



MODERN SLAVERY STATEMENT

National Pharmacies
2020 – 2021

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

NATIONAL[®]
PHARMACIES

Contents

Modern Slavery Statement	1
Our Business Structure and Operations	2
Our Governance	4
Our People	5
Our Supply Chains	5
Assessing our Risk	6
Modern Slavery	7
Risk of Modern Slavery Practices in the Operations and Supply Chains of FSMA	8
Assessing the Effectiveness of Actions Taken to Address Modern Slavery Risks	8
Future Commitments	9
Approval of this Statement	9

MODERN SLAVERY STATEMENT

This Modern Slavery Statement (Statement) has been developed to ensure compliance with the *Commonwealth Modern Slavery Act 2018* (the Act) which came into force in 2019. The Act requires us to provide a statement identifying actions taken by FSMA to ensure Modern Slavery is not taking place in our operations or supply chains during the reporting period.

This Modern Slavery statement addresses the reporting required under the Act using valuable input from a wide range of internal stakeholders and our suppliers.

This statement covers:

Friendly Society Medical Association Limited (FSMA), trading as National Pharmacies, and its wholly owned subsidiary National Pharmacies Australia Pty Ltd (FSMA Group).

National Pharmacies Australia Pty Ltd is a dormant company which holds a wholesale dealers licence, which is not used, and has minimal financial transactions.



About FSMA National Pharmacies

We have over
252,000
MEMBERS



Served by
45
Pharmacy
Stores



Our Business Structure and Operations

FSMA is a public company mutual organisation which, together with its controlled entity National Pharmacies Australia Pty Ltd carries on business in Australia in providing Retail Community Pharmacy services, as a Community Service Obligation (CSO) Distributor and as an Optical Dispenser. FSMA has in excess of 800 employees.

In summary FSMA's operations are as follows:

- FSMA operates 45 community pharmacies across Australia in South Australia, New South Wales and Victoria.
- FSMA's CSO Distributor operations involve the distribution of Pharmaceutical Benefits Scheme (PBS) Medicines, Over the Counter goods and Non-PBS items to community pharmacies in South Australia and Victoria in accordance with the Commonwealth Government CSO funding pool arrangements. FSMA's CSO Distributor operations are based in Hendon in South Australia.
- FSMA provides optical dispensary services to the public in conjunction with its community pharmacy operations. It currently provides optical dispensary services from 20 premises across South Australia.

20
Optical Stores



Employing
800+
People across
SA, VIC and NSW



Supplied through
500+
Distributors



Via our
Distribution Centre
Network



11.5+ m
Units of medicine



Minimising our
Impact
on the environment



Our Governance

The FSMA Board is responsible for overseeing the performance and operations of the FSMA Group.

It sets the values and governance framework and monitor's 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.

We have implemented a Modern Slavery Policy and updated our Corporate Social Responsibility Statement. Both have been provided to employees and confirm our commitment to the prevention of Modern Slavery in our supply chain.

Additionally, we have recently updated our Whistleblower Policy, which establishes a process for

the confidential reporting of complaints within our organisation, and a process for appropriately investigating and addressing any such complaints in accordance with current legislative requirements.

We have held information sessions for Board members and managers and informed our employees about the requirements of our Whistleblower Policy and how to make and deal with information disclosures under that policy.



Our People

Most of FSMA's team members are employed directly and on permanent contracts and are covered by Awards and Agreements. This lowers Modern Slavery risks within our direct team. Therefore, our operational risk assessment focused on areas of the business that use contracted or third-party labour providers. We have less direct visibility and control over these workers and their employment terms.

Our Supply Chains

FSMA obtains all of its products from external suppliers. FSMA has approximately 500 suppliers from whom we obtained products during the Reporting Period; including many located overseas.

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 employee inclusion and diversity.

There are different supply chains for different categories of products. For the purposes of considering our supply chains our product categories can be divided into the following broad categories:

- Pharmaceutical products/ medicines and ethical services;
- Vitamins and supplements;
- Complementary medicines
- Beauty products;
- Optical;

Further information on FSMA's business can be found in our Annual Report 2021

ANNUAL REPORT 2021

Assessing our Risk

During the reporting period the following activity was undertaken to understand our supply chain compliance with the Act and to assist with mitigating our risks:

- A review of the National Pharmacies' Trading Agreement to include a Modern Slavery clause
- Development of supplier criteria classifying suppliers into two categories: tier 1 and 2
- Development of a supplier Code of Conduct
- Including a Modern Slavery clause in the FSMA standard purchase order;
- A Survey of all Tier 1 suppliers for compliance with the Act

The following criteria was applied to classify tier 1 suppliers:

- Is the procured service considered critical or significant in supporting our organisation's operating infrastructure?
- Do the procured products or services contribute significantly to the sales revenue of the organisation?
- Do the procured products achieve supply chain Delivered in Full and On Time (DIFOT) performance service levels?
- Is the total annual procurement greater than \$500,000?

