

Quality Assurance Standards

Version 1.0
3 May 2018



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1 Introduction

SG-PR-FIN-1C1

Version 1.0

3 May 2018

1.1 About this document

This document outlines Sigma's supply chain and quality assurance requirements for all inventory suppliers for product delivery, packaging and transportation, including electronic trading with the business. This document must be read alongside Sigma's Supplier Handbook. Both are to be published on Sigma's website and will be updated from time to time by Sigma.

1.2 Approach to compliance

Sigma acknowledges that our supply partners are at different stages of maturity or readiness within their supply chain. To accommodate the time needed by our supply partners to comply with the requirements set out in this document, suppliers are required to submit a corrective action plan detailing actions, resources and timing to become compliant with the standards and requirements in this document.

In the absence of an agreed action plan, suppliers will be expected to be fully compliant with all the quality assurance standards and requirements outlined herein.

Sigma reserves the right to reject any non-compliant delivery and / or charge / recover additional processing costs to the supplier for each non-compliant purchase order delivery. Such charges / costs will be off-set against the supplier's monthly outstanding account balance.

2.1 General

Sigma Healthcare aims to manage procurement activities in a cost and time efficient manner. To this end, we expect our Suppliers to use electronic trading of standard business documents in support of all procurement efforts. At this point of publication this includes Purchase Orders and Invoices.

Exchanging this data electronically ensures a more efficient and effective Supply Chain by minimizing keying errors and assuring timely receipt of critical data and documents.

EDI (Electronic Document Interchange) plays a key role in communications between Sigma and our Suppliers. EDI is our preferred means of transacting with all Suppliers, however if as a new Supplier you have concerns about using these tools, please contact Sigma directly to discuss a mutually beneficial solution.

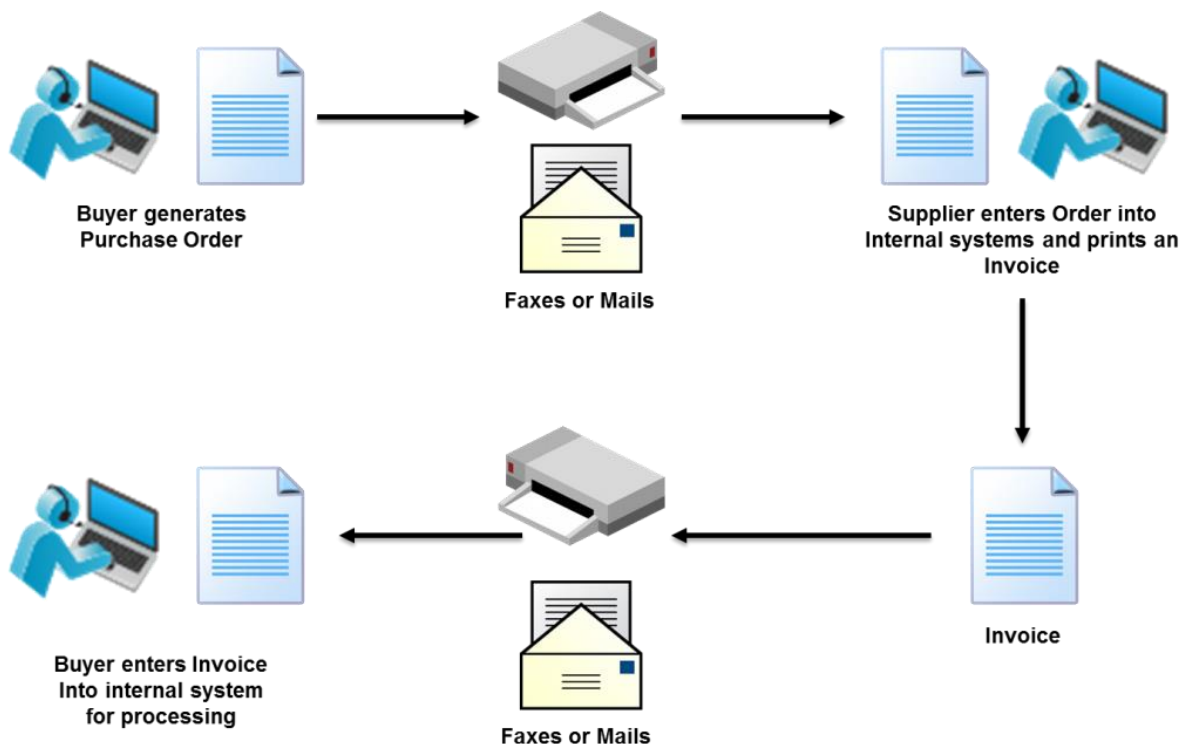
In coming years, Sigma Healthcare intends to include a broader range of documents in our EDI, including item maintenance, purchase orders, advanced shipping notices etc. These guidelines will be updated to reflect changes as they are implemented, and impacted suppliers will be contacted by a Supply Planner.

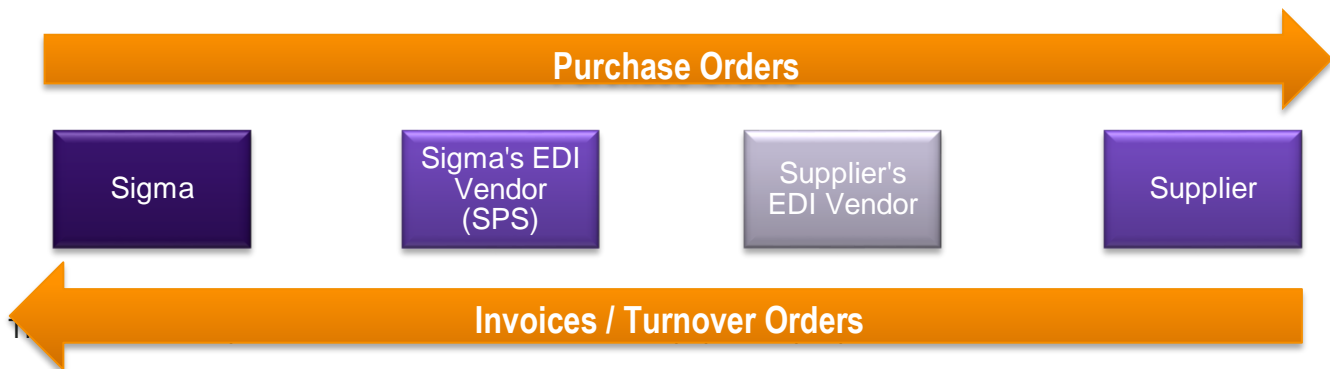
2.2 What is EDI?

2.2.1 The basics

Electronic Data Interchange (EDI) is the computer-to-computer exchange of business documents in a standard electronic format between business partners, that is between Sigma Healthcare and its supply partners. By moving from a paper-based exchange of business documents to one that is electronic, businesses enjoy major benefits such as reduced cost, increased processing speed, reduced errors and improved relationships with business partners.

To make our ordering and payment processes more effective, Sigma Healthcare has phased out paper-based processing. Below is an illustration of the traditional paper-based transaction flow:





