

Discount Prescription



Sustainability Report
2022/23

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About this report

This Sustainability Report provides information on the overall sustainability management and performance of Sigma Healthcare from 1 February 2022 to 31 January 2023, aligning with the company's financial reporting period.

This report complements Sigma Healthcare's Annual Report, Corporate Governance Statement, Board Charters and Corporate Policies which are publicly available on our website. The aim of this report is to communicate transparently on the company's material environmental, social and governance (ESG) topics and provide insight on our operational impacts and efforts we have made to manage them over the reporting period.

The report scope is based on Sigma's operational control, including the distribution processes and management systems across Australia. We have considered the Global Reporting Initiative (GRI) Standards and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in preparing this report. For guidance on alignment with the GRI Standards, a GRI index has been included in the appendix.

Any enquires or feedback about this Sustainability Report should be directed to Gary Woodford, Head of Corporate Affairs.

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Acknowledgement of Country

We respectfully acknowledge the traditional owners of lands across Australia and pay our respects to their elders past and present. Our head office is located on Bunorong land.

Message from our Board and Executive



Welcome to our Sustainability Report 2022/23. This report presents an overview of our approach, performance and initiatives across key ESG matters for our business and our stakeholders.

In 2020/21 we set a 'Plan to 2030' with key goals under each of our sustainability focus areas. This year we continue to provide an update to our stakeholders on our progress, our current focus and our next steps in relation to this plan and our overall sustainability journey. Key highlights from this year are included on the following page.

As the 'engine' behind our sustainability efforts, developing our team for success is one of our top business priorities. We recognise that the passion, expertise and capability of our people are the key drivers of our sustainability outcomes. This year, we continued to support our teams through engagement, development, recognition, and our ongoing efforts to maintain a safe and healthy work environment and a diverse and inclusive culture.

We have made strong progress on our gender diversity aims, with 27% of senior leadership positions now filled by women and 41% of all vacant leadership roles filled by women, in the reporting period. In addition, we maintained 40% representation of women on the Board.

We continued to be endorsed by WORK180* in recognition of our commitment to diversity, equity and inclusion. Lastly, our Lost Time Injury Frequency Rate (LTIFR) was 1.83 for the year, a decrease of 31% year on year.

Our customers and communities are equally important stakeholders, and we continued to invest in improving customer outcomes, for example, investing in a route optimisation project. This year we delivered over 120 million Pharmaceutical Benefits Scheme medicines to community pharmacies and donated over \$91,000 worth of essential hygiene and personal care stock items to charities and flood-impacted communities across Australia.

We acknowledge the challenges that climate change is posing to the world and the potential risks and opportunities arising for Sigma. As such, we have set ourselves a phased approach to implementing the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) across its pillars of governance, strategy, risk management, metrics and targets. Linked to this effort, we are pleased to share our own solar generation activities contributed around 19% of total energy consumption this year. Pleasingly, this contributed to our Total Scope 1 and 2 emissions reducing by 23% to 8,613 tCO₂e.

Cybersecurity and data privacy presented as a new focus area, and we have made ongoing investment into an ISO 27001 aligned information security program. Additional information on our approach is now included in the Governance section of our report.

In FY23, Sigma established an 'ESG Steering Committee' which now drives and provides oversight on our ESG focus areas, Plan to 2030 and reports ESG progress to the Board on a periodic basis. With these initiatives and developments, we look forward to advancing our sustainability journey over the coming years.

We thank all our stakeholders for their ongoing support.

Regards,

Christine Bartlett
Non-Executive Director, Chair of the
Nomination & Remuneration Committee,
Board Sustainability Sponsor

Gary Woodford
Head of Corporate Affairs, Executive
Sustainability Sponsor

* WORK180 is an organisation dedicated to removing workplace barriers by raising organisational standards so that all women can choose workplaces where they can thrive. Our WORK180 endorsement demonstrates our commitment to creating a diverse, equitable and inclusive environment for all women and means that we have met the workplace standards set by WORK180.

Highlights

Environment

1,500kW

Renewable energy production capacity of 1,500 kW powered by solar energy (representing around 19% of total energy consumption) in the current year

14.2m

Offset the equivalent of around 14.2 million pages of paper consumption by reforestation 1,707 standard trees with PrintReleaf Exchange since 2021

8 years

as signatory to the Australian Packaging Covenant

71% of waste diverted from landfill across our 10 major sites

Commenced route optimisation project to improve efficiency and reduce environmental impact

Continued to deliver against our TCFD adoption roadmap, detailing our steps to comprehensively understand and respond to the impacts of climate change

Social

120m

Over 120 million Pharmaceutical Benefits Scheme medicines supplied to community pharmacies

27%

of senior leadership roles filled by women; 41% of all vacant leadership roles were filled by women in FY23

106

team members nominated for employee recognition Shine Awards

31%

Lost Time Injury Frequency Rate decreased to 1.83 (31% decrease year on year); more than 50% reduction in workers compensation claims (as compared to last year)

\$91,000

Donated over \$91,000 worth of essential hygiene and personal care stock items to charities and flood impacted communities across Australia

Continued endorsement by WORK180 in recognition of our commitment to diversity, equity and inclusion

Governance

Established ESG Steering Committee to drive and give oversight to our ESG focus areas in our Sustainability Framework and Plan to 2030

Continued investment in ISO 27001 aligned information security program

56

Leadership Labs delivered, including content on the Respect@Work legislative changes

About Sigma Healthcare

Sigma Healthcare has been supporting the health of Australians for more than 110 years. We work collaboratively to build long-term relationships that benefit our consumers, reward our partners and support our communities.



Our purpose

Our purpose is to offer high quality healthcare products and services while providing long-term sustainable growth and shareholder returns.



Our values

At Sigma, we have this year renewed and updated our company values to reflect our changes and growth as a collective. We continue to believe that a united team, open communication and providing a safe environment promote a stronger culture. We reward and recognise our team members for demonstrating our key values and behaviours which include:

- We are obsessed with delighting our customers
- We act with honesty, integrity and respect
- We are resilient and focused
- We deliver on our goals.



Our strategic business imperatives

- Optimise our core capabilities
- Develop our team for success
- Help our partners grow their businesses
- Pursue cost effective solutions together
- Jointly search for improved margins
- Leverage capabilities across markets.

