

MODERN SLAVERY STATEMENT 2023



Environment. Responsibility. Community.

A message from our CEO

CH2 is committed to respecting human rights across our business, and the global supply chain. As one of Australia's leading healthcare distributors we continue to commit to our responsibility in working towards improving and driving positive change across our business and the wider supply chain network.

Our ESG Steering Committee remain focused on educating and supporting our teams in understanding and prioritising the safeguarding of human rights and make this issue embedded in our culture.

Being transparent is key as we acknowledge that identifying actual, or potential instances of modern slavery, demonstrates the effectiveness of our modern slavery processes and actions.

CH2's governance is in place to ensure we operate our business and source our products ethically, and sustainably. Our modern slavery strategy matures year-on-year, we remain committed to learning, growing, and striving to continually improve our approach.

Thank you to the team at CH2, our business partners, and customers for their continued commitment to education and action in breaking down the barriers in modern slavery.



David Collins

Shareholder, Managing Director/Chief Executive Officer

This statement was approved by the board of CH2

Table of Contents

About CH2.....	4
Guiding Principles	5
Managing labour rights and modern slavery in our internal operations.....	6
Key Risks & Mitigation.....	6
Quality.....	8
Governance and accountability.....	8
Governance Structure.....	9-10
Policies & Procedures.....	11
Progress to date.....	12
FY23 achievements.....	12
CH2 future commitments.....	12-13

The Facts

- 27.6M people in forced labour
- 54% of victims are women and girls
- 1 IN 4 victims are children
- AN ESTIMATED 50 MILLION PEOPLE LIVE IN MODERN SLAVERY TODAY

Source: UN report - International Labour Organisation, The United Nations & Walk Free Foundation

About CH2

CH2 is the leading distributor of healthcare products to the Australian Healthcare market. CH2 has an extensive product range to offer a consolidated procurement solution of pharmaceutical, medical consumables and equipment products. CH2 has been distributing products for over 80 years, specialising in logistics, with a focus on supply chain solutions to our customers and business partners. CH2 operates its business in Australia and have staff in Australia and the Philippines. CH2 has been a privately owned company since December 2015.

Clifford Hallam Healthcare (CH2) is committed to managing the risks of modern slavery and addressing human rights violations within our operations and supply chain. With continuous improvement we strive to achieve this in accordance with our values, stakeholder expectations, industry expectations and the law.

CH2 supports the protection of human rights, and equity and fairness in our operations and supply chain. We acknowledge that modern slavery is a global and pervasive risk and that managing this risk is an ongoing responsibility.

Modern slavery is a severe violation of human rights and a serious form of exploitation. It occurs when a person is coerced into work and exploited for personal or commercial gain. Under Australian and international law, it includes offences such as forced labour, servitude, child labour, deceptive recruiting, and debt bondage.

This Modern Slavery statement has been prepared in accordance with the Australian Modern Slavery Act 2018 (the Modern Slavery Act). It describes the risk of modern slavery in our own operations and our supply chains during the period 1st July 2022 to 30th June 2023 and details the steps CH2 has taken to identify the risks of modern slavery and the effectiveness of these steps.

Australian Modern Slavery Action Mandatory Reporting Criterion

- ✓ Identify the reporting entity and supply chains of the reporting entity
- ✓ Describe the risk of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls
- ✓ Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address those risks, including due diligence and remediation processes
- ✓ Describe how the reporting entity assesses the effectiveness of such actions
- ✓ Describe the process of consultation with any entities that the reporting entity owns or controls
- ✓ Provide any other information that the reporting entity, or the entity giving the statement, considers relevant

Guiding Principles

The guiding principles of CH2's '1 Culture' underpin the business drive for fairness, ethical behavior, and continuous improvement across the organisation. CH2 has implemented a Code of Conduct which provides the guidelines for interactions with our employees and contractors, as well as with affiliates, and other business partners. All decisions made by CH2 are guided by these principles.

