

MODERN SLAVERY REPORT

For the year ended
December 31, 2023

cipher™
PHARMACEUTICALS

Introduction

This Modern Slavery Report (the "**Report**") is being published by Cipher Pharmaceuticals Inc. and its subsidiaries (collectively "**Cipher**", the "**Company**", "**we**", "**us**", or "**our**") pursuant to Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). The Report refers to activities for our most recently completed fiscal year ended December 31, 2023.

Described in this Report are the measures implemented by the Company to prevent and mitigate the risk of forced labour, child labour or any other form of modern slavery being used at any step of the production of goods in Canada or elsewhere by the Company or of goods imported into Canada by the Company.

The Company acknowledges its responsibility to combat forced and child labour in our supply chain and is committed to acting ethically and with integrity. Cipher is committed to supporting, respecting and upholding the protection of human rights and stands against all forms of modern slavery.

Corporate Structure and Operations

Cipher Pharmaceuticals Inc. was incorporated under the Business Corporations Act (Ontario) (the "**OBCA**") on January 9, 2004. The Company's common shares are listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "CPH" and are also traded on the OTCQX ("**OTCQX**") under the symbol "CPHRF".

The Company's head office is located at 5750 Explorer Drive, Suite 404, Mississauga, ON L4W 0A9 and its registered office is located at 77 King St W, Suite 3000, Toronto, ON M5K 1G8.

Cipher Pharmaceuticals Inc. has three subsidiaries as of December 31, 2023. A list of these subsidiaries, their registered jurisdiction and the percentage ownership held directly or indirectly by Cipher Pharmaceuticals Inc. is shown in the following table:

Subsidiary	Registered Jurisdiction	Ownership
Cipher US Holdings Inc.	Delaware	100%
Cipher US HoldCo LLC	Delaware	100%
Cipher Pharmaceuticals US LLC	Delaware	100%

Headquartered in Mississauga, Ontario, Cipher is a specialty pharmaceutical company with a diversified portfolio of commercial and early to late-stage products. Cipher acquires products that fulfill unmet medical needs, manages the required clinical development and regulatory approval process, and currently markets these products directly in Canada or indirectly through partners in the U.S. Cipher's corporate strategy is to assemble and manage a portfolio of prescription products across a broad range of therapeutic areas.

Cipher's current products address the therapeutic areas of dermatology, pain management, cardiovascular, and hospital acute cardiovascular care. A full list of the Company's products is available on the "*Products*" page of its website at www.cipherpharma.com.

Supply Chain

The Company sources and imports its finished pharmaceutical products into Canada, from a small number of regulated entities in four countries outside of Canada. The overwhelming majority of our products are purchased and imported into Canada from a key supplier based in the United States territory of Puerto Rico ("**U.S.**"), with the remaining products imported from suppliers based in Europe.

We have established strategic, long-term, and transparent relationships with all of our primary suppliers, particularly those from which we source finished pharmaceutical products, and endeavor to act, and in turn expect our suppliers to act, in an ethical and socially responsible manner. Given that Cipher operates in a highly regulated industry of pharmaceutical products, our supply chains are highly transparent and regulated with a clear understanding on the source of the supply, including the sourcing of key raw materials such as active pharmaceutical ingredients ("**API**") used in the production of our products.

The API used in the production of our finished pharmaceutical products, which occurs outside of Canada, is sourced by our manufacturing and supply partners from entities in eight countries outside of Canada. The entities which supply the API used in our products are primarily based in Europe. However, certain API is also sourced by our partners from entities located in Israel, China and India.

Governance, Policies and Due Diligence Processes

The Company does not currently have policies, procedures, and due diligence processes in place which specifically address or relate to forced labour, child labour or any other form of modern slavery. This is mainly due to the fact our operations do not directly manufacture the products we sell, and whereby our direct employees are employed in a corporate office located in Ontario, Canada. However, the Company does have a governance structure, policies and due diligence processes in place that outline the code of conduct and ethics to be followed by the Company and its employees.

GOVERNANCE

The Board of Directors (the "**Board**") of Cipher is responsible for the overall stewardship of our organization and overseeing the management of the Company's business and affairs. The Board has established two committees which assist it in fulfilling its oversight responsibilities regarding compliance with legal and regulatory requirements and corporate social responsibility. These committees are (a) the Audit Committee, which is composed entirely of independent directors; and (b) the Nominating and Governance Committee, which is composed entirely of independent directors.

POLICIES

Code of Business Conduct and Ethics

The Company is committed to embedding modern slavery considerations into its policies, governance framework and decision-making. While the Company does not currently have a specific policy in place relating to modern slavery concerns, the Company's Code of Business Conduct and Ethics (the "**Code**") requires that Cipher's employees comply with all applicable laws and regulations while fulfilling their duties and responsibilities. In the near future, the Company plans to update the Code to specifically address potential risk factors related to modern slavery, including forced labour and child labour.

Whistleblowing Policy

The Company has also adopted a Whistleblowing Policy, which encourages employees to report any concerns relating to the Company, including any human rights concerns, directly to the Chairman of the Nominating and Governance Committee of the Board. Reference to this Whistleblowing Policy and the method by which to report any concerns is also included in the Company's Code.