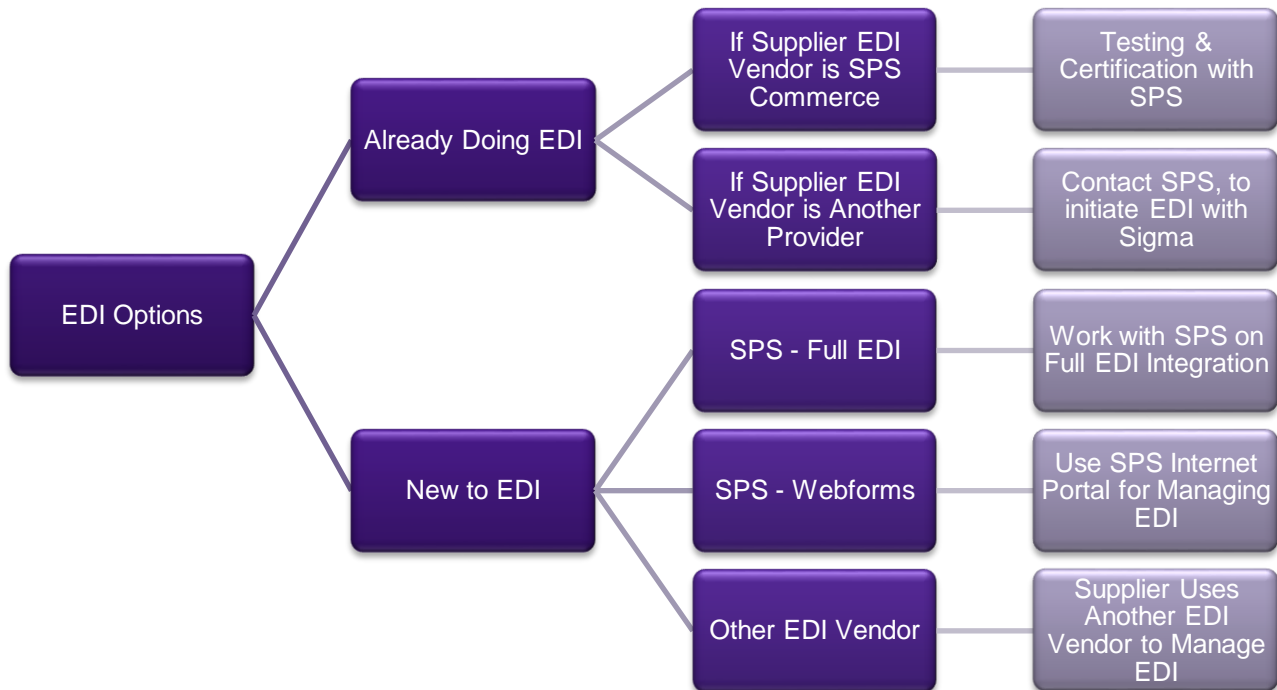
2.2.2 SPS Commerce

Sigma Healthcare has partnered with SPS Commerce to facilitate our electronic business to business (B2B) communications. EDI is an efficient, secure and timely method of communicating business transactions. SPS Commerce, a SaaS provider of supply chain solutions, provides the suite of EDI services for Sigma Healthcare so that EDI data to or from Sigma Healthcare is processed via SPS Commerce.

2.2.3 Getting B2B connected – establishing EDI capability

Discussion with your allocated Sigma Supply Planner or Planning Manager within the National Operations Planning Department in Supply Chain, is the first step to EDI enablement.

The following approaches to EDI transaction are supported -



- New to EDI? - if your business is not currently EDI enabled:
 - Speak with the Sigma Supply Chain Systems Manager about your options for transacting with us, or speak to SPS Commerce's Client Services department for more information regarding how to enable EDI capabilities with Sigma Healthcare.
 - Contact details for SPS Commerce Client Services are below:

| | |
|--------------|--|
| Web | www.SPSCommerce.com |
| Phone | 1300 532 383 |
| Email | ClientServices.AU@spscommerce.com |

- Already doing EDI? - If your business is currently EDI enabled, and you are not using SPS Commerce:
 - You will need to contact SPS Commerce, our EDI partner, to test the data transactions from your system through to Sigma Healthcare, ensuring there are no system issues. This testing may come at a nominal cost to your business.
- If your business is currently EDI enabled and you are using SPS Commerce as your platform. No further action will be required. Please contact SPS Commerce's Customer Operations team for your selected service.

| | |
|------------|--|
| Web | www.SPSCommerce.net |
|------------|--|

| | |
|--------------|--|
| Phone | 1300 532 383 |
| Email | australiasupport@spscommerce.com |

It is important to note that Suppliers working with Sigma Healthcare do not have to work exclusively with SPS Commerce. However, we will be actively encouraging all suppliers to pursue an EDI solution to support your engagement with us.

If a new EDI system is installed or any major changes are made to your current system, SPS Commerce must be contacted for re-testing of the trading partnership, ensuring future transmissions continue to meet Sigma Healthcare's requirements.

2.2.4 Accessing Sigma's EDI interface

All current documentation related to Sigma Healthcare's EDI program is hosted on a Sigma Healthcare specific portal, maintained by SPS Commerce. Details are set out below.

Sigma's EDI Portal <https://community.spscommerce.com/sigma/>

2.2.6 EDI transaction documents

Transactional documents exchanged through EDI with Sigma Healthcare include:

| Document Description | EDI No. | Source | Status |
|---|---------|------------------|-------------------------|
| Purchase Order | 850 | Sigma Healthcare | ✓ |
| Invoice | 810 | Supplier | ✓ |
| Turn Over Order | | Supplier | ✓ |
| Turn Over Order Receipt | | Sigma Healthcare | ✓ |
| Purchase Order Acknowledgement | 855 | Supplier | Planned ... Timing TBC* |
| Advanced Shipping Notices (SSCC Labels) | 856 | Supplier | Planned ... Timing TBC* |
| Proof of Delivery | 214 | Supplier | Planned ... Timing TBC* |
| Receipt Advice | 861 | Sigma Healthcare | Planned ... Timing TBC* |
| Recipient Created Tax Invoice | | Sigma Healthcare | Planned ... Timing TBC* |

2.2.7 More information

Please refer to: <https://www.spscommerce.com/resources/edi-documents-transactions/#order>

During 2018, Sigma Healthcare expects to roll out the following additional messages and transactions, which supply partners should prepare to incorporate into their electronic data interchange portfolio:

- Purchase Order Acknowledgement (POA)
- Serial Shipping Container Code (SSCC) / GS1-128 Barcoding

2.3 Master data synchronisation and standardisation

To enable efficient, accurate exchange of product and pricing information between Sigma Healthcare and our supply partners (e.g. new lines, item/dimension changes etc), Sigma requires data synchronisation which will support the following GS1 global standards:

- Global Data Synchronisation Network (GDSN)
- Pharmaceutical Image Implementation Guideline
- Smart Media Digital Product Image Library
- Global Product Classification(GPC)
- United Nations Standard Products and Services Code (UNSPSC)
- Global Trade Item Numbers (GTIN)
- Global Location Number (GLN)
- Serial Shipping Container Codes (SSCC) / GS1-128 Barcoding
- EAN-13 and EAN-14 barcoding

All suppliers are required to publish the following data which is essential for purchase order placement:

- Product quantities at each of the following levels:

- Sleeve or Inner
- Carton or Shipper Case Level
- Cartons or Shippers per Pallet Layer
- Cartons or Shippers per Full Pallet

Sigma Healthcare has developed and implemented the global GS1 Australia standards for the Pharmaceutical Industry. All product data and pricing synchronisation must be lodged through GS1 Australia. These services allow for perpetual, structured data alignment between Suppliers and Sigma: Suppliers/Manufacturers can upload their Item Catalogue and Pricing files and publish changes as required, which will inform Sigma (and others) of the changed data. For more information, please follow this link:

<https://www.gs1au.org/resources/how-to-guides/national-product-catalogue-user-guide-cookbook/>

All new products must be published through GS1 National Product Catalogue and GS1 Smart Media. Data synchronisation and maintenance of existing product portfolios by supply partners must be updated and maintained on a quarterly basis or within 72 hours of a product or packaging change, including changes to quantities at the different product levels (each, sleeve/inner, case/carton, layer or pallet).

2.3.1 GTIN (Global Trade Item Number)

The use of Global Trade Item Numbers® (GTIN®) to uniquely identify all products will have a dramatic impact on the operational efficiency of all parties. The use of standardized product identification ensures the accuracy of product information, at every level of packaging, throughout the Sigma supply chain from manufactures and suppliers. Reliable product data enables more effective product recalls, efficient traceability and improved business processes.

Benefits of GTIN include:

- Accurate identification of products from point-of-origin to end-user
- Enhances inventory management
- Facilitates more effective product recalls
- More efficient payment and reporting processes
- Streamlines chargeback and rebate processing
- Improves order and invoice accuracy
- Improves staff utilization and productivity
- Supports current FDA regulations (Barcode Rule) and guidance (Standardized Numerical Identification/SNI)

Trade Unit barcoding requirements - including correct symbology etc - can be found within Section 6 ("Cartons & Trade Units") of this guide. Notwithstanding, compliant GS1 barcode labels must be applied to the following product levels:

- Each
- Sleeve or Inner
- Carton or Shipper Case Level
- Pallet (SSCC labelling)

Please note that Trade Unit GTIN barcodes are required independent of whether a supplier is EDI Compliant: Trade Unit GTINs are a core requirement within DCs.

Reference to the 'The Australian Transport and Logistics Industry Numbering and Bar-coding Guidelines' is also advisable.

It is essential that all barcode labels are of a sufficiently high quality to be scanned and decoded efficiently in a DC environment, and are human readable. Print quality should be checked regularly - and print heads cleaned and serviced - to avoid common print defects such as split bars, edge bleed, faded/incomplete print etc.