CH2 employees are encouraged to raise concerns including potential breaches of the CH2 Code of Conduct, company policies and applicable laws. CH2 have also implemented a Whistle Blower Policy to always ensure the integrity and safety of employees, and so that concerns can be raised anonymously. CH2 do not tolerate any form of retaliation for raising concerns in good faith, asking questions, or participating in an investigation.

All employees are trained and provided with the Code of Conduct upon employment with CH2. Ongoing training on ethical behavior and values and our commitment to relevant laws and principles are provided to the team throughout the year, including refresher training. CH2 employees have also received awareness training on the Modern Slavery Act to ensure there is a high level of understanding of the risks of modern slavery and human trafficking.

<p>General Principles</p> <ul style="list-style-type: none"> ○ Compliance with applicable laws and regulations ○ Business ethics <p>Management Systems</p> <ul style="list-style-type: none"> ○ Monitoring and enforcement of these principles <p>Labor and Working</p> <ul style="list-style-type: none"> ○ Child labor, forced and bonded labor ○ Wages and benefits, Working hours, Non-discrimination ○ Labor union, collective bargaining 	<p>Health and Safety</p> <ul style="list-style-type: none"> ○ Safety and working condition of workers ○ Emergency preparedness and response <p>Environment</p> <ul style="list-style-type: none"> ○ Compliance with local environmental laws and regulations ○ System to mitigate accidental spills and releases
---	--

CH2 acknowledges the Traditional Owners of Country throughout Australia and pays its respects to Elders past and present. We recognise their rich cultures and continuing connection to land, water and seas.

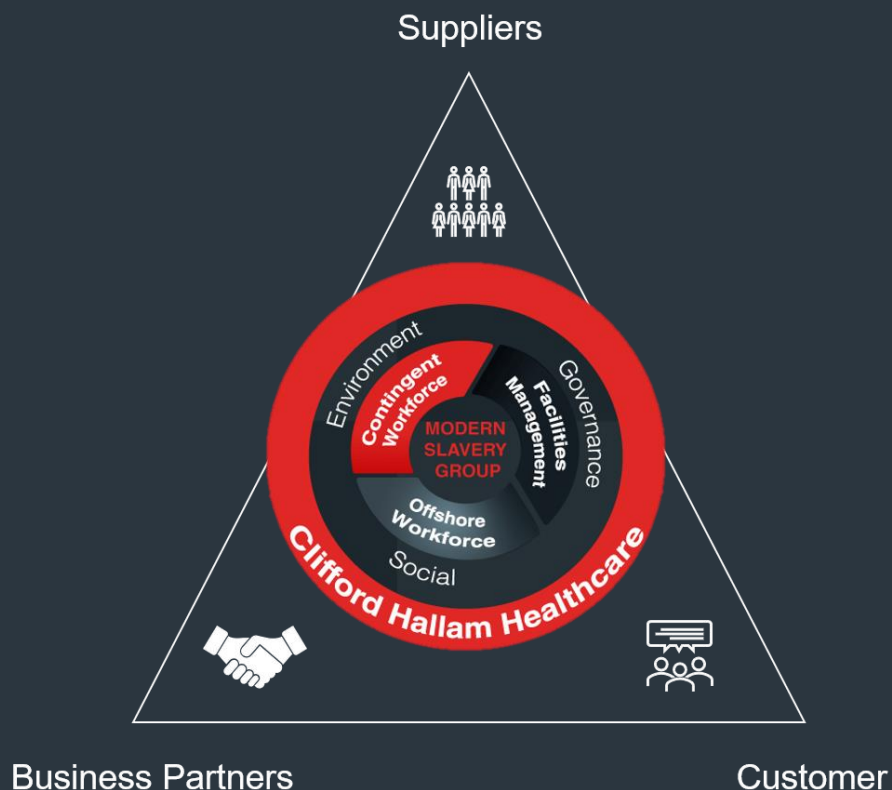
Aboriginal and Torres Strait Islander peoples are advised that this document may contain names and images of people who are deceased.

