Independent Board Committee Protocols

Sigma Healthcare Limited

1 Background

On 29 January 2025, to implement the Transaction, the shareholders of Chemist Warehouse approved the acquisition of all the shares in Chemist Warehouse by Sigma, pursuant to a Chemist Warehouse scheme of arrangement.

On 29 January 2025, to implement the Transaction, the shareholders of Sigma approved a number of resolutions. One of those approvals was the Related Party Arrangements Approval. This approval was obtained because ASX Listing Rule 10 required shareholders of Sigma to approve the Related Party Arrangements involving Chemist Warehouse or its subsidiary and a Related Party.

The Related Party Arrangements Approval requires the establishment of an IBC, creation of a Related Party Manual, establishment of a Related Party Working Group and other associated arrangements to oversee the Related Party Arrangements. The Board considers these arrangements are an appropriate framework for the administration of the Related Party Arrangements.

These are the protocols that apply to the IBC.

They deal with:

- the regulatory framework applying to Related Party Arrangements (section 2);
- a description of the Related Party Arrangements (section 3)
- the establishment of the IBC (section 4);
- the responsibilities, membership and procedures of the IBC (section 5);
- the Related Party Manual (section 6);
- the Related Party Working Group (section 7);
- the independent review process applicable to the Related Party Arrangements (section 8);
- disclosure of certain matters relating to the Related Party Arrangements in Sigma's annual report (section 9);
- the ability of the IBC to seek external advice (section 10); and
- amendments to these Protocols and their confidentiality (sections 11 and 12).

Capitalised terms have the meaning in section 13 (*Definitions*).

2 Regulatory framework applicable to Related Party Arrangements

2.1 ASX Listing Rules

ASX Listing Rule 10.1 says:

> *An entity (or, in the case of a trust, the +responsible entity of the trust) must ensure that neither the entity, nor any of its +child entities, +acquires or agrees to +acquire a substantial asset from, or +disposes of or agrees to +dispose of a substantial asset to, any of the following +persons without the approval of the holders of the entity's +ordinary securities.*

10.1.1 A +related party of the entity.

10.1.2 A +child entity of the entity.

10.1.3 A +person who is, or was at any time in the 6 months before the transaction or agreement, a +substantial (10%+) holder in the entity.

10.1.4 An +associate of a person referred to in rules 10.1.1 to 10.1.3.

10.1.5 A +person whose relationship to the entity or a +person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by +security holders.

2.2 Corporations Act

Section 208 Corporations Act says:

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company:

(a) the public company or entity must:

(i) obtain the approval of the public company's members in the way set out in sections 217 to 227 [of the Corporations Act]; and

(ii) give the benefit within 15 months after the approval; or

(b) the giving of the benefit must fall within an exception set out in sections 210 to 216 [of the Corporations Act].

One of those exceptions is a financial benefit given on terms that:

(a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or

(b) are less favourable to the related party than the terms referred to in paragraph (a).

2.3 Defined terms

Terms used in these provisions (for example, the terms in Listing Rule 10.1 with crosses next to them above) are defined in the Listing Rules or the Corporations Act (as the case may be).

3 Nature of Related Party Arrangements

(a) The Related Party Arrangements consist of:

(1) the Existing Related Party Arrangements; and

(2) the Future Related Party Dealings.

(b) The Existing Related Party Arrangements comprise the following types of arrangements between Sigma or its subsidiaries and a Related Party:

(1) franchise arrangements (including supply arrangements and licences to occupy premises) where Sigma or its subsidiary is the franchisor and a Related Party is the franchisee;

(2) supply arrangements where Sigma or its subsidiary is the supplier to the Related Party franchisee;

(3) lease arrangements where a property owned by a Related Party is leased to Sigma or its subsidiary; and

(4) other arrangements pursuant to which Related Parties provide goods or services to Sigma or its subsidiary.

(c) The Future Related Party Dealings comprise any future arrangements amended, renewed or entered into in accordance with the Related Party Arrangements Approval and include, for example, the following types of arrangements between Sigma or its subsidiaries and a Related Party:

(1) amendments to the terms of the Existing Related Party Arrangements (including general amendments and amendments to reflect regulatory changes); and

(2) entry into new Related Party Arrangements (including on terms previously entered into with a person who is not a Related Party).