Care should be taken during application to ensure that labels are applied smoothly and are not warped, folded-over, rippled or torn. Where possible, please avoid applying labels across two or more cartons, as product movement in transit often results in these labels becoming torn and un-scannable.


Labels should be printed on high quality stock, appropriate for the temperature environment (frozen and chilled chambers will require a higher-grade label stock than ambient environments)

2.3.2 SSCC (Serial Shipping Container Code)

The GS1-128 Shipping Label (SSCC) is used in conjunction with the Advance Shipping Notice(ASN). This allows entire cases or pallets to be scanned and processed through our distribution centres. SSCC labelling allows us to replace manual, repetitive, time-consuming and error prone task with fast, accurate and traceable electronic processes, delivering a transparent end to end transaction that benefits Suppliers, Sigma and valid customers

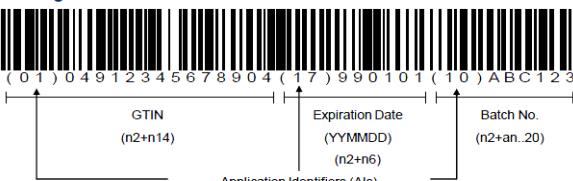
While SSCC pallet labelling will often be linked to a full ERP EDI solution, SSCC pallet labels can also be generated independently of such a system (with a computer, software, connected printer and roll of labels) to deliver significant benefit.

Our SSCC Pallet Labelling requirements (i.e. content, position, quality) are outlined in Section 5 of this document ("Pallets & Logistics Units").

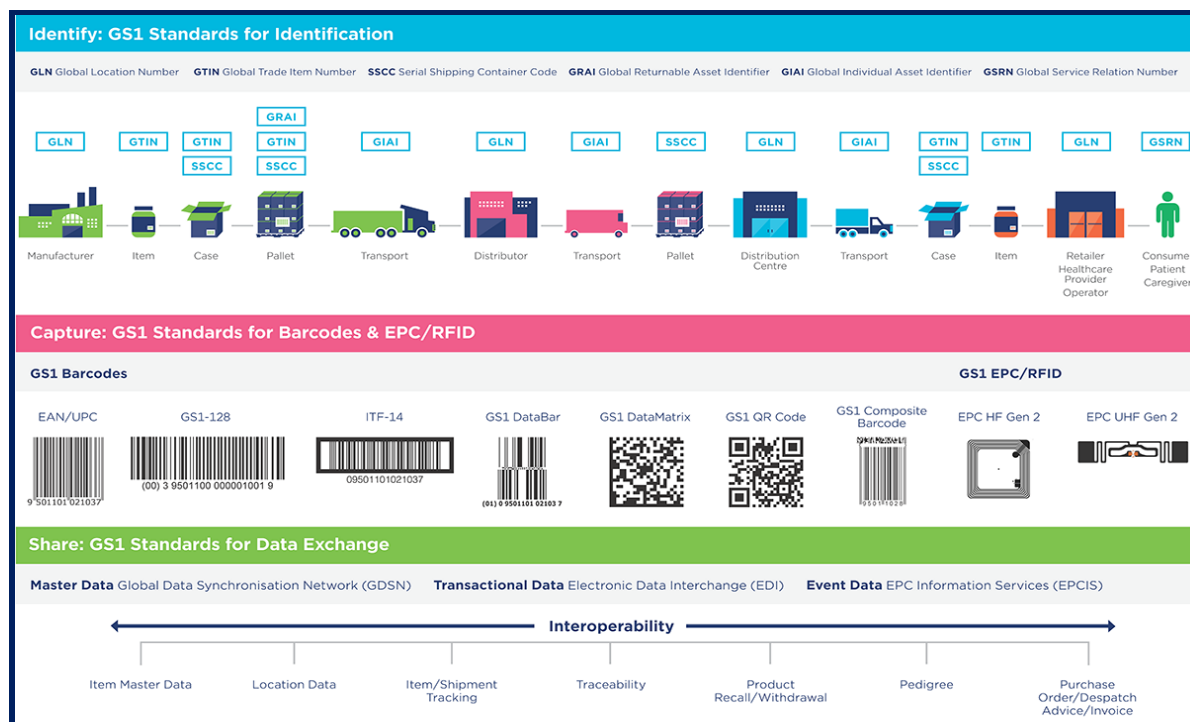


Batch Level Identification & Expiration Control

- For batch control or expiry date control, which are common to healthcare items, people may prefer encoding batch number and expiration date in barcode.
- GS1 System provides data structure standard for them as well:
 - Batch number – Alphanumeric data format with variable length up to 20 characters
 - Expiration date – Numeric data format (YYMMDD) with fixed length of 6 digits



Expiration date & batch no. must be used with GTIN and application identifier (AI) in a barcode. ©2009 GS1



2.3.3 Approved data synchronisation, pricing and digital image partner

GS1 Australia: National Product Catalogue and Smart Media

Alternative Options to GS1 Australia:

Manual NPSA product submission forms are being phased out. For supply partners that need to submit product master data and pricing using the NPSA form, Sigma Healthcare reserves the right to levy a processing fee for each submission.

All suppliers must provide a complete digital set of their product portfolio images to Sigma. Please contact the Product Pricing and Master Data team should you not be able to publish your product digital images to GS1 Smart Media.

3.1 Overview

Our ability to process DC deliveries in an efficient, safe and cost-effective manner - and to satisfy the needs of our customers by ensuring availability of product - is dependent on suppliers supporting our DC replenishment process. We rely heavily on our supply partners to consistently deliver the products that we ask for, in the quantities we need, at the high standards we expect, on the day and time we have scheduled to receive them.

3.2 Processing fees

Sigma reserves the right to levy and apply processing fees against a supplier for deliveries not conforming to the requirements set out in this document.

3.3 Booking process – Suppliers and outsources 3PL / 4PL companies

As Purchase Orders (POs) are generated and sent out from the Sigma Healthcare supply planning system to suppliers, the PO will include the DC details, the description, product code and GTIN of the products ordered, the quantities of each item ordered and the Due Date for the delivery. Sigma Purchase Orders do not initially advise a specific Delivery Timeslot, and Suppliers must contact the relevant Distribution Centres to arrange for a Timeslot/Booking which must be not less than 72 hours before the requested delivery date (as per the Purchase Order due date). Please ensure that all relevant information is available when calling: DC, number and name, Transport Company name, Temperature chamber (e.g. Ambient, Chilled), Type of vehicle (e.g. 16 pallets rigid), Supplier name & number, PO number and pallet quantity (total volumetric pallet quantities and not lifts). One volumetric pallet may include up to 4 physical pallets with one layer of shipper cases stacked together within the 1.6 m pallet height restriction. Supply partners with permanent delivery slots must schedule and book in their deliveries for the week with the DC within the time restriction, including confirming no deliveries, otherwise those timeslots will be lost and permanent time slots may be reallocated to other more reliable supply partners.

3.4 Confirmed timeslot adherence

Adherence to the delivery booking timeslot is vital to both DC operations and product availability for Customers. Vehicles arriving outside of the scheduled timeslot for their associated POs may be turned away and directed to reschedule. Like any facility with very high traffic volume, it is only possible to manage our DC volume safely and efficiently when traffic flow is closely managed in line with available resources. Additionally, as store despatch schedules are increasingly linked to just-in-time arrival of goods (e.g. Flow-Through), variance to expected arrivals will detrimentally impact our ability to service our stores and customers with your products.

For both DC Operations and Supplier Performance calculations, a vehicle is classed as “On Time” when it arrives:

- no earlier than 60 minutes prior to the scheduled timeslot AND
- no later than 30 minutes after the scheduled timeslot

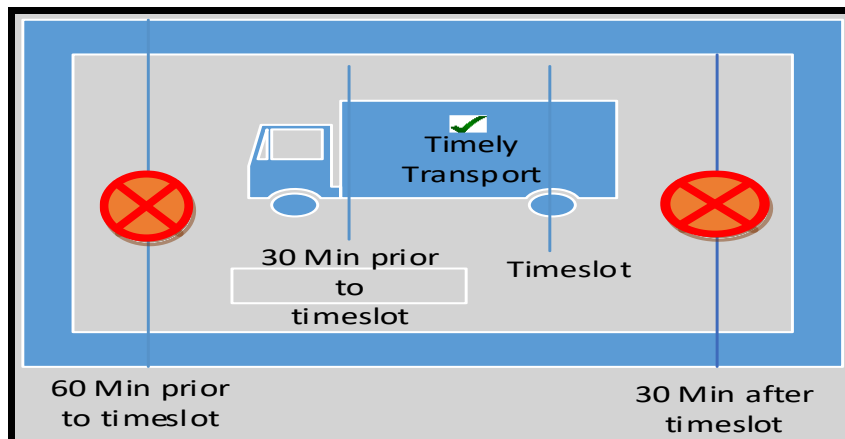
There is a 30-minute delivery window within which vehicles must present at the DC: a site's capacity to accept vehicles outside of this window cannot be guaranteed and a decision on whether an early/late load can be accommodated will be made at the discretion of the DC Receiving/Operations team.

