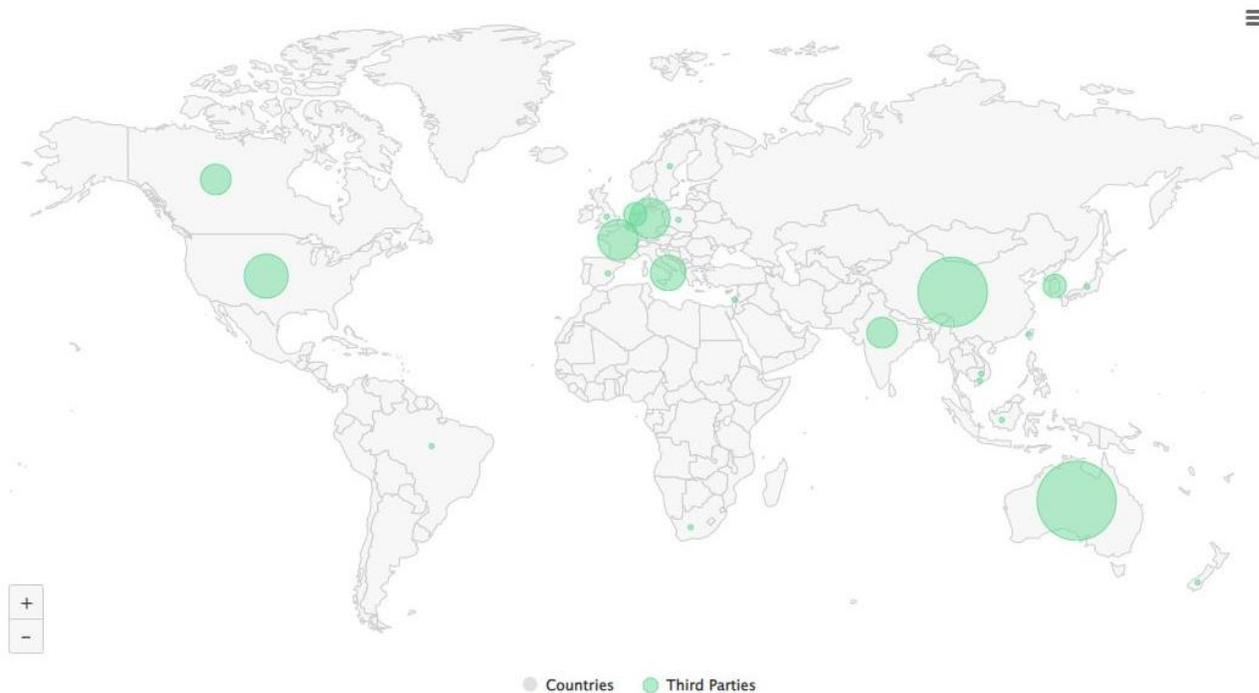
We recognise the critical role our suppliers play in our operations and maintain long-term relationships based on mutual respect and shared values.

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 honestly to any request for information.

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



4. 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 Standards of Conduct. The Board is assisted by two Board committees and the Executive Leadership Team in discharging its responsibilities.

FSMA promotes a safe and supportive culture built on honesty, ethical behaviour, employee wellbeing, corporate compliance, and strong governance practices.

5. OUR POLICIES

FSMA has the following internal policies in place which address these principles:

- Standards of Conduct Policy
- Work Health and Safety Policy
- Grievance Policy
- Modern Slavery Policy
- Recruitment and Selection Policy
- Remuneration Policy
- Whistleblower Policy

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.

6. 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.

- Standards of Conduct
- Speak up Whistleblower process
- Cyber Security
- Work health and safety

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.

7. 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

8. DUE DILIGENCE PROCESS FOR MODERN SLAVERY

This due diligence process for Modern Slavery at FSMA includes the use of the **(Ethixbase)**, platform to assess a supplier's risk. During the reporting period, 117 suppliers were requested to complete a Modern Slavery questionnaire, which covers indicators such as child labour and vulnerable populations.

Out of these, 33 suppliers completed the survey, and others provided Modern Slavery statements. For non-responders, FSMA verified their compliance, through the Modern Slavery Statement register. No indicators requiring further investigation were identified from these assessments.

In addition to reviewing Modern Slavery statements and questionnaires, a review of each supplier's annual turnover was undertaken to assess their eligibility to participate in the due diligence process. Suppliers with an annual turnover of under \$100 million were included in the assessment, ensuring that the process is focused on small entities that may face different risks and compliance statements. This step helped strengthen the overall effectiveness and accuracy of our Modern Slavery risk management efforts.

FY 2024-2025 Actions Taken by FSMA

Supplier Risk Assessment Process

We conducted risk assessments that included components specific to Modern Slavery across 117 Suppliers.

Risk Ratings

Responses from each supplier were analysed, and supplier risk scores were reviewed to inform ongoing risk management strategies.

Modern Slavery Policy

FSMA's internal policy for Modern Slavery was updated and subsequently approved by the Board, reinforcing our commitment to ethical supply chain practices.

Ethixbase

FSMA's internal representatives meet quarterly with Ethixbase for training, business updates, and feedback sessions aimed at enhancing the questionnaire's effectiveness and addressing emerging risks.

Ethixbase Questionnaire

Norton Rose Fulbright revised and updated the Modern Slavery Questionnaire to ensure compliance with current legislative requirements

Contractor Management System

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

9. ASSESSING THE EFFECTIVENESS OF FSMA'S ACTION

FSMA assesses the effectiveness of its actions to address Modern Slavery risks through measurable outcomes and ongoing review processes. We will continue to use the Ethixbase platform in the next financial year to monitor supplier participation, completion rates, and risk scoring. Supplier responses are tracked, and non-responders are cross-checked against the Modern Slavery Statement Register to ensure compliance.

Our trading terms agreements, which explicitly prohibit Modern Slavery, are currently under review with the guidance of a third-party expert. This review will strengthen contractual protections and allow FSMA to monitor compliance more effectively. We also measure effectiveness through:

- Supplier adherence to our Code of Conduct and contractual obligations;
- The proportion of suppliers completing Modern Slavery assessments or providing compliant statements; and
- Internal governance reviews that evaluate whether identified risks have been addressed and no adverse indicators have emerged.

These measures provide FSMA with clear benchmarks to evaluate progress and strengthen our ability to detect, prevent and mitigate exploitative labour practices in our supply chain.

10. 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
- Strengthen supplier engagement by reinforcing expectations under FSMA's Supplier Code of Conduct and providing clear guidance to support compliance.

Looking Forward

FSMA recognises that addressing Modern Slavery risks is an ongoing responsibility. We will continue to review and improve our practices, measuring progress through supplier participation, contractual compliance, and governance oversight, with the objective of safeguarding human rights across our operations and supply chain.

Approval of this Statement

This Statement has been reviewed and approved by the Board of FSMA, on behalf of itself and National Pharmacies Australia Pty Ltd, on 15 December 2025, in accordance with section 13 of the *Modern Slavery Act 2018 (Cth)*. The Board has authorised the Chairman of FSMA to sign this Statement on behalf of FSMA and its controlled entity.

FSMA consulted with National Pharmacies Australia Pty Ltd in preparing this statement. As the subsidiary is dormant with no commercial activity and does not undertake procurement activities, consultation involved internal governance and compliance review to confirm alignment and to verify that no material risk of Modern Slavery was present during the reporting period.



Pauline Carr
FSMA Chairman