

Final
28 June 2022

Modern Slavery Statement 2022

Connecting health solutions



This Modern Slavery Statement (**Statement**) has been developed and published in accordance with *The Modern Slavery Act 2018* (Cth) (the **Act**) by Sigma Healthcare Limited ABN 15 088 417 403 (**Sigma**), for the financial year ending 31 January 2022, and applies to the Sigma group of companies (**Sigma Group**).¹

Structure, operation and supply chains of the Sigma group

Sigma is a leading Australian full line pharmacy wholesale and distribution business. Established in 1912, the company has grown into a vibrant, nationwide network, servicing community and hospital pharmacies and currently employs approximately 1,000 people Australia wide. Sigma is a public company listed on the Australian Stock Exchange (SIG: ASX) and has one of the largest pharmacy networks in Australia, with branded and independent stores including some of Australia's best-known pharmacy retail brands: Amcal; Discount Drug Stores; Guardian; PharmaSave and Wholelife.

As a Community Service Obligation (**CSO**) wholesaler, Sigma's supply chain provides retail pharmacies with one access point for approximately 4,000 Pharmaceutical Benefits Scheme (**PBS**) medicines. The CSO standards maintained by Sigma under the CSO Deed, ensure availability and supply of all PBS medicines to any community pharmacy anywhere in Australia, which underpins the government's National Medicines Policy. Additionally, Sigma's supply network also manages the demand and supply of over 11,000 Front of Shop / Over The Counter & Fast Moving Consumer Goods (FOS / **OTC/FMCG**).

In addition to its CSO wholesaler obligations to community pharmacy, the Sigma Group has an expanding presence in:

- institutional health and hospital pharmacy services conducted through subsidiary entity Central Healthcare Services Limited (CHS);
- Third/Fourth Party Logistics (3PL/4PL) conducted through subsidiary entity CHS;
- dose administration aid (DAA) services conducted through subsidiary entity Medication Packaging Services (MPS);
- medical devices and consumable supplies conducted through subsidiary entity Medical Industries Australia (MIA); and
- data analytics services conducted through partly owned entity NostraData.

Further information on Sigma's business can be found in our Annual Report.²

Sigma's supply chain is complex and has significant scale. Sigma's portfolio of medicines, medical consumables and FMCG products is sourced from over 480 suppliers. Sigma has an extensive network of distribution centres throughout Australia and receives over 220 million units from manufacturers which are picked and dispatched in more than 12 million totes and cartons each year. While Sigma does not manufacture products directly, it does have a range of 'private label' products contract manufactured locally and abroad on its behalf. Additionally, Sigma's supply chain also includes goods and services that contribute to its ongoing operations including, IT, marketing, facilities management, labour hire and transportation.

A copy of the Sigma Group's Ethical Sourcing and Modern Slavery Policy is available online.³

Risk of modern slavery practices in the operations and supply chains of the Sigma group.

Sigma plays a critical role in supporting the Australian healthcare industry to deliver better health and wellbeing for the community, and in supporting the Government's National Medicines Policy. Sigma is fully committed to providing a safe and healthy workplace for every team member, by eliminating hazards, reducing risk, increasing compliance, knowledge and awareness and promoting and maintaining a culture of continuous improvement.

¹ Refer to Appendix A for further information on the corporate structure of the Sigma group.

² See <https://investorcentre.sigmahealthcare.com.au/static-files/df2c0364-fa2c-411a-a59a-755fc920f6cf>

³ See <https://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents>

Sigma believes that the risk of modern slavery in its directly employed workforce is low. This is due, in part, to Sigma being domiciled in, and its operations limited to, Australia and the highly regulated nature of our industry. However, Sigma has identified increased potential for operational risk when engaging with third parties, particularly in higher risk sectors such as cleaning, security, uniform procurement and transportation.

Sigma also believes that the risk of modern slavery in its direct supply chain involving pharmaceutical manufacturers and suppliers is relatively low. Again, this is due to:

- the highly regulated nature of the pharmaceutical industry;
- the requirement for predominately educated and skilled employees; and
- the undertaking of work in controlled environments with established and sophisticated policies and processes.