All delivery time slot requests will receive an email response within one working day including booking reference number. Booking requests will be responded to on a “first come first served” basis.

The delivery should arrive within 30 minutes of the scheduled time slot. If the delivery arrives earlier than 60 minutes or later than 30 minutes, it may be refused. If delivery is running late a phone call or email is required to notify receiving.

Permanent Booking Slots: Suppliers who have regular recurring bookings (e.g. daily) must still email details of delivery otherwise they risk losing their allocated booking slot, not just for that particular week. Sigma Healthcare

will review permanent timeslot allocations from time to time at its sole discretion and reallocate it based on operational requirements which will ensure more efficient inbound operations at DC's. There are a limited number of permanent delivery time slots, hence the allocation is solely based on Sigma Healthcare's requirements and subject to change and reallocation as required.



Sigma reserves the right to apply processing fees where supply partners or their designated 3PL/4PL do not adhere to the designated time slot for their deliveries.

Supplier performance metrics and ratings will include On Time, In Full and Within Quality Specification metrics. Sigma Healthcare will be implementing the APICS / Supply Chain Council SCOR-P metrics for supplier performance, with the main metric being Supplier Perfect Orders

3.5 Amendments and rescheduling

Any change to an already-scheduled Booking/Timeslot:

- Prior to the day of delivery, suppliers can contact the relevant DC quoting the Booking Code provided
- On the day of delivery - if supplier/driver is running late and needs to change a CURRENT booking, requests must be made directly with the relevant DC (refer DC Contacts page in the Supplier Handbook)
- On the day of delivery - if a supplier/driver wishes to change a 'same day' booking, these requests must be made directly with the relevant Sigma DC, who will inform the PO creator of the change to ensure no impact to the Supply Chain process.

While Sigma DCs will attempt to accommodate timeslot variation requests, the availability of specific timeslots cannot be guaranteed. Processing fees for non-adherence to confirmed time slots are outlined in section 3.3.

3.6 Paperwork requirements

Sigma requires a unique delivery docket and number for each purchase order. The Delivery docket must match the physical load, purchase order, and without exception accompany the delivery.

Delivery dockets must contain the following information:

- Sigma's Purchase Order number
- Sigma DC Booking Reference Code per Purchase Order
- Delivery Docket number
- Description of each product with Sigma PDE number (product number)

- Quantity in Trade units (as per PO) of each product line item
- Quantity of Total Trade units for all Products delivered for each shipment
- Volumetric Pallet Quantity for each Purchase Order
- Material Safety Data Sheet for Dangerous (MSDS) or Hazardous Goods unless made available through an approved electronic MSDS library to all Sigma DC's
- Please limit paperwork to the essential items and please do not seal envelopes, where used
- Some additional documentation is required for Under Bond goods, Dangerous Goods, those requirements are outlined within the relevant sections of this document

For EDI&T (section 2) suppliers, the ASN transmitted must include the following information:

- Volumetrics(TlXHI) – unit length, width, height, weight, volume (length = CM, weight = KG)
- EAN/ UPC compliant Barcode for selling unit, inner, carton, shipping carton, and pallet as applicable. Barcodes must be both scanner-readable and human-readable.
- Material Safety Data Sheet for Dangerous or Hazardous Goods, with correct classification
- SKU units of measure including Inner and Carton Quantity
- Minimum Shelf Life (Expiry or Best before Date), where applicable
- Batch codes

Documents must be legible and formatted to assist the efficiency of the checking of delivery.

Four weeks' notice shall be given to Sigma prior to any change in this data. Please refer to section 2 with regards to master data publishing and maintenance via GS1.

Sigma reserves the right to charge for additional warehouse processing costs when this data is not provided or updated; these costs will be calculated and charged back to supplier. Sigma also reserves the right to reject or refuse to take delivery of any non-compliant deliveries.

3.7 Delivered as ordered

It's essential that product is delivered as per the configuration specified in the Purchase Order. For example, product ordered as a full pallet should be delivered as a full pallet - not as multiple part pallets - to ensure efficiencies in transport, receipt, put-away, letdown and picking. The following criteria must be adhered to at all times (refer specific requirements covered in section 3):

- All products and quantities as per the Sigma Purchase Order (in full within specification)
- Mixed shipper cases clearly marked as such
- Maximum of 4 products per shipper case (mixed shipper case)
- All mixed shipper cases consolidated on the same pallet
- A single product on the same pallet and not on multiple pallets (unless quantity of the one product exceeds a full volumetric pallet load, then the remainder will be on a second pallet and so forth)
- Dangerous or Hazardous Goods on a separate pallet and marked clearly as such
- Shipper case classified as Dangerous or Hazardous Goods to be clear marked as such
- Return to Stock or Out of Stock Replenishment deliveries to be clearly marked and shipped on a separate pallet

- Cold Chain product to be clearly marked and shipped on a separate pallet as per specification and under strict temperature control and measurement
- MLOR requirements met (product not older than last delivery to Sigma – stay in cycle)
- Batch requirements met (batch not older than last delivery to Sigma – stay in cycle)
- Multiple Purchase Orders cannot be consolidated on the same pallet
- Each Purchase Order MUST have its own booking reference number. Transporters or 3PL/4PL providers can book multiple Purchase Orders and/or Supplier Deliveries in to be delivered on the same vehicle requesting one delivery slot, but must clearly state this when making the booking request. Purchase Orders must remain on separate pallets and transporters must unload one Purchase Order at a time in order for the DC to separate different Purchase Orders and/or Supplier Deliveries

3.8 Subject to check (STC)

It is generally not possible to validate the purchase order details of a delivery beyond the number of cartons or pallets received.

Sigma will accept each delivery based on the delivery being “Subject to Check” (STC). All STC deliveries will be processed no later than 3 working days from receipt of delivery.

In circumstances where the Trading Partner will not accept the STC process, the Transport Provider will be required to await the receipt and confirmation of the Purchase Order. Supply partners MUST indicate during the delivery booking process that it requires a Confirmed Order Receipts in order for the DC to provide for the longer processing time required.

All supply partners will be issued a proof of delivery. The proof of delivery should not be confused with the STC which covers the quality and quantity audit and verification process.

Supply partners are required to issue a Purchase Order Delivery Confirmation (example: ePOD) to Sigma Healthcare preferably on the day of delivery, but no later than 1 day after delivery.

3.9 Oversupply or undersupply

Where Sigma identifies an oversupply of a product quantity in an order or a line not ordered Sigma will either reject such delivery outright (total delivery or non-compliance delivery at Sigma’s discretion) or contact the Trading Partner to arrange pick-up of the product within 7 business days.

In the case of under supply, a credit note will be raised if the receipts are less than the delivery docket. Under and over deliveries will impact a supply partner’s performance rating.

3.10 Deliveries per vehicle

Multiple POs can be delivered on one vehicle, provided that each component PO has been associated with its specific Booking Code and Delivery Docket. Some larger orders may also require multiple deliveries against one PO number. Supply partners and their transporters or 3PL/4PL providers must provide clear details regarding such bookings and ensure that unloading of deliveries occur in sequence of full PO by PO (no mixed unloading) and that no PO’s are consolidated on the same pallet. Split orders over multiple vehicles must be clearly referenced during the booking process.

For EDI suppliers, a separate ASN must be issued for each Purchase Order delivery and vehicle.

3.11 Dangerous goods

Suppliers (or their transport provider as nominee) are responsible for compiling and providing any required Dangerous Goods information/documentation for each inbound delivery.

A Safety Data Sheet (SDS) or Material Safety Data Sheet (MSDS) must also accompany the first delivery of any new dangerous goods product (after which the DC will keep the SDS/MSDS on file for reference).

Please note that only one class of dangerous good can be supplied on each pallet.

Please refer to the Australian Dangerous Code edition 7.5 for guidelines and technical requirement for land transport of dangerous cargo.