(d) The Other Related Party Arrangements comprise any Related Party Arrangements occurring in the future, which are not Related Party Arrangements and therefore were not approved by the Related Party Arrangements Approval.

(e) The Existing Related Party Arrangements have been approved by shareholders of Sigma pursuant to the Related Party Arrangements Approval. Pursuant to the Related Party Arrangements Approval, the Future Related Party Dealings may be implemented provided they meet certain requirements which are contained in the Related Party Arrangements Approval as further documented in the Related Party Manual. The IBC may require other requirements to be met to implement Related Party Arrangements (including, for instance, that a certain process be followed to assess third party interest for the arrangement before deciding to enter into the arrangement with a Related Party).

(f) The Related Party Manual contains the framework for implementing and administering the Related Party Arrangements in accordance with the requirements of the Related Party Arrangements Approval (including the conditions that must be met and the approvals that must be obtained to enter into such Related Party Arrangements) and other requirements determined by the IBC from time to time.

4 Establishment of the IBC

As required by the Related Party Arrangements Approval, the Board has established and delegated to the IBC, under clause 8.1 of Sigma's constitution, the full power and authority of the Board to:

(a) consider, negotiate, enter into, make any changes or amendments to, and take any actions (including exercise any rights) under, Related Party Arrangements, and all matters in connection with or related to Related Party Arrangements;

(b) oversee and monitor compliance of the Related Party Arrangements with the requirements of:

(1) the Related Party Arrangements Approval;

(2) these Protocols;

(3) the Related Party Manual;

(4) Listing Rule 10.1; and

(5) Chapter 2E,

so that the interests of the shareholders of Sigma are not prejudiced by the Related Party Arrangements.

5 Responsibilities of the IBC

5.1 Responsibilities of IBC

The responsibilities of the IBC are to:

(a) consider, negotiate, enter into, make any changes or amendments to, and any take actions (including exercise any rights) under, Related Party Arrangements, and all matters in connection with or related to Related Party Arrangements;

(b) monitor compliance of the Related Party Arrangements with the Related Party Arrangements Approval, these Protocols, the Related Party Manual, Listing Rule 10.1 and Chapter 2E;

(c) ensure the Related Party Arrangements are in the best interests of Sigma Shareholders including having regard to the Principles;

(d) supervise the operations of the Related Party Working Group (including in respect of any matters the Related Party Working Group has been delegated responsibilities in relation to);

(e) consider whether to delegate any of its responsibilities to the Related Party Working Group including on the basis that such matters are more appropriately dealt with by the Related Party Working Group;

(f) consider whether it is appropriate that any delegation of responsibilities to the Related Party Working Group ought to be revoked including on the basis that such matters are more appropriately dealt with by the IBC;

(g) consider the recommendations made by the Related Party Working Group in its report provided to the IBC prior to each IBC meeting;

(h) report to the Board prior to each Board meeting on:

(1) its administration of the Related Party Arrangements;

(2) authorities delegated to the Related Party Working Group by the IBC;

(3) possible improvements to these Protocols, the Related Party Manual and the Related Party Working Group Protocols to facilitate the proper administration of the Related Party Arrangements; and

(4) any other matter requested by the Board in relation to the Related Party Arrangements,

other than to the extent the IBC considers doing so to be inappropriate in the circumstances because it would risk the IBC's deliberations being influenced, or being perceived to have been influenced, by a Related Party;

(i) resolve any disputes in relation to the interpretation of the Related Party Manual and its application to the Related Party Arrangements as set out in section 5.4;

(j) attend to any other matter related to the Related Party Arrangements as requested by the Board; and

(k) make any amendments to the Related Party Manual.

5.2 Membership of IBC

(a) The members and Chair of the IBC will be appointed by the Board.

(b) The IBC must consist only of independent directors of Sigma and must not include a person who is:

(1) a Chemist Warehouse nominee director appointed in connection with the Transaction;

(2) a Related Party or an associate of a Related Party;

(3) a person who was a Related Party or an associate of a Related Party in the 6 months prior to their appointment to the IBC; or

(4) a person who has a current material business relationship (not including by virtue of their Sigma directorship) with a Related Party.

For this purpose, "associate" has the meaning in the Corporations Act.