- Does the supplier provide a product or service that is considered to be a product of choice (or leader) contributing to high store or online foot traffic?
- Is the supplier compliant with the Australian Modern Slavery Act?
- Is the supplier compliant with all industry bodies, Federal legislation, and State legislation?

There were some suppliers who did not respond to requests to complete our survey, despite follow up. In those cases, we were able to gain considerable further insight by reviewing the supplier websites and indeed Modern Slavery Act Statements that had been submitted to the Australian Border Force website. We also looked at websites of parent companies internationally. In each case, we were able to make an assessment of the risk of Modern Slavery within those organisations.

An example of the Modern Slavery clause we use in our contracts to procure goods is outlined below:

7.1 Each party undertakes, warrants and represents that

7.1.1 neither that party, nor any of its officers, employees, agents or subcontractors, have:

- committed an offence under the Modern Slavery Act 2018 (NSW) or Modern Slavery Act 2018 (Cth) ("Modern Slavery Acts");
- been notified that they are subject to an investigation or prosecution relating to an alleged offence under either Act; or
- become aware of any circumstances within its supply chain that could give rise to an allegation of Modern Slavery (as that term is defined in the Modern Slavery Acts); and

7.1.2 it shall notify the other party immediately in writing if it becomes aware or has reason to believe that it, or any of its officers, employees, agents or subcontractors, have breached or potentially breached any of the party's obligations under this clause. Any notice under this clause shall set out full details of the circumstances concerning the breach or potential breach of the party's obligations.

As part of our onboarding process for new suppliers they all receive a copy of our supplier code of conduct here.

[SUPPLIER CODE OF CONDUCT](#)



Modern Slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, all of which have in common, the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Modern slavery includes the following conduct or practices:

- human trafficking;
- recruitment with the intention of depriving a person of their personal freedoms;
- confiscation of personal or travel documents;
- forced labour;
- debt bondage;
- servitude;
- child labour; and
- any other kind of exploitation that violates a person's human rights and dignity.

FSMA is committed to acting ethically and with integrity in all our business dealings and relationships which is underpinned by our Purpose of Caring for People, Enabling Health and Inspiring Wellness.

We are committed to implementing and enforcing effective systems and controls directed to ensuring that Modern Slavery is not taking place anywhere in our own business or our supply chain.

Risk of Modern Slavery Practices in the Operations and Supply Chains of FSMA

The pharmaceutical industry is highly regulated which minimises the risk of Modern Slavery in our supply chain. Having undertaken an assessment of our supply chains we have identified all suppliers who responded to our survey were classified as low risk of Modern Slavery. This was also confirmed by the Global Slavery Index audit conducted against our suppliers' supply chain operations.

Assessing the Effectiveness of Actions Taken to Address Modern Slavery Risks

We have established a process to monitor and review the effectiveness of our Modern Slavery program in response to the outcomes from our continuing due diligence enquiries. We acknowledge that best practice in identifying, monitoring and addressing Modern Slavery is a matter that will continually evolve. FSMA is committed to developing our standards and processes in order to operate in line with best practice.

During the reporting period to further assess our risk we established a Modern Slavery Committee to review our supply chain with suppliers and contractors of various services. The Committee has representation from all our business functions, as shown, to monitor the effectiveness of our program. This Committee is chaired by our General Manager Operations.



Future Commitments

Following the current reporting period, FSMA has identified several due diligence activities which aim to further mitigate Modern Slavery risks in our operations and supply chains.

These activities involve:

- Reviewing and expanding our risk matrix and risk management plan
- An in-depth assessment of our product categories and service providers in areas considered high risk
- Continuing a new supplier suitability assessment in the onboarding of new suppliers to the organisation, including ongoing assessment of existing suppliers.
- Fostering a more targeted awareness program around the specifics of Modern Slavery across our employees and key stakeholders.

- A further enhancement of our computer systems to manage the organisation's risks.

We are also committed to ensuring there is transparency within our own business and in our approach to tackling Modern Slavery throughout our supply chain. We expect the same from all our contractors, suppliers and other business partners.

Approval of this Statement

This Statement has been approved by the Board of FSMA and is hereby signed by the Chairman of the Board.

P F Carr
FSMA Chairman

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