3.12 Cold chain deliveries – 2°C to 8°C

3.12.1 General

The storage and handling of all Cold Chain products must comply with the Code of Good Wholesaling Practice for Medicine in Schedules 2, 3, 4 and 8 -April 2011. All bookings for Cold Chain products must be clearly communicated to the DC's during the process of booking a delivery time slot. All DC's will prepare receipting procedures for the immediate storage of all cold chain products upon delivery.

TSM (temperature sensitive medicines) items are transported, handled and stored the same as Cold Chain items in 2°C to 8°C temperature environments.

3.12.2 Minimum requirements

| Topic | Minimum requirement |
|-------------------------|--|
| Packaging | All Cold Chain products must be packed in suitable transport devices and maintained between 2°C to 8°C during transportation to ensure product quality. |
| Transportation | All TMS ≤15°C degrees items must be packed in suitable transport devices and maintained between 2°C to 8°C during transportation to ensure product quality. |
| Delivery booking | All delivery bookings for Cold Chain items must be clearly communicated to the distribution centre. The distribution centre will prepare for the immediate transfer of the delivered items into a cool room. |

| | |
|----------------------------------|--|
| Label requirement | The application of a label 'Refrigerate Immediately 2°C to 8°C' placed on adjacent sides of the transportation device i.e. the front and back, is essential for identifying adherence to cold chain quality assurance procedures. This label must be of a size that is clearly visible to the receiver. |
| Contamination | Cold Chain items must be delivered on clean plastics pallets to ensure there is no contamination in the cool room. All plastics pallets will be returned to our Trading Partners on the next delivery. (Except for deliveries > 10 cartons), non-palletised deliveries are not permitted unless preapproved by Sigma inbound teams. |
| Disposable date logger | All transportation devices such as polypropylene/polyurethane containers must have as a minimum a disposable Data Logger enclosed. Sigma will confirm and record the temperature reading immediately upon opening the device. |
| Packaging standard | All packaging shall clearly present in legible numeric characters the date code. The code date information must be visible on adjacent sides on the outer packaging, and visible to the receiving checker on each pallet load. |
| Product data requirements | The inclusion of variable product data into a GS1/UCC-128 barcode on trade units and logistical (pallet) units, containing use-by and best before dates, is essential for effectively managing the quality of products throughout the supply chain. |

Please refer to Australian-Cold-Chain-Guidelines-2017. <https://www.afgc.org.au> for guidelines on transportation and packaging of Cold-Chain product.

3.13 Consolidation of purchase orders

Suppliers and/or 3PL/4PL transport providers are allowed to consolidate multiple Purchase Orders on the same vehicle for delivery provided the following requirements are met:

- Each PO must be booked in with the Sigma DC team with its own booking reference number
- At time of booking, suppliers or 3PL/4PL providers MUST indicate all purchase orders which will be delivered on the same vehicle and obtain a booking reference number for each PO
- PO's cannot be mixed on the same pallet
- PO's must be off-loaded in sequence during the delivery process, i.e. all pallets for the first PO and then all the pallets for the second PO, and so forth

4 Driver and vehicle requirements

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Version 1.0

3 May 2018

4.1 Conduct on site

For their own safety and the safety of others, all visitors, contractors and drivers entering a Sigma Distribution Centre (DC) are required to:

- Carry (and present as required) their Induction Card, if applicable
- Observe all site speed limits
- Observe traffic management, flow paths and designated unloading zones
- Ensure vehicles are parked in designated areas and immobilised when required (e.g. during unloading)
- Wear appropriate safety garments/PPE
- Adhere to designated driver safety zones (where applicable)
- Observe designated pedestrian walkways
- Abide by all site policies including drug/alcohol policy, smoking policy, mobile/personal devices policy etc
- Follow lawful instructions given by authorised DC team members
- Report all identified hazards, incidents and near-misses to DC team members
- Avoid abusive or uncooperative behaviour toward team members or other drivers/contractors on site
- Be trained and competent in all high-risk driving activities (i.e. coupling/uncoupling, load restraint)
- Demonstrate compliance to COR/HVNL requirements e.g. rest breaks, driving hours, fatigue management

In the rare event that a driver's behaviour is unacceptable and does not meet the standard outlined above, the relevant carrier or transport company will be advised, and the driver may not be permitted to remain on - or return to - the site. Any associated receipt in progress is likely to be abandoned and the vehicle directed from site, or alternative arrangements initiated between the DC, supplier and carrier.

Please note that children under 15 years are not permitted on DC premises. Passengers are generally not permitted, except for authorised drivers-in-training.

Suppliers and 3PL/4PL transport providers must familiarise themselves and comply with all relevant state and federal legislation, rules and guidelines with regards to OHS, transport, logistics and harmful products.

4.2 Accepted vehicle types

With some variation across sites/chambers, Sigma DCs can accept deliveries on the following vehicle types:

- Semi Tautliner
- Drop Deck Tautliner
- Ambient or Chilled Pantech
- Rigid

It is the supplier's responsibility to ensure that all vehicles used, whether owner operated or contracted to a third party arrangement, must be roadworthy and comprehensively insured.

4.3 Over mass, over dimension

For the safety of team members, drivers and the public and to ensure compliance with Chain of Responsibility (COR) and Heavy Vehicle National Law (HVNL) obligations, all vehicles delivering into Sigma DCs must be loaded in accordance with all applicable legal and statutory requirements regarding safe carriage.

Sigma requires that suppliers, 3PLs and carriers:

- Do not exceed safe and legal limits for the weight carried by the trailer/vehicle
- Do not exceed safe and legal limits for mass, cube or dimensions of the trailer/vehicle
- Ensure accurate declarations and documentation regarding weight and capacities etc

4.4 Vehicle and trailer condition

All vehicles and trailers delivering into Sigma Distribution Centres need to be:

- Safe and roadworthy
- Compliant to all relevant legal and statutory requirements
- Fit for purpose (e.g. no major damage allowing exposure, floor in good condition etc)
- Fitted with all required equipment (including lock-in gates, boards and restraints)
- Fully operational (and where applicable, refrigeration must be operating effectively)
- Clean and sanitary (e.g. product must not be exposed to foreign contamination, soil

4.5 Load stability

The safety of product being transported to a Sigma DC should be properly managed to ensure that risks are mitigated, road users are protected, and product is received into the network without incident. Unfortunately, load shift is currently among the most frequently-recorded issues by our DC teams regarding inbound loads, and a leading cause of load rejection.

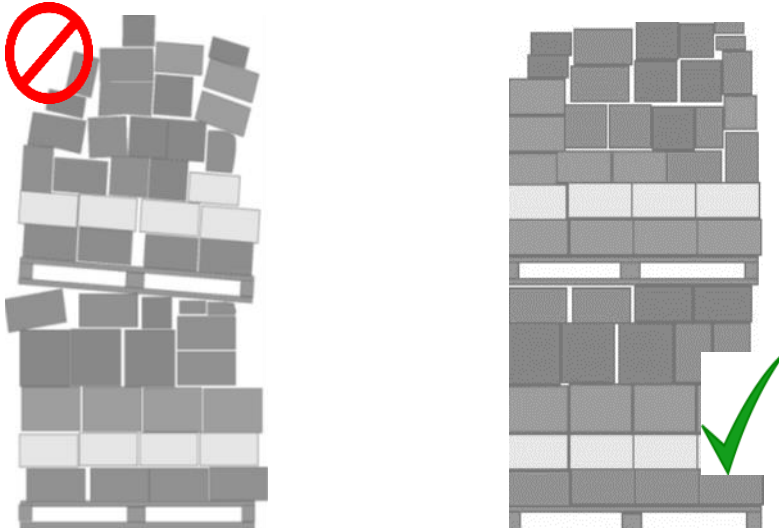
Suppliers and carriers can help ensure load stability through:

- Safe load planning, with proper weight distribution across the trailer
- Management of mass and dimensions in line with vehicle limitations
- Use of side gates (or load-restrained curtains) at all times for curtain-sided vehicles
- Use of approved manual restraints e.g. webbing, angles and strapping
- Use of plywood boards positioned vertically (or inflatable dunnage) between pallets
- Use of mezzanine floors where available
- Appropriate double-stacking relative to weight and pack design
- Appropriate carton/trade unit design (see also Section 6)
- Appropriate palletisation (including pallet utilisation, wrap, interlocked pattern etc)

Side gates (or load-restrained curtains) are required for all curtain-sided vehicles (standard curtains will not adequately restrain pallets in the event of a pallet collapse, with potentially serious consequences).