However, Sigma is cognisant of the increased risk of modern slavery involving the indirect relationships of these manufacturers and suppliers with third parties, where Sigma's visibility is limited.

Actions taken by the Sigma group to assess and address these risks, including due diligence and remediation processes

The Board of Directors and management of Sigma are responsible for setting and implementing the strategic direction and corporate governance of Sigma, including Sigma's approach to assessing and addressing the risks of modern slavery. The Sigma Board, on a recommendation from the Risk Management and Audit Committee (**RMAC**), has approved this Statement and adopted the recommendations below.

Sigma's approach to assessing and managing the risk of modern slavery forms part of broader efforts to respect human rights and conduct its business ethically. As part of its focus on continuous improvement, Sigma is updating its 'Supplier Handbook',⁴ which sets out minimum expectations of suppliers when engaging and conducting business with the Sigma Group. The Supplier Handbook incorporates certain governance policies and frameworks including Sigma's Code of Conduct, Health and Safety policy, our approach to legal compliance and our general approach to sourcing and contracting.⁵

In January 2022, Sigma purchased the ethixBase 360 platform as part of an enhanced approach towards understanding and assessing modern slavery risk within Sigma's supplier base. This platform provides enhanced due diligence screening of Sigma suppliers, including assessment of modern slavery risks. 250 of Sigma's key suppliers have been loaded into this platform and a preliminary risk assessment conducted. Results from this initial activity are being reviewed at the time of this statement, with further enquiries planned for Q2 2022. The platform also supports the distribution of supplier questionnaires on modern slavery, along with analysis of responses received. This activity is planned for later in 2022 as well as the upload of further suppliers into the platform to broaden the analysis of Sigma's supplier base.

Sigma has also continued to review existing contractual agreements with suppliers which are due for renewal and endeavoured to include representations and warranties in respect of modern slavery. These representations and warranties have been included in relevant standard form contracts and require the supplier, its officers, agents, employees and respective subcontractors to comply, among other things, with the Act. This is an ongoing exercise that Sigma intends to continue as it reviews and updates all of its standard form contracts.

In accordance with the UN Guiding Principles (Principle 31), Sigma's Whistleblower Policy is published on our website and governs the process of reporting certain unacceptable conduct, including modern slavery.

⁴ Sigma's updated Supplier Handbook will be available for download here <https://sigmahealthcare.com.au/supplier-information/>

⁵ Sigma's Corporate Governance framework is outlined in its Corporate Governance Statement and in the Charters, Group Policies and other documents available for download <https://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents>

Assessing the effectiveness of actions taken to address modern slavery risks

Sigma reserves its right to conduct audits with suppliers to ensure compliance with the terms of each contract, including in respect of modern slavery. Sigma's Risk Management and Audit Committee receives regular reporting on all regulatory compliance matters including modern slavery. Sigma's General Counsel and Company Secretary also monitors and reviews Sigma's Whistleblower Policy on a regular basis.

As a result of ongoing consequential impacts of the COVID-19 pandemic (which are further elaborated on below), some activities that Sigma intended to carry out throughout the last financial year have been impeded. As we continue to assess the extent of the impact that COVID-19 related risks have presented, we will review our Supplier Handbook and distribute this across the Sigma Group. This will continue to help ensure a consistent approach to supplier management and risk assessment through an updated lens.

Sigma will also continue to work closely with ethixBase to better understand the functionalities of the platform and utilise them to their optimal potential to help ensure a diligent risk assessment can be undertaken on our supplier base in phases.

The process of consultation with entities within the Sigma Group

While Sigma's core business is as a full line pharmaceutical wholesaler and distributor, Sigma has a number of entities within the group which have been acquired or incorporated for the purpose of providing other healthcare service adjacencies. While separate legal entities, the adjacencies are a natural extension of, and inextricably linked with, Sigma's core business. Corporate governance, oversight and operational support is provided to these entities by Sigma under a federated model of services provision. Further, these entities use broadly the same policies and processes, and have many shared suppliers.