DUE DILIGENCE PROCESSES

When sourcing new products, the Company conducts a fulsome diligence review of any prospective partner and considers regulatory requirements such as those from Health Canada and the U.S. Food and Drug Administration ("**FDA**"), including a review of publicly available disclosures and financial information. As part of this diligence review, the Company ensures that: (i) the applicable manufacturing site is licensed by the relevant regulatory authority for pharmaceuticals manufacturing and packaging; and (ii) quality assurance practices are in place.

As part of the licensing requirements for pharmaceutical manufacturing facilities, there are periodic site inspections (conducted by government regulatory authorities such as Health Canada or the FDA) which ensure continued compliance with applicable laws and regulations. The Company itself is also subject to these licensing requirements and periodic inspections. While these laws and regulations do not specifically address forced labour, child labour or any other form of modern slavery, it is very unlikely that instances of forced labour, child labour or modern slavery could occur in a licensed pharmaceutical manufacturing facility of the Company's products.

Assessing and Managing Risks

The Company has undertaken an internal risk assessment of our operations and supply chains, to further our understanding of the risks associated with the country of origin of our procured products and key raw materials, and the risk profile in terms of forced labour and child labour. Given our operations are in the regulated pharmaceutical industry, we believe the risk of forced labour and child labour in our supply chains is reduced due to this high level of regulation, although such risks are not fully eliminated. Through our compliance with various pharmaceutical industry regulations and requirements, our suppliers of finished pharmaceutical products are identified and documented, and we have a comprehensive mapping process to understand the source of supply for our key raw materials.

In performing our internal risk assessment, Cipher has used published indexes, such as the Global Slavery Index, to identify whether any countries in our supply chains have a high risk of forced labour and child labour practices.

All of our finished pharmaceutical products are sourced from countries that are considered to have a low inherent risk of forced labour, child labour and modern slavery, according to the Global Slavery Index. These countries include the U.S., Germany, France, and Spain.

The Company acknowledges that while the majority of countries from which our API is sourced by partners, including those in Europe, are considered to have a low inherent risk of forced labour, child labour and modern slavery, there are certain countries from which API is supplied that are considered to have medium risk in terms of the prevalence and vulnerability of forced labour, child labour and modern slavery practices, according to the Global Slavery Index. Certain API is supplied by entities based in India, which is considered to be a country which carries a medium risk. However, the risk of forced labour, child labour and modern slavery practices occurring with respect to our API is mitigated given the high level of regulatory compliance required, combined with the measures that the Company currently has in place, as outlined above in the "*Governance, Policies and Due Diligence Processes*" section of this Report.

Our risk assessment has concluded that the majority of products, raw materials and countries from which these items are sourced are generally considered low risk in terms of forced labour, child labour and modern slavery.

Cipher recognizes that risks relating to modern slavery are complex and are continuously evolving, and accordingly the Company is committed to continuing to perform risk assessments and addressing any such risks that may arise in its business.

Remediation Measures

At this time, we have not identified any forced labour or child labour in our activities and supply chain that require remediation, including the remediation of loss of income for those vulnerable families who may have been impacted by the unintended consequences from any measures taken to prevent or eliminate the use of forced labour or child labour in the Company's operations and supply chain.

Should such circumstances arise, we are dedicated to upholding our commitments to combat these issues, while actively working to mitigate any resulting adverse impacts.

Training

Although the Company does not currently provide training to employees on forced labour or child labour, every employee of Cipher receives a copy of the Employee Handbook, which outlines certain policies and procedures of the Company, and includes the Company's Code of Business Conduct and Ethics. Each employee must review and acknowledge that they have read, clearly understood and agree to abide by the policies and procedures outlined in the Employee Handbook. Directors of the Company are also bound by the Code, as stipulated by the Charter of the Board of Directors.

Any failure by an employee or director to respect the Code, may result in disciplinary action, up to and including termination of their employment or other relationship with Cipher, and certain failures to respect the Code may result in legal action. The Company expects its business partners and the third parties with whom it interacts to adopt and implement practices that are consistent with Cipher's Code and may terminate any business relationship with a third party that is acting in a way which is inconsistent with Cipher's or the third party's values and practices.

Assessing Effectiveness

At this time and based on our risk assessment performed to date, we believe no further actions are required to assess the Company's effectiveness in preventing and reducing risks of forced labour and child labour in its operations and supply chains.

Based on the foregoing, we have yet to establish formal policies and procedures including evaluating the effectiveness of any measures implemented to mitigate the risks of forced labour and child labour within our operations and supply chains. We are committed to taking the necessary steps and continuing our risk assessment in these areas and determining the effectiveness of Cipher's policies.

Approval and Attestation

This Report was approved on May 9, 2024 by the Board of Cipher Pharmaceuticals Inc., as being a joint report of Cipher Pharmaceuticals Inc. and its subsidiaries listed above in the "*Corporate Structure and Operations*" section of this Report, pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, specifically under section 11 thereof, I attest that I have reviewed the information contained in this Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I make the above statement in my capacity as a director of the Board of Cipher Pharmaceuticals Inc., for and on behalf of the Board of Cipher Pharmaceuticals Inc.

I have the authority to bind Cipher Pharmaceuticals Inc.

(signed) "Craig Mull"

Craig Mull

Chairman and Interim Chief Executive Officer
Cipher Pharmaceuticals Inc.

May 9, 2024