Please note that metal angles are not permitted due to safety risks to team members when checking and unloading. Where using angles, please use plastic alternatives.

Pallet and carton stability is addressed in more detail in Section 5



Put strong items on bottom of the stacks

4.6 Cold chain and controlled product

All Temperature Managed items $\leq 15^{\circ}\text{C}$ must be packed in appropriate transportation devices and maintained a temperature between 2°C to 8° during transit to ensure maximum product quality.

Cold Chain Product are to be delivered on clean Plastic pallets to eliminate the chances of contamination in the cold storage facility.

All pallets will be returned to your Suppliers or nominated 3rd Party on the next deliver. Except for deliveries more than 10 trade units or cartons.

All products are to be delivered on pallets, non-palletised product will not be accepted.

5 Pallets and logistics units

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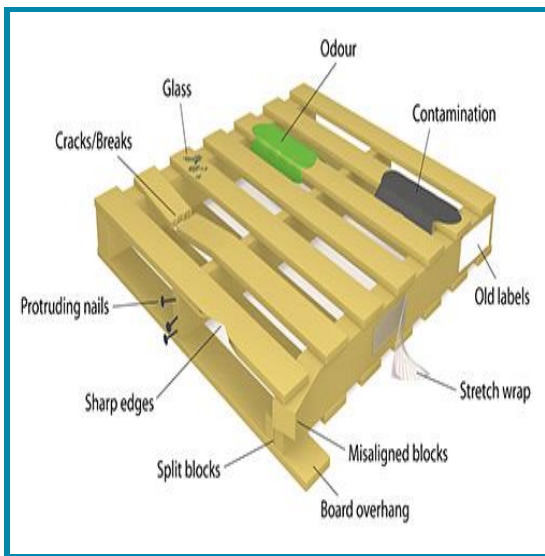
5.1 Pallet quality and type

The quality of the wooden pallets entering the Sigma network can have a direct impact on the safety of team members, the condition/saleability of associated trade units, and our ability to process product through the supply chain. Defective pallets are often linked to high-risk falls from height (e.g. where loose boards are dislodged from pallets and fall to the ground, or where pallets fail to lock into racking beams).

The following standards apply to all pallets entering the Sigma DC's:

- Compliant to Australian Standard AS4084 Steel Storage Racking
- With dimensions of 1165mm x 150mm
- All boards intact and secured to bearers, lead board flush with bearer ends
- Lead boards of 150mm width, intermediate boards of 95mm width
- CHEP or Loscam (only CHEP and Loscam pallets could be transferred/exchanged)
- No International-format pallets, skids, cardboard pallets etc (cardboard display pallets must be nested on a CHEP or Loscam pallet, and safely secured)
- No broken, missing boards or protruding nails
- Free from foreign objects, soil, oil, chemicals powders or other contaminants.

Sigma expects all Suppliers to engage with their pallet suppliers to ensure that acceptable quality of pallets is continuously maintained.



Pallet defects unacceptable for Sigma DCs

Pallet Suppliers Account Numbers for all Sigma DC's is as follows:

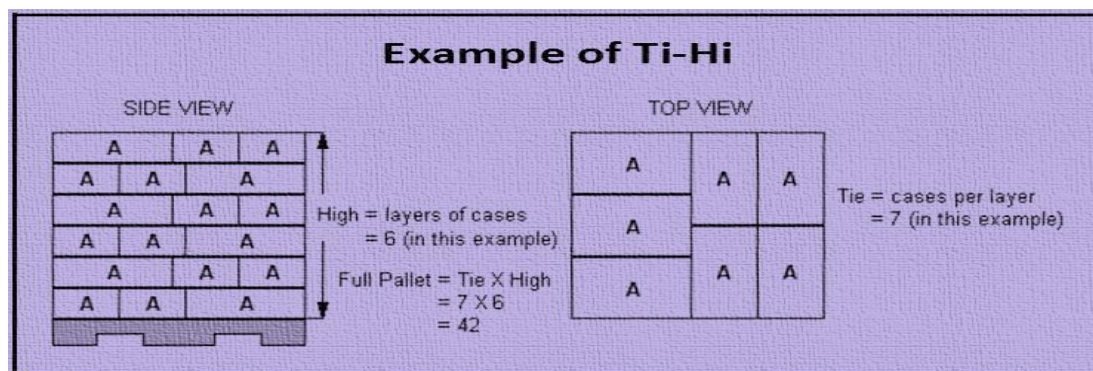
| Sigma D/c | CHEP a/c | Loscam a/c | | Sigma D/c | CHEP a/c | Loscam a/c |
|-------------|------------|------------|--|------------|------------|------------|
| Rowville | 4000194222 | 311178 | | Winnellie | 4000251481 | |
| Mansfield | 1610429800 | 418565 | | Invermay | 4000251489 | |
| Seven Hills | 4000244991 | 211166 | | Shepparton | 4000251485 | |
| Belmont | 4000249410 | 603954 | | Berrinba | 4000334849 | 424132 |
| Glenorchy | 4000251478 | | | | | |
| Newcastle | 4000251479 | | | | | |
| Ridleyton | 4000251480 | | | | | |
| Townsville | 4000251484 | | | | | |

Sigma Healthcare in its sole discretion, reserves the right to reject any deliveries on non-compliant pallets or to levy a processing fee to cover the repacking of product from non-compliant pallets to compliant pallets.

5.2 Pallet configuration (tier and height)

Every product ranged into the Sigma DC network will have a specific "TlxHI" defined within the system, reflecting the exact way in which pallets will be configured/stacked for delivery. DC systems will use this TlxHI information - in conjunction with the information loaded regarding trade unit dimensions - to determine where the product can be stored safely and efficiently within the DC.

As per the below diagram, "TlxHI" reflects the number of trade units that will be stacked on each layer or tier ("TI"), and how many layers high the pallet will be stacked ("HI"). It is essential that suppliers maintain a consistent TlxHI across all deliveries, and that this TlxHI reflects the expected/system TlxHI. There can be serious safety implications if Tlx HI's are varied without prior agreement; pallets that are delivered physically taller than our systems expect can result in team members lifting pallets into storage locations that cannot accommodate the pallet, resulting in falls from height - or near misses - as cartons are pushed from the pallet toward the operator.



5.3 Pallet stacking and product positioning

All units/cartons of a line item on a Purchase Order must be located on the same pallet, unless the quantity is more than a pallet load, in which case the remaining quantity must be stacked on the next pallet. Distributing a single product across multiple pallets for less than pallet quantities is not allowed.

Purchase Orders may not be mixed on the same pallet.

5.4 Mixed SKU pallets

Sigma Healthcare endeavours to order products in economic and optimal order multiples based on current inventory holdings and the demand profile for each product.