(c) The initial members of the IBC are:

(1) Michael Sammells;

(2) Annette Carey; and

(3) Neville Mitchell.

(d) The initial Chair of the IBC will be Michael Sammells.

(e) The IBC must have 3 members unless otherwise determined by the Board.

(f) The Board may, by ordinary resolution, appoint additional directors to the IBC or remove and replace members of the IBC, provided these new members meet the criteria in section 5.2(b).

5.3 Procedures of IBC

(a) The Company Secretary (provided he or she meets the criteria in section 5.2(b)) will attend IBC meetings as minute secretary, subject to the Chair of the IBC determining otherwise.

(b) The IBC will meet as often as the IBC members deem necessary in order to fulfil the IBC's responsibilities set out in section 5 and at least 6 times per financial year.

(c) The IBC may invite experts and other non-executive directors on the Board to attend meetings of the IBC.

(d) The provisions of Sigma's constitution dealing with directors' meetings apply to meetings of the IBC.

(e) The IBC has the right to access any information it may feel is reasonably necessary or desirable for it to carry out its responsibilities under section 5.1 (including access to management and external advice).

5.4 Dispute resolution

(a) Any dispute in relation to the interpretation of the Related Party Manual and its application to the Related Party Arrangements will be resolved by the IBC.

(b) If the IBC cannot or does not wish to resolve the dispute, the dispute may be referred by the IBC to the Board for resolution.

(c) To resolve the dispute or refer the dispute to the Board for resolution, the IBC must pass an ordinary resolution.

(d) If the IBC has not passed a resolution in relation to the dispute or referred the dispute to the Board for resolution within 14 days of being notified of that dispute (or such other reasonable period as determined by the IBC if, having regard to the matters in dispute, more than 14 days is required), the dispute is deemed to have been referred to the Board for resolution.

(e) The Board must seek to resolve the dispute within 14 days (or such other reasonable period if, having regard to the matters in dispute, more than 14 days is required) of being referred the dispute (including by way of the dispute being deemed to have been referred to the Board for resolution).

5.5 Existence of IBC

The Board must ensure there is an IBC, which meets the requirements of these Protocols, in place at all times while there are Related Party Arrangements in existence.

6 Related Party Manual

(a) The Related Party Arrangements Approval requires the creation of the Related Party Manual.

(b) The Related Party Manual contains the framework for implementing and administering the Related Party Arrangements in accordance with the requirements of the Related Party Arrangements Approval (including the conditions that must be met and the approvals that must be obtained to enter into Related Party Arrangements) and all applicable laws (including, without limitation, Chapter 2E and Listing Rule 10.1).

(c) The Related Party Manual will be administered by the Related Party Working Group with oversight from the IBC.

7 Related Party Working Group

(a) The Related Party Working Group has been established to:

(1) manage the Related Party Arrangements on a day to day basis; and

(2) monitor compliance of the Related Party Arrangements with the requirements of the Related Party Arrangements Approval (including the Related Party Manual).

(b) The operation of the Related Party Working Group will be governed by the Related Party Working Group Protocols.

8 Independent review of Related Party Arrangements

(a) The IBC may, at its discretion, seek a review of the Related Party Arrangements by a suitably qualified independent adviser on terms determined by the IBC, to

provide comfort to the shareholders of Sigma that such administration complies with the terms of the Related Party Arrangements Approval.

(b) The results of any review must be:

(1) documented in a report which is provided to both the IBC and the Board;

(2) undertaken by an external adviser appointed by the IBC and who has the appropriate independence, skills and qualifications to provide such a report; and

(3) provided by the external adviser on terms which allow Sigma to disclose the content, findings and existence of the report in its subsequent annual report.

9 Annual report

Summaries of the following will be disclosed in the Sigma annual report:

(a) the Related Party Arrangements as required by the Related Party Arrangements Approval;

(b) the findings of any report referred to in section 8; and

(c) any amendments to these Protocols.

10 External professional advice

(a) The IBC may seek external advice including financial, legal, accounting, valuation and other expert or professional advice in relation to the Related Party Arrangements, including on matters such as:

(1) who is a Related Party;

(2) what is required to be done to meet the requirements of the Related Party Arrangements Category;

(3) the terms of Related Party Arrangements;

(4) how to interpret and apply the Related Party Manual;

(5) how to interpret and apply the Principles;

(6) whether a new related party arrangement falls within a Related Party Arrangements Category;

(7) how to meet any applicable regulatory requirements; and

(8) the interpretation of, and satisfaction of requirements relating to, the Related Party Arrangements Approval, related regulatory requirements, the Principles, these Protocols and the Related Party Manual.

