

Sigma Healthcare Modern Slavery Statement

June 2024



This Modern Slavery Statement (**Statement**) has been developed and submitted 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 2024, and applies to the Sigma group of companies (**Sigma Group**)¹.

Structure, operation and supply chain 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 pharmacies and currently employs approximately 900 people Australia-wide. Sigma is a public company listed on the Australian Stock Exchange (SIG: ASX) and has one of the largest pharmacy distribution networks in Australia. It also owns and operates the Amcal and Discount Drug Stores pharmacy brands.

As a Community Service Obligation (CSO) wholesaler, Sigma's supply chain provides community pharmacies with one access point for approximately 4,020 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).

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 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).

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



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

- franchisor of the Amcal and Discount Drug Stores brand and systems that it franchises to community pharmacy owners;
- Third/Fourth Party Logistics (3PL/4PL) through a subsidiary entity Sigma Healthcare Logistics (SHL);
- dose administration aid (DAA) services through a subsidiary entity Medication Packaging Services (MPS); and
- data analytics services conducted through a partly owned entity NostraData.

Further information on Sigma's business can be found in its Annual Report, Annual Review and Sustainability Report ².

Sigma's supply chain is complex and has significant scale. Sigma's portfolio of medicines and FMCG products is sourced from over 400 suppliers, many are multinational Consumer Goods and Pharmaceutical companies. Sigma has an extensive network of distribution centres throughout Australia and distributes over 230 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 manufactured locally and overseas 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.

² See <https://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents>

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

Risk of modern slavery practices in the operations and supply

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.

In considering the risks of Modern Slavery in its operations and supply chain Sigma has considered the Global Slavery Index and the Global Estimates of Modern Slavery (2017) ⁴ and the Australia Red Cross Addressing Modern Slavery Guide for Australian Businesses ⁵.

According to the Global Slavery Index and the Global Estimates of Modern Slavery (2017) an estimated 40.3 million people were victims of modern slavery in 2016. Of these 40.3 million victims, 24.9 million people were in forced labour, and of the 24.9 million victims of forced labour, 16 million were in the private economy ⁶.

Sigma has identified potential modern slavery risk in both its own workforce and employees within its franchise partners. The Australia Red Cross Addressing Modern Slavery Guide for Australian Businesses ⁷ states that Africa has the highest prevalence of modern slavery, followed by Asia and the Pacific region.

Therefore, Sigma considers its risk to be low because Sigma is domiciled in, and its operations are limited to, Australia in a highly regulated industry. Sigma has also identified a potential modern slavery risk when engaging with third parties, particularly in sectors such as contingent workforce, cleaning, security, uniform procurement and transportation and distribution services.



⁴ https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

⁵ <https://www.redcross.org.au/globalassets/cms-assets/documents/migration-services/addressing-modern-slavery-report-final.pdf>

⁶ https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

⁷ <https://www.redcross.org.au/globalassets/cms-assets/documents/migration-services/addressing-modern-slavery-report-final.pdf>



The Australia Red Cross Addressing Modern Slavery Guide for Australian Businesses ⁸ states that Australia is exposed to risks of modern slavery through imported product. Sigma has identified this as a potential area of risk of modern slavery, as Sigma purchases pharmaceutical products that are manufactured overseas. Sigma deems this risk to be low because the Global Slavery Index and the Global Estimates of Modern Slavery (2017)⁹ states that globally most cases of forced labour occur in domestic work, construction, manufacturing, agriculture, forestry and fishing, not pharmaceutical wholesaling. While Sigma is not the manufacturer of pharmaceuticals, it recognises that the manufacturing sector accounts for 15 per cent of labour exploitation cases, with the most recorded in garment and footwear factories, and the electrical and electronics industries.

Sigma views the risk of modern slavery in its direct supply chain with pharmaceutical manufacturers and suppliers to be relatively low as the pharmaceutical manufacturing industry:

- is highly regulated;
- operates in a controlled environment with established, sophisticated policies and processes; and
- generally employs an educated and skilled workforce.

Sigma is also cognisant of the potential risk of modern slavery involving indirect relationships of these manufacturers.

⁸ <https://www.redcross.org.au/globalassets/cms-assets/documents/migration-services/addressing-modern-slavery-report-final.pdf>
⁹ https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf

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.

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 Sigma's Environmental, Social and Governance (ESG) activities this year, external consultants were engaged to provide advice on further advancing Sigma's ESG focus. Part of this engagement included advice on a recommended roadmap of activities for further improving management of Sigma's modern slavery risk. In actioning this roadmap, Sigma has formed a modern slavery working group, with representation from major functional areas, including subsidiary businesses, to provide oversight and coordination of modern slavery related initiatives. As part of its focus on continuous improvement, Sigma continues to maintain and enhance its corporate website that includes minimum expectations of suppliers when engaging and conducting business with the Sigma Group. Sigma's website incorporates certain governance policies and frameworks including Sigma's Code of Conduct, Ethical Sourcing and Modern Slavery Policy, and our general approach to sourcing and contracting ¹⁰.