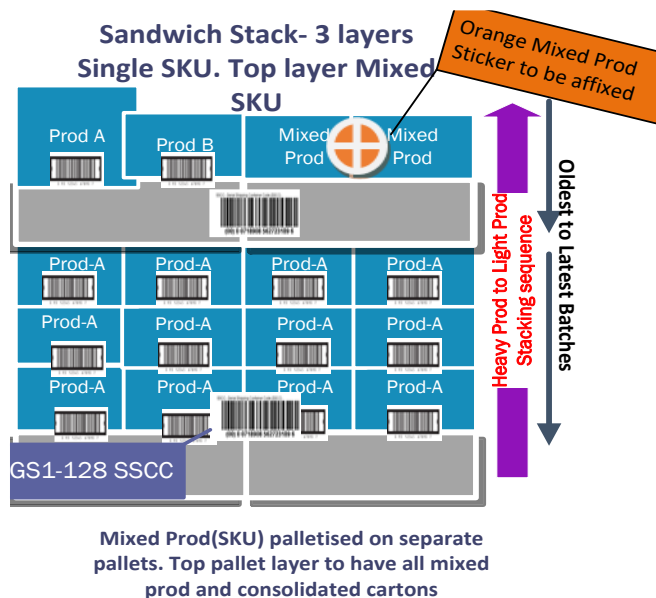
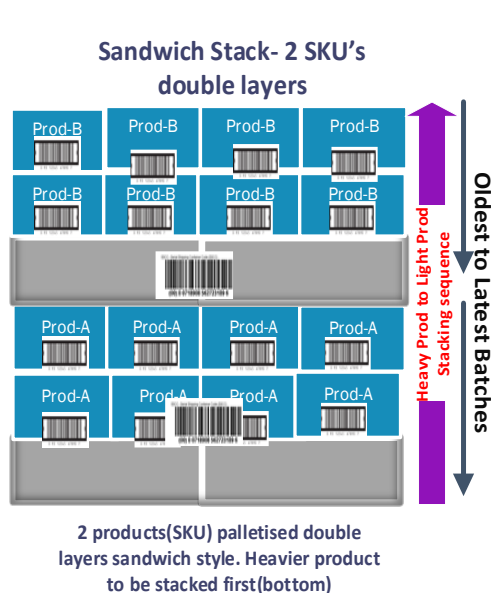
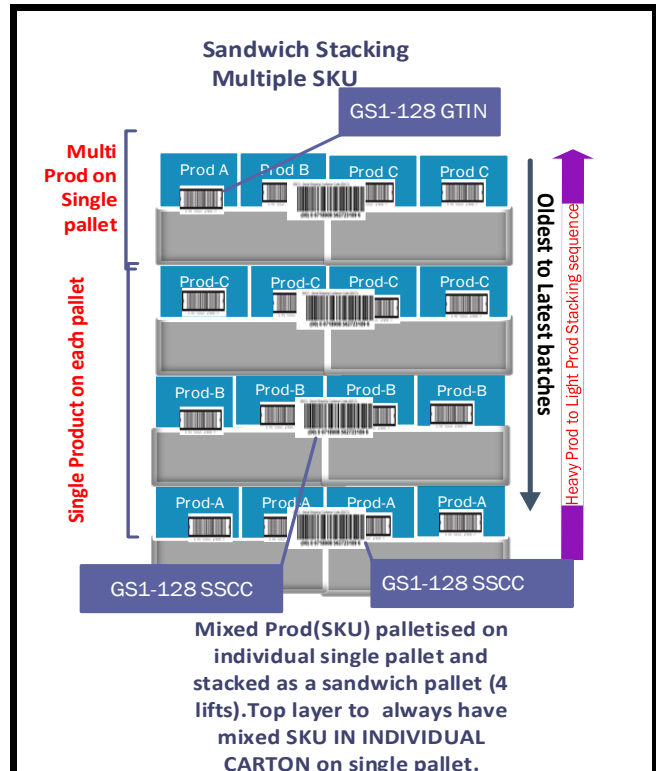
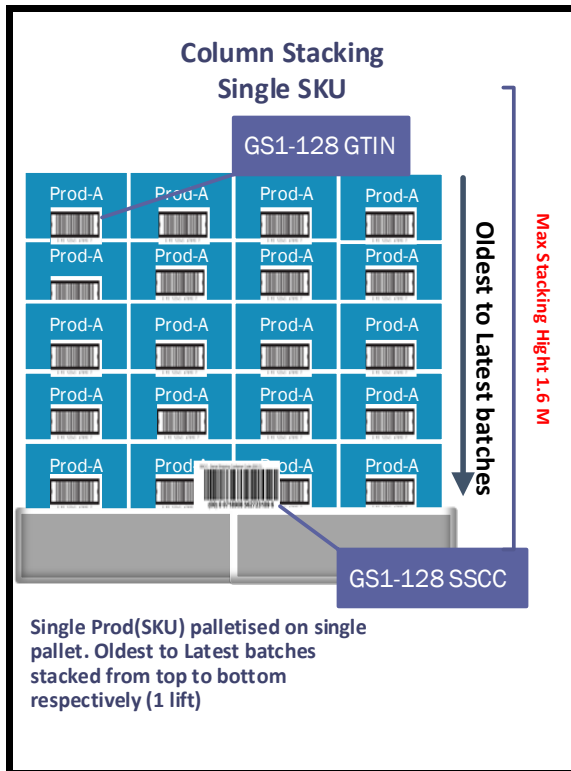
It is essential for suppliers to maintain and publish their product master data to Sigma Healthcare via the approved master data synchronisation vendor (refer section 2). Sigma will NOT allow different Purchase Orders to be combined within a single pallet. This will also include any back orders that are of a different PO. However, column stacking of multiple pallets with different PO's are acceptable, provided each column stacked pallet is clearly labelled with SSCC barcodes and do not exceed the 1.6m height restriction, AND not more than 4 pallets of a single layer quantity is stacked in one volumetric pallet combination.

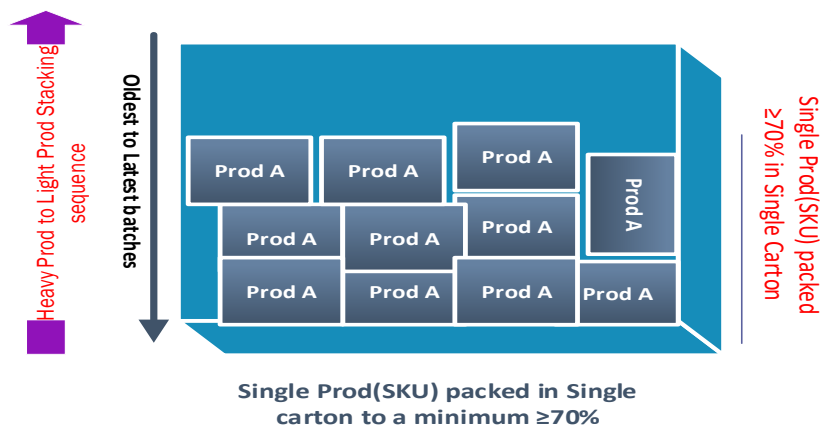
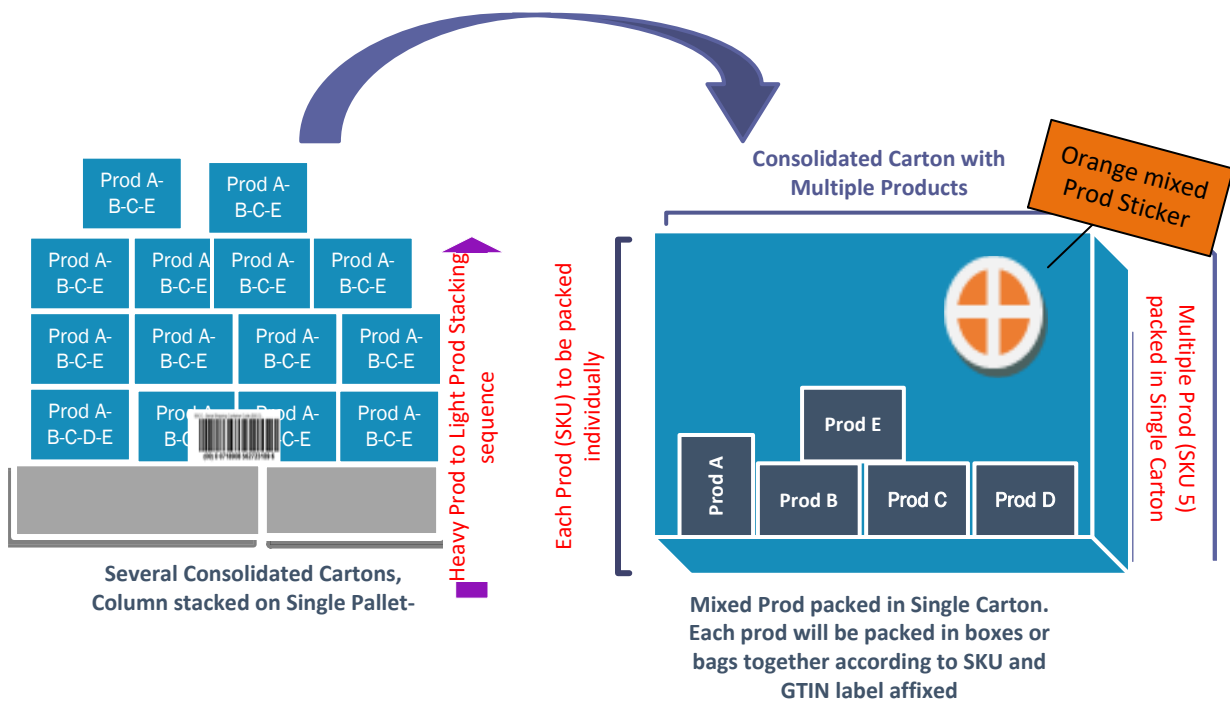
Ensure that a single product is first palletised on a single complete pallet according to the Tix HI standard, before sandwich stacking with a different product (one order per pallet). Do not stack two or more half pallets of the same product in the

one sandwich stack, unless they are of different batch or Use by Date. This should be clearly labelled or displayed on the SSCC label.