Throughout 2022 Sigma intends to continue to consult with its subsidiaries in relation to the loading of further suppliers into the ethixBase platform to further our due diligence and assessment of risks, including any modern slavery concerns. This will be an ongoing activity into 2023 as we intend to take a phased approach to loading suppliers based on the nature and criticality of the goods and/or services provided to Sigma and its related entities.

Impact of COVID-19 and other significant activities

The impact of the COVID-19 pandemic has been assessed throughout Sigma's business operations as part of Sigma's risk management processes. Despite the global challenges that COVID-19 has had on some supply, there has not been a material change in the composition of Sigma's supply chain that would impact Sigma's modern slavery risk.

However, the business focus on minimising the impact of COVID-19 and the implementation of Sigma's new ERP systems has delayed the implementation of some of the specific actions intended to further enhance Sigma's approach towards combating modern slavery, including the distribution of specific questionnaires on modern slavery risk to Sigma's suppliers. As mentioned above, these activities are now scheduled for the latter part of 2022 and 2023.

Continuous Improvement

As part of Sigma's continuing review of the Modern Slavery risk within its operations, an expanded modern slavery risk review of franchisee relationships is also planned for the FY23 year. Subject to further planning, this may include additional education, audits and other tools to assist franchisees understand their obligations in relation to modern slavery.

As a CSO wholesaler, Sigma is obligated to hold and distribute medicines listed on the PBS and NDSS by the Australian Government. As a major participant and contributor to Australian healthcare, Sigma actively seeks to engage in and influence industry discussions to contribute to maintaining a viable, dynamic, and equitable healthcare system; including a system which is free from modern slavery.

Sigma engages on several levels, including directly with Government and industry representatives, and also through industry bodies including:

- National Pharmaceuticals Services Association (NPSA);
- International Federation of Pharmaceutical Wholesalers Inc
- The Australian Industry Group (AIG); and
- The Chartered Institute of Logistics and Transport (CILTA).

Accordingly, Sigma seeks to advocate for reducing the risk of modern slavery in operations and supply chains of the pharmaceutical wholesale industry and the pharmaceutical industry more broadly.



Vikesh Ramsunder
Chief Executive Officer & Managing Director
Sigma Healthcare Limited

29 June 2022

Appendix A – Subsidiaries of Sigma Healthcare Limited as at 30 June 2022

Sigma Company Limited ABN 44 004 132 923
Chemist Club Pty Ltd ABN 33 087 278 251
Central Healthcare Pty Ltd ABN 81 141 734 723
Crucible Health Pty Ltd ABN 23 641 858 924
Allied Master Chemists of Australia Limited ABN 80 005 393 957
Guardian Pharmacies Australia Pty Ltd ABN 42 005 092 839
Tromax Pty Ltd ACN 615 139 225
MPS Hold Co Pty Ltd ABN 72 621 372 138
Medical Industries Australia Hold Co Pty Ltd ABN 99 622 066 424
Sigma Employee Share Administration Pty Ltd ACN 083 101 848
Sigma Healthcare Hospital Service Pty Ltd ABN 73 613 777 610
QDL Limited ABN 81 009 658 191
Sigma (W.A.) Pty Ltd ABN 38 008 669 878
Sigma NZ Ltd
Pharmacy Wholesalers (Wellington) Ltd
Wholelife Pharmacy Pty Ltd ABN 34 631 496 190 (51% ownership)
NostraData Pty Ltd ABN 37 139 101 656 (51% ownership)
Central Healthcare Services Pty Ltd ABN 66 142 005 552
Discount Drug Stores Pty Ltd ABN 54 067 616 826
ACN 133 432 096 Pty Ltd ABN 54 133 432 096
Price Save Pty Ltd ABN 75 154 732 340
Linton Street Pty Ltd ABN 12 613 550 093
PharmaSave Australia Pty Ltd ABN 17 134 090 476