

2023 MODERN SLAVERY STATEMENT

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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 2023, 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 pharmacies and currently employs approximately 800 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, Discount Drug Stores, Guardian and PharmaSave branded franchised pharmacy system

As a Community Service Obligation (**CSO**) wholesaler, Sigma's supply chain provides retail 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).

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

- institutional health and hospital pharmacy services conducted through the 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); and
- data analytics services conducted through partly owned entity NostraData.

Further information on Sigma's business can be found in our Annual Report, Annual Review and Sustainability 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 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 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>

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 Businesses⁵.

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 economy⁶.

Sigma has identified that a potential area of risk of modern slavery may exist in its directly employed workforce or workforce employed by its franchise partners to work in the franchised pharmacy business. The Australia Red Cross Addressing Modern Slavery Guide for Australian Businesses⁷ states that Africa is the continent with the highest prevalence of modern slavery, followed by Asia and the Pacific region. Therefore, Sigma considers this risk to be low, because Sigma is domiciled in, and its operations are limited to, Australia in a highly regulated industry. Sigma has however identified that a potential modern slavery risk may exist when engaging with third parties, particularly in sectors such as contingent workforce, cleaning, security, uniform procurement and transportation and distribution services.

The Australia Red Cross Addressing Modern Slavery Guide for Australian Businesses⁸ 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 occurs 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. Considering the pharmaceutical manufacturing industry is highly regulated, with established and sophisticated policies and processes and generally employing an educated and skilled workforce, Sigma views the risk of modern slavery in its direct supply chain (involving pharmaceutical manufacturers and suppliers) to be relatively low. However, Sigma is also cognisant of the potential risk of modern slavery that may exist involving the indirect relationships of these manufacturers and suppliers with third parties.

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 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 and our general approach to sourcing and contracting.¹⁰

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.

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>

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

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>

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 HR; (b) have their concerns addressed in a fair and prompt manner; (c) and have the principles of natural justice observed.

The Amcal, Discount Drug Stores, Guardian and PharmaSave Franchise Agreement terms require the franchisee to comply with all Australian workplace employment laws. On an annual basis Sigma engages a third party to conduct random audits 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.

In January 2022, Sigma acquired the Ethixbase360 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. Use of this platform to assess Modern Slavery risk has expanded with Sigma's suppliers loaded into this platform and a preliminary risk assessment conducted. Supplier questionnaires on modern slavery risk have been distributed to all suppliers through this platform and analysis of responses is underway at the time of this statement.

Sigma has also continued to review existing and renewed contractual agreements with suppliers and endeavoured to include representations and warranties in respect of modern slavery where possible.

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 expanded use of the Ethixbase360 platform has provided additional valuable insight into modern slavery risks that may exist within its supply chain. 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.

Sigma continues to review and update our Supplier Handbook to help ensure a consistent approach to supplier management and risk assessment, as well as communicating this information to suppliers.

The process of consultation with entities within the Sigma Group

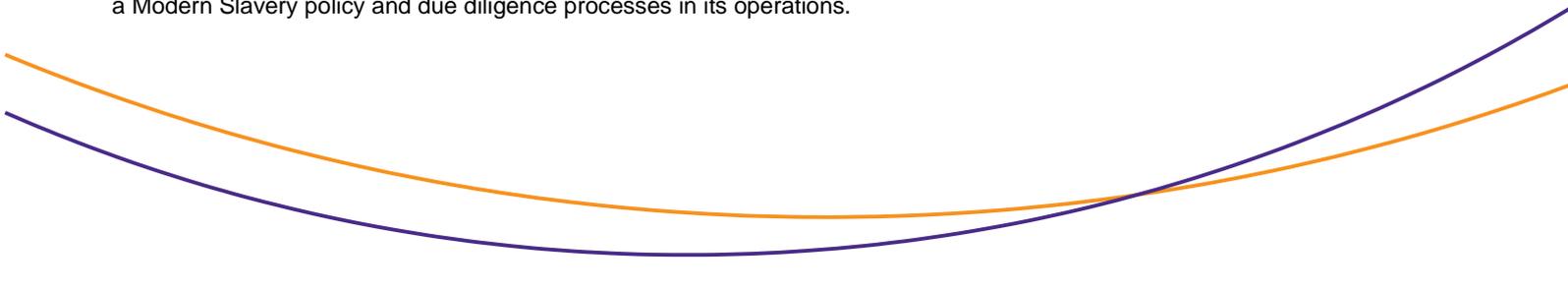
While Sigma's core business is as a full line pharmaceutical wholesaler and distributor, Sigma has a number of entities within the group which have been acquired or incorporated for the purpose of providing other healthcare service adjacencies. While separate legal entities, the adjacencies are a natural 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.

Throughout 2023 Sigma intends to continue to consult with its operating subsidiaries and plans 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 update its goods and services procurement agreement template to include contractual controls that: (a) allow Sigma to request a written report addressing the supplier's measures to identify the risks of modern slavery practices; (b) require the supplier to represent and warrant to Sigma that the supplier, to the best of its knowledge and belief and as at the date of entering into the agreement with the Sigma Group, does not, and will not, use any form of modern slavery in performing its obligations under the agreement; (c) require the supplier to notify Sigma if it becomes aware of any risks that modern slavery will be used by the supplier; and (d) in certain circumstances, require the supplier to develop and implement a Modern Slavery policy and due diligence processes in its operations.



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.

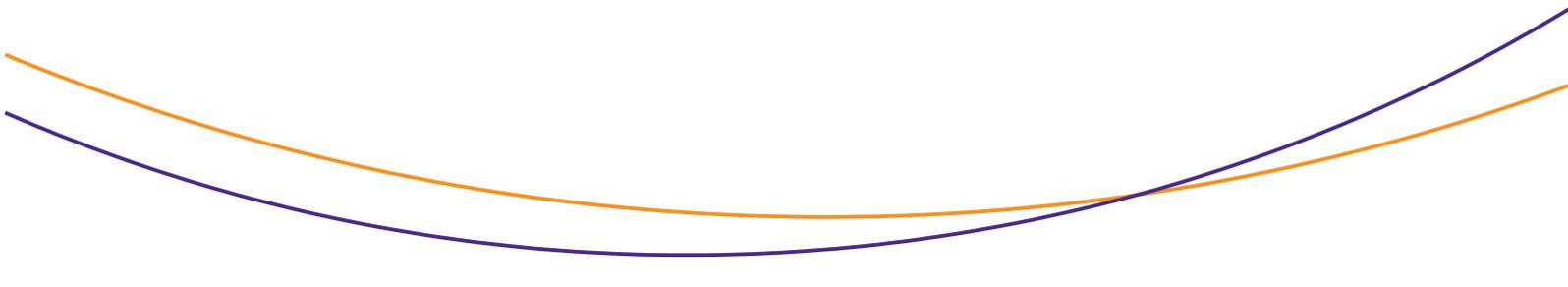
Sigma engages on several levels, including directly with Government and industry representatives, and also through industry bodies including:

- 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).

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.

A handwritten signature in black ink, appearing to read "V. Ramsunder".

Vikesh Ramsunder
Chief Executive Officer & Managing Director
Sigma Healthcare Limited
27 June 2023



Appendix A – Subsidiaries of Sigma Healthcare Limited as at 31 January 2023

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 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
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
PriceSave 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