Ensure that the larger and heavy products are at the bottom of the column.

The oldest product and oldest batch must always be placed on the top with freshest and longest dated product at the bottom.



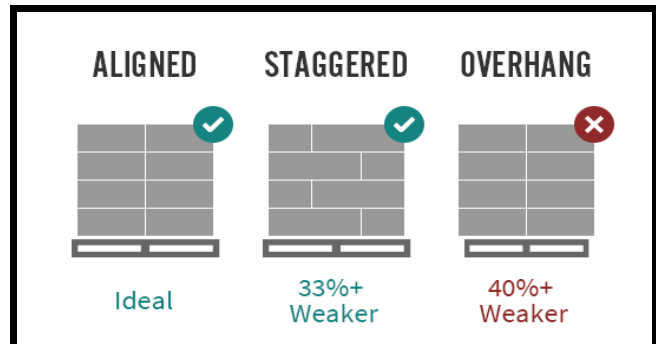


5.5 Pallet utilisation and lags

For safety and efficiency, the pallet pattern/configuration should be designed to maximise utilisation of the full pallet, without breaching the outer pallet footprint.

Narrow blocks of trade units confined to the centre of a pallet provide poor lateral stability in transit, can't be supported by surrounding pallets or plywood boards (therefore product will likely shift and collapse under braking etc), and do not allow for safe double stacking.

Over-wide (or over-long) blocks of product on a pallet create overhang, which prevents safe pallet transportation and storage through the supply chain as per the illustrations below.



5.6 Pallet stretch wrapping

Sigma does not insist that all inbound pallet should be stretch-wrapped. The requirement is that every inbound shipment to Sigma is delivered safe, stable and secure, however, when pallets are stretch wrapped, this must be done in a safe, compliant, environmentally acceptable and consistent manner.

Sigma permits standard, clear stretch-film wrap for most applications or - where airflow

needs to be maintained - perforated stretch film wrap can be used. Specific stretch-tape (not standard 'sticky tape') is also permitted, when properly applied to restrain all trade units. Sigma does not prescribe the specific number of wrap passes, or the wrap tension etc: these variables should be reviewed with your service provider to achieve the best, safest outcome for your product type and pallet configuration.

Black Stretch wrap will only be accepted for Dangerous, controlled, high value or sensitive materials and as agreed to on a supplier-by-supplier basis. No supplier will change to black stretch wrap without agreement and pre-approval from Sigma.

Each column stacked pallets should be wrapped individually before they are column stacked and thereafter re-wrapped as a full pallet.

Please ensure that all pallet wrapping:

- is firmly secured: no loose, unsecured wrap or trailing wrap "tails"
- is applied in enough passes to hold all trade units within the pallet and help to prevent lateral movement, load shift or collapse
- anchors the product to the top 30-50% of the timber pallet (refer diagram)
- is at the correct tension to maintain stability without damaging product
- is applied to the pallet before pallets are labelled (to ensure SSCC labels are not obscured)
- Black Stretch wrapping will only be accepted for Dangerous, Controlled, High Value or Sensitive products and as agreed by Sigma on a supplier basis. No Supplier will change to black stretch-wrap without prior agreement from Sigma



Example of acceptable stretch wrapping

6 Cartons and trade units

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6.1 Condition and stability

Taking the time to carefully package a shipment benefits all involved. When shipments are properly packaged to meet Sigma's requirements and to handle travelling through our warehousing and distribution network, we can best meet our objective of getting them to their destinations in the same condition as they were sent. The result is reduced risk of damage, claims, a better relationship with your customers, and a helping hand to the environment through reduced manufacture of corrugated containers to replace damaged ones, and decreased reshipments.

It is mandatory for Suppliers to deliver cartons or trade units that are suitable for its purpose in Sigma's distribution network.

Product will not be accepted if the following signs are observed.

- the products are likely to be unsafe
- there are signs of the cartons or trade units wet, moisture-affected or unsanitary
- the cartons or trade units cannot be handled in safe manner
- the cartons or trade units are over the accepted weight limits(15kgs)
- the cartons or trade units cannot be identified and are not with the accepted or correct barcodes
- multiple cartons or trade units with over flaps and any signs of pilferage
- cartons that are leaking or crushed beyond a reasonable degree
- strapped metal or clasps

6.2 Cartons and traded unit deliveries

A maximum of 10 trade units or cartons could be delivered to Sigma DC's without a booking and timeslot, only if this is the total volume for this order. A single trade unit or carton delivered will be considered as a single SKU. Any trade units or cartons over 10 in quantity, should be delivered with a slot time booking with the respective DC.

Product delivered to Sigma must comply with GS1 barcoding requirements as outlined at https://www.gs1.org/docs/barcodes/GS1_General_Specifications.pdf

It is important to note that barcodes are required at each level of packaging, namely:

1. Item of unit level
2. Sleeve or inner level
3. Carton or case level
4. Pallet

It is Sigma's intention to order in full carton lots, however, when LFC (Less than a Full carton) volumes are ordered mixing of cartons will be accepted on condition they are clearly labelled with an orange sticker (pic below) affixed on top of each consolidated carton and stacked on the top of the pallet. The following requirements are to be strictly adhered to:

- Any carton with mixed product must not exceed more than 5 different products per carton
- Each product within a mixed carton must be wrapped or packed separately (example: each product in a separately sealed plastic bag with a GS1-128 barcode on the bag for scanner, with maximum 5 plastic bags per carton)
- If any product should exceed more than 70% of the carton volume, this carton should NOT be consolidated with other products

- All mixed shipper cases or cartons must be consolidated on one pallet per Purchase Order
- Mixed shipper cases or cartons must be placed on the top layer of the pallet (no spreading within a volumetric pallet or across multiple pallets). An orange sticker (pic below) should be affixed on any mixed shipper cases or cartons.



Sticker for any mixed cartons

6.3 Cartons and trade units gross weight

To ensure the safety of our team members and managing risk appropriately, the maximum weight allowed per single item or carton for all Sigma DC's will not exceed 25kg. A two-person lift symbol (pic below, with minimum size 50x50 mm) should be affixed on any units exceeding the 15kg limit. This will warn the team members to seek assisting when handling these units.



7 Product lifecycle management

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Version 1.0

3 May 2018

7.1 Minimum shelf life on receipt (MLOR)

To establish best quality and shelf life to our Customers, Sigma requires that all product has the greater of 12 months (365 days) shelf life or 80% of original product shelf life remaining upon receipt at DC.

It is a mandatory requirement that any product delivered should NOT have a SHORTER shelf-life than any of the previous deliveries of the same product to that DC.

The oldest product or product with the shortest shelf life (MLOR), MUST always be placed on the top layer of the pallet on which it is stacked with the longest shelf life (MLOR) of the same product at the bottom of the pallet.

Exemptions for products with shorter shelf life than 12 months upon manufacturing must be submitted to the Supply Chain Planning Department for approval.

7.2 MLOR breaches

All DC's staff will be instructed to check each delivery to ensure shelf life of the products being delivered are within the expected parameters. Where product arrives that has a shelf life below the MLOR policy, the product will be rejected unless special pre-approval has been negotiated with Sigma Supply Chain. In all cases of MLOR breaches, the supplier will present to Sigma a corrective action plan to rectify the problem and ensure compliance with MLOR requirements.

Sigma will reserve the right to reject or accept any product delivered with the above shelf life breaches.

7.3 Date code markings

Where a date code (Use by or Use Before date) applies to a retail unit, this date code marking must also reflect on the related carton/trade unit and on the Pallet/Logistic unit.

7.4 Storage and temperature marking

Wherever applicable, Cartons/Trade Units should clearly identify the appropriate storage and handling conditions for the product e.g. "keep refrigerated At or Below 3C"

8.1 Document control and related documents

The table below records document control and related documents to this guideline in accordance with Sigma's Document Control Guidelines.

| Name of document | Procedure – Quality Assurance Standards | SG-PR-FIN-1C1 |
|--------------------|---|---|
| Document Author | Parker Kapp | GM – Supply Chain |
| Document Approver | Richard Church | EGM – Operations, Logistics |
| Document Reviewers | Mike Bignell – Head of Operations Planning Karen Marshall – National Risk and Compliance Manager Paul Brown – National Operations Manager | |
| Review Period | 6 months during Renew Close-out period, 12 monthly after that | |
| Related documents | Supplier Handbook | |
| Change record | Version | Notes Supplier Handbook subject to same review period |
| | Publish date | May 2018 |