¹⁰ 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>



The purpose of the Ethical Sourcing and Modern Slavery Policy is to ensure that the Sigma Group:

- (a) complies with all laws and regulations which govern its business operations.
- (b) work with suppliers and external stakeholders to source goods and services ethically and in accordance with its legal ethical and environmental obligations.
- (c) assess, mitigate, and where appropriate, remedy modern slavery found to exist in its operations and supply chains, and the operations and supply chains of its suppliers and external stakeholders.

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.

The key principles under Sigma's Code of Conduct Policy and Good Working Relationships Policy are that all employees are entitled to be treated with dignity, courtesy and respect; work free from discrimination, bullying and harassment; and have the right to raise issues or make an enquiry or complaint without being victimised.

Sigma's Issue Resolution Procedure states that all team members have the right to: (a) make a complaint to their immediate manager or the next level manager or People and Capability; (b) have their concerns addressed in a fair and prompt manner; and (c) have the principles of natural justice observed.

The Amcal and Discount Drug Stores Franchise Agreement terms require the franchisee to comply with all Australian workplace employment laws. Sigma has continued to engage with the third party to conduct random audits on an annual basis of the franchise network to review and assess franchisee's operations to ensure compliance with Australian workplace employment laws, including without limitation, awards, payroll obligations and employment records.

Sigma engages with team members across the network through Enterprise Agreement negotiation in accordance with the good faith bargaining requirements of the Fair Work Act 2009. Through this process, team members have the opportunity to provide input and agree with the Company on terms and conditions of employment. These terms are assessed through the Fair Work Commission approval process, ensuring they are better off overall than the relevant Award. Where an Enterprise Agreement is not in place, the relevant Modern Award provisions are adhered to, typically with above award rates.

Sigma also engages contingent labour hire across its distribution centre network. Supply agreements with labour hire providers contain provisions that require these agencies to ensure correct rates of pay and conditions are provided in accordance with legislation for labour engaged at Sigma sites.

10 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>



Sigma continues to use the Ethixbase360 platform it acquired in January 2022 to enhance its approach towards understanding, assessing and managing modern slavery risks at Sigma and within its supply chain. Sigma's suppliers are loaded into this tool which then performs background checks against global sanctions, watchlists, adverse media and enforcements to deliver a preliminary risk assessment. The tool provides an ongoing analysis of the supplier, its industry and the geographic locations in which the supplier operates which is also input to an overall risk assessment. During 2023, Sigma used the platform to undertake further modern slavery risk assessments of its suppliers through questionnaires distributed to suppliers through this platform. Ethixbase360 analysed questionnaire responses to provide further potential risk indicators, with moderate or high risk suppliers further assessed and, where necessary, an action plan to address any residual risks was created.

After updating its goods and services procurement agreement template, Sigma has also updated other agreement templates, and continued to review existing and renewed contractual agreements with suppliers to include where possible:

- (a) representations and warranties in respect of compliance with modern slavery laws; and/or
- (b) other contractual controls to be able to identify and address modern slavery risks in the supplier's business and supply chain.

As Sigma identified its contingent labour and cleaning services as potentially moderate to high Modern Slavery risk, when re-contracting these services during the year, the enhanced contract templates described above were used as part of the risk mitigation and management approach.

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 concerns. Sigma's General Counsel and Company Secretary also monitors and reviews Sigma's Whistleblower Policy on a regular basis.

As mentioned above, Sigma's continued use of the Ethixbase360 platform provides valuable insight into modern slavery risks that may exist within its supply chain. The tool operates to continually monitor for adverse findings or movements in the risk profile of Sigma's supplier base. Sigma will continue to work closely with Ethixbase360 to explore additional risk assessment functionalities of the platform and utilise them to ensure a diligent ongoing risk assessment can be undertaken on our supplier base.

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, some of these entities use the same policies and processes as Sigma and have many common suppliers.

In order to prepare this joint statement, we engaged with each of the reporting entities covered by this statement and consulted the entities we own or control. Following Sigma's approach, in 2023 NostraData (one of Sigma's partially owned subsidiaries but not controlled) performed a Modern Slavery survey of its core suppliers with responses analysed for any risk or follow up.

Sigma intends to continue to consult with its operating subsidiaries and potential further deployment of the Ethixbase360 platform for suppliers to group entities, along with further due diligence and modern slavery risk assessment.

Continuous Improvement

Over the next reporting period Sigma proposes to:

- (a) Conduct ongoing and targeted risk assessment of modern slavery practices in the operations and supply chains of the Sigma group; and
- (b) Update its Ethixbase360 platform for an enhanced supplier survey on Modern Slavery that reflects developments in Modern Slavery regulation both domestically and internationally. This survey is planned to be adopted for new suppliers and existing suppliers that have been assessed as high risk by Sigma.

Through our actions and engagement, Sigma is aligned to the objectives of 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

20 June 2024



Appendix A - Subsidiaries of Sigma Healthcare Limited as at 31 January 2024

Sigma Company Limited ABN 44 004 132 923
Chemist Club Pty Ltd ABN 33 087 278 251
ACN 141 734 723 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 Services 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
NostraData Pty Ltd ABN 37 139 101 656 (51% ownership)
Sigma Healthcare Logistics 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
PriceSave Pty Ltd ABN 75 154 732 340
Linton Street Pty Ltd ABN 12 613 550 093
PharmaSave Australia Pty Ltd AB