Managing labour rights and modern slavery in our internal operations

CH2 utilise auditing, training, education and awareness, supplier and business partner engagement, consultation, and third-party audits, to manage risks of modern slavery and human trafficking in our supply chain. Manufacturers engaged for our Private Label are reviewed and audited to assess, monitor, and act. All new contracts are reviewed to ensure all parties have a clear understanding of modern slavery and actions required to mitigating risk in the supply chain. Tier one wholesale suppliers that are required to comply with the Australian and relevant international standards on forced labour and Modern Slavery and are required to submit their Modern Slavery Statements and their commitment to their action plans. All stakeholders are encouraged to identify risks, raise concerns, and share open learnings to ensure that we come together to improve the supply chain we all operate in.

Key Risks and Mitigating Actions:

CH2 has identified key areas of risk to the modern slavery act, including direct operational risks and offshore business partners. These risks are presented to the CSR Steering Commitment for assessment and monitoring throughout the year. CH2 encourage every employee to have a voice and be transparent and participate in our Corporate Social Responsibility.



Risk Areas	Overview	Actions
Contingent Workforce	CH2 has a contingent of workers at most warehouses who are employed through registered labour hire groups across Australia to support operational needs for labour and customer demand.	All labour hirer staff are employed under the same conditions as full-time staff and are covered by the Enterprise Agreements where applicable, otherwise they are covered by the applicable Award. CH2 works with each labour hire group to ensure all staff are paid as required and where applicable on the time of service offered full-time or part-time positions based on their hours of work. Our Uniting Workers Uniting agreement was renegotiated and finalised through Fair Work in November 2023, without any of the CH2 Team applying for strike action.
Facilities Management	The CH2 team have been trained in understanding and identifying keys risks with service providers engaged to provide services to CH2 facilities in the areas such as drivers, cleaning or other sub-contracted areas. There is a higher reliance on migrant labour and base-skilled workers often from low-English speaking countries. CH2 understands that this creates a higher risk of exploitation.	All service providers have been engaged via a supplier survey to respond on their level of commitment and understanding of Modern Slavery Law. While many of the service providers are not required to have a Modern Slavery Statement, CH2 have received responses from service providers of all sizes who engage with CH2 on their understanding and commitment to follow the expected employment standards with all staff. Pleasingly, all business partners are responsive and provided commitment that no unlawful practices are used in their organisations or in providing services to CH2. CH2 engage closely with our Direct Fleet Drivers on a daily basis to ensure driver conditions are maintained as per contractual agreements and the sub-contractor's own commitment to modern slavery and their shared internal policies and procedures. Drivers are welcome on site at CH2 and are seen as an integral part of our wider team.
Offshore Vendors – Suppliers	CH2 sources products from a range of different types of suppliers with over 600 separate companies supplying in this stream. It has been identified that the majority of providers in the pharmaceutical supply are in a highly regulated industry that are multinationals that are governed by modern slavery human rights and labour laws.	Yearly surveys are conducted to ensure suppliers relevant suppliers provide Modern Slavery Statements. Further review of smaller suppliers is still being conducted to understand their end-to-end supply chain, including product sourcing. All Tier 1 suppliers are compliant with Modern Slavery Statements and their commitment to local and international modern slavery and human rights labour laws. All glove suppliers had more stringent disclosure requirements with particular emphasis on an audit finding or breach in force labour in any of their factories. One manufacturer had reported improvements that were made to ensure compliance, no other manufacturer disclosed any issues, and all were willing participants in the process.
Private Label Suppliers	CH2 has a long-term relationship with our Private Label provider who has agreements with large-scale manufacturing companies based in China, Malaysia and Thailand producing CH2's own branded Baremedical product range. CH2 does identify the supply from these regions as a risk of companies engaging in modern slavery behaviour. The Responsible Sourcing Program initiated by our Private Label provider is the key to ensuring all products manufactured for CH2 have been audited and meet the requirements of the sourcing program.	All suppliers are audited every 3 years. "Critical Issues" will trigger PO Hold immediately. Any "Normal Issues" (minor nonconformance) will allow suppliers to provide corrective action and will be re-audited within 90 days to ensure issues are properly closed. Our Private Label provider has joined the United Nation (UN) Global Compact initiative to strengthen their commitment to human rights within operations and supply chain.
Offshore Workforce	CH2 have a team of outsourced staff in Manilla, Philippines.	CH2 take direct responsibility for our team in Manilla. The team are engaged on a daily basis with the Australian team. Regular audits on our outsourcing partner are conducted with reference to treatment of staff. Conditions of the Manilla team are in line with their Australian colleagues, including our work from home policy. During 2023, members of our Australian team visited the Manilla team on 4 occasions covering off all departments. The Manilla Team Leaders also attended the CH2 Annual Conference in October 2023, which was the first full face to face conference since the start of the pandemic.

Quality

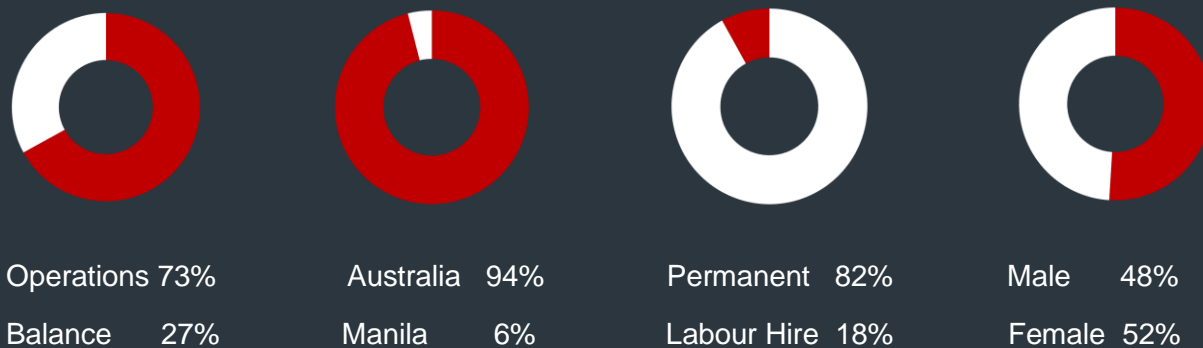
CH2 aims to constantly provide the best quality control measures through its process, standards, and people. The dedicated Quality Department ensures these standards are met at each of our warehouse locations. CH2 has developed a business management system that meets the specific requirements of AS/NZS ISO 9001:2015, excluding section 7.3 - design & development – this is not applicable as CH2 is strictly a distributor/wholesaler & does not directly manufacture any of the products it sells.

This integral management system incorporates all key business management functions that provide consistency throughout the business.

Governance and accountability

CH2 has continued to evolve the organisation and has expanded the governance structure to include the CSR Steering Committee and two working groups to develop and improve in the areas covered by each working group. CH2 has a stable workforce employed directly under the terms of the National Employment Standards (NES), employment contracts covering 5 National Awards, and 2 Enterprise Agreements. CH2 upholds the right of staff to freely associate and collective bargaining with Union representation.

CH2 workforce as at the year ending December 2023.



CSR GOVERNANCE STRUCTURE

Board of Directors

Audit and Risk Committee

Managing Director and CEO, Executive Leadership Team

CSR Steering Committee

Modern Slavery D&I Working Group

Environmental Working Group

Covering:

- CH2 Supply chain
- Service providers
- Bare Medical
- Payroll accuracy
- Casual labour
- Right to work
- D&I policy
- Reconciliation Action Plan [RAP]
- D&I program development & training

Covering:

- ISO 14001 program
- Environmental improvement ideas
- Sustainability reporting and improvement
- Sustainable procurement
- Waste reduction
- Carbon emissions

CH2's governance for modern slavery in internal operations and supply chain

Board of Directors and CEO	<p>Provides strategic direction and oversees the effective management and performance of CH2. Holds the ultimate responsibility for approving our Modern Slavery Statement.</p> <p>Responsible for overseeing and reviewing the management, administration, and governance of the Company, including overseeing CH2's strategic direction.</p>
Leadership Team	<p>Implementation and management of labour rights standards is the responsibility of the Finance Operations Manager. The CEO and wider Leadership Team are accountable for overall implementation of CH2's strategy, including reviewing and implementing the CSR Steering Committee objectives.</p>
Audit & Risk Committee	<p>Oversees CH2s internal audit and controls. Reviews internal audit assessments of our internal operations, including its labour and social performance.</p>
CSR Steering Committee	<p>The committee will set the direction and oversee the working groups to review the implementation and effectiveness of CH2's policies, procedures, and actions with regard to modern slavery risk and human rights. Ensuring that the training, education, and commitment are transparent and provided to all employees within CH2.</p>
Modern Slavery Working Group	<p>A cross-functional and multi-jurisdictional group including representatives from the business units of procurement, legal and compliance, risk and sustainability who are responsible for the development and implementation of policies, practices and reporting on modern slavery across our operations and supply chain. The modern slavery working group is overseen by an Executive Steering Group who provide oversight of strategy and initiatives. Progress against our modern slavery strategy is regularly reported to the CEO, Management Committees and Audit, Risk and Compliance Committee. This working group meets regularly to drive the continuous improvement in CH2's approach to tackling modern slavery risk. The working group collaborates with the regional working groups and shares best practice outcomes and expertise across areas such as due diligence analysis, training, and remediation (if required). Responsible to review processes and develop plans for better identification and management of modern slavery and labour rights risks in our third-party supply chain. Reporting back to the CSR Steering Committee on new and current project delivery.</p>
Finance Operations Manager	<p>Responsible for managing risk in the recruitment and management of employees in both the CH2 Team in Australia and Manila.</p>
Quality Assurance Manager	<p>Liaises with the private label providers Global Quality Assurance, Regulatory Affairs and Compliance Team to ensure Australian standards are met and exceeded and full transparency is maintained. Coordinates internal and external Audits of CH2, ensuring compliance with relevant standards.</p>
Private Label Business Unit Manager	<p>Responsible in ensuring Private Label products are sourced and manages risk on Modern Slavery and Labour Rights. Coordinates the reporting and communication in Audits conducted by the private label team.</p>
Procurement Manager	<p>Responsible in ensuring suppliers through CH2's wholesale channel collaborate in mitigating risk in the supply chain. This will include committing to transparent information, education and solution sharing to support momentum in awareness and action across the globe.</p>

CH2's policies and procedures with relevance to management of modern slavery:

- Modern Slavery Statement
- Code of Conduct
- Whilst Blower Policy
- Diversity and Inclusion Policy
- Key Contracts
- Private Label Contract
- Transport Contracts
- Terms of Trade Agreements

Risk & Assessment of Operations & Policies

CH2 continues to review the potential risks in our operations and supply chain against those risk factors which may result in modern slavery.

CH2 has not identified any specific instances of modern slavery harm in the current reporting timeframe in CH2 operations during 2023.

CH2 policies are reviewed annually to ensure they are relevant and up to date, including:

- Code of Conduct
- Equal Employment Opportunity Policies
- Slavery awareness training for CH2 Board and Leadership Team
- Diversity & Inclusion Policy
- Procurement Policy/supplier handbook
- CH2 Whistle-blower Program
- All contracts include expectations to comply with the Modern Slavery Act

CH2 will continue to develop and expand policies as necessary if further risks are identified and monitor the effectiveness of these steps with processes including;

- Board reports and senior management reviews
- Checks through CH2's risk assessment processes
- Internal audits and supplier reviews
- Steering Committee and Working Group meetings and projects

Reporting and Monitoring - Ecovadis ESG reporting

CH2's utilizes Ecovadis ESG reporting platform for monitoring and critical assessment against global standards.

Progress to date

- ✓ Developed a whole of business approach and the commitment of the CH2 team to embrace the education and training and to take action
- ✓ Training for all staff, including the Board and Leadership Team in Modern Slavery. Including refresher training
- ✓ Maintained a clear Governance Structure to support our responsibility and take accountability.
- ✓ Establishment of the ESG Policy Framework and Modern Slavery Working Group. Reviewing our Modern Slavery Statement and sharing with our team and business partners, instilling call to action in place for any identified risks within the Supply Chain network
- ✓ Engagement with suppliers to provide their Modern Slavery Statements and implementing supplier due diligence and risk identification processes. All new contracts all include our commitments working together towards eradicating Modern Slavery
- ✓ Ensuring Private Label factories are audited to the appropriate standard and are clear on our zero-tolerance policy. The private label team have collaborated with supply partners and take proactive and immediate action to manufacturers that choose not to take early action on improving condition.
- ✓ Payment Times Reporting and Annualized Salaries
- ✓ Update the Whistle Blower Policy
- ✓ Ecovadis ESG Reporting Platform for transparency
- ✓ Yearly Survey on Modern Slavery to suppliers

FY2023 Achievements

- ✓ Continued training and education with the CH2 team and business partners
- ✓ Developed a Supplier Framework for onboarding, due diligence, and risk identification processes
- ✓ Reporting of modern slavery surveys and compliance for suppliers
- ✓ Establish a grievance framework within our supply chain control
- ✓ Continued to reinforce CH2 values around speaking up and making ethical decisions
- ✓ Reporting and Monitoring by continuing to build on our ESG reporting transparency

CH2 Future Commitments

1. More detailed review of our risk management and supplier engagement. Including engaging and utilizing tools such as “Fair Supply” reporting
2. Measuring progress of Modern Slavery as part of our internal and external audit processes
3. Continue to build on our consistent approach to modern slavery discussions and our zero-tolerance policy
4. Broaden our cross-functional CSR team and Modern Slavery Working Group. CH2 will broaden the representation of our CSR team to ensure the cross-functional focus touches every area of CH2 business. The CSR team will have representatives from across the CH2’s functional areas.
5. The CSR steering committee will further review capabilities and identify strengths as well as any gaps in processes or data.
6. CH2 will communicate CSR progress and goals in sustainability and other reports to all CH2 employees.

The CSR (Corporate Social Responsibility) Steering Committee will ensure coordination, consistency, and accuracy across regulatory reporting and stakeholder communication.

CH2 CSR team will have representation to cover:

- Sustainability and corporate responsibility, for information about corporate practices
- Human resources, to capture policies and programs around employee welfare
- Legal and compliance, for updates on regulatory reporting and obligations
- Information technology, for identifying, gathering, and analysing existing and new data streams
- Supply chain, for information about responsible sourcing practices
- Financial reporting, to align metrics and prepare for increased disclosures related to ESG
- Internal audit, as a first line of defence in testing data and controls
- Environmental health and safety, to offer guidance and data on current programs and align with existing regulatory reporting

a) CH2 CSR leader

The CSR leader recruits support from colleagues across the company, build consensus on execution, and solidify executive commitment to the strategy and goals.

ESG leader identifies risks and opportunities and get support across CH2.

b) Roles and responsibilities of CH2 CSR team

Ensuring the roles and responsibilities support everyone in CH2 to stay abreast of regulatory changes, customer requirements, and other new impactful information.

CH2 will develop a process for how the CSR team works together to:

- ✓ Identify new regulatory obligations for the team
- ✓ Triage and prioritize customer requests
- ✓ Collect industry and competitive benchmarking
- ✓ Determines next steps