In order to protect the independence of the IBC and avoid any perception of undue influence, such advice will only be made available to Sigma directors who are not members of the IBC at the discretion of the IBC.

(b) The cost of such external advice will be borne by Sigma.

11 Amendments

Any amendment to these Protocols must be approved by the Board.

12 Confidentiality

Unless permitted by these Protocols or required by law, the Listing Rules or a binding requirement of a government department or regulator, the content of these Protocols must be kept confidential and must not be disclosed to any party without the consent of the Board.

13 Definitions

The meanings of the terms used in this agreement are set out below.

Term	Meaning
ASX	ASX Limited ACN 008 624 691 and, where the context requires, the financial market that it operates.
Board	the directors of Sigma from time to time who are (as applicable) entitled to vote on the relevant resolution, or do not have a material personal interest in a matter, being considered by the Board.
Chair	the Chair of the IBC (as appointed from time to time) under section 5.2(a).
Chapter 2E	Chapter 2E of the Corporations Act (including having regard to ASIC RG 76 as appropriate).
Chemist Warehouse	CW Group Holdings Limited ACN 635 851 839.
Company Secretary	the company secretary of Sigma.
Corporations Act	the *Corporations Act 2001* (Cth) (as amended from time to time).
Existing Related Party Arrangements	has the meaning given in the notice of meeting issued to Sigma shareholders on 18 December 2024 in connection with the Related Party Arrangements Approval.

Term	Meaning
Future Related Party Dealing	has the meaning given in the notice of meeting issued to Sigma shareholders on 18 December 2024 in connection with the Related Party Arrangements Approval.
Independent Board Committee or **IBC**	the independent committee of directors established, and in respect of which these Protocols have been adopted, by the Board.
Listing Rules	the official listing rules of ASX.
Other Related Party Arrangements	any arrangement involving Sigma or a subsidiary of Sigma and a Related Party who is: 1 a Chemist Warehouse nominee director appointed in connection with the Transaction; 2 Sam Gance; or 3 a Related Party because of their relationship with, or because they are an associate of, a Chemist Warehouse nominee director, to which: 4 Listing Rule 10.1 applies; or 5 Chapter 2E applies, which is not an Existing Related Party Arrangement or Future Related Party Dealing.
Principles	has the meaning given in the Related Party Manual (as amended from time to time).
Protocols	these Independent Board Committee Protocols.
Related Party	when used in these Protocols, means a person who is 'involved in' a Related Party Arrangement who falls within the definition of related party: 1 For the purposes of Listing Rule 10.1, in Chapter 19 of the Listing Rules (as amended from time to time); and 2 For the purposes of Chapter 2E, in section 228 of the Corporations Act (as amended from time to time). For the avoidance of doubt, a person will not be 'involved in' a Related Party Arrangement for this purpose solely because they are a director, officer or employee of Sigma.

Term	Meaning
Related Party Arrangements	the Existing Related Party Arrangements and Future Related Party Dealings.
Related Party Arrangements Approval	the approval of the Related Party Arrangements (other than the Other Related Party Arrangements) by Sigma shareholders on 29 January 2025.
Related Party Arrangements Category	has the meaning given in the Related Party Manual (as amended from time to time).
Related Party Manual	the manual approved by the Board and which contains the framework for administering the Related Party Arrangements in accordance with the requirements of the Related Party Arrangements Approval.
Related Party Working Group	a group of senior management of Sigma established to manage the Related Party Arrangements on a day to day basis.
Related Party Working Group Protocols	the protocols established to govern the Related Party Working Group.
Sigma	Sigma Healthcare Limited ACN 088 417 403.
Transaction	the scheme of arrangement under Part 5.1 of the Corporations Act as approved by shareholders of Chemist Warehouse on 29 January 2025, under which Sigma acquired all outstanding shares in Chemist Warehouse.

14 Adoption of Protocols

The Protocols were adopted by the Board on 13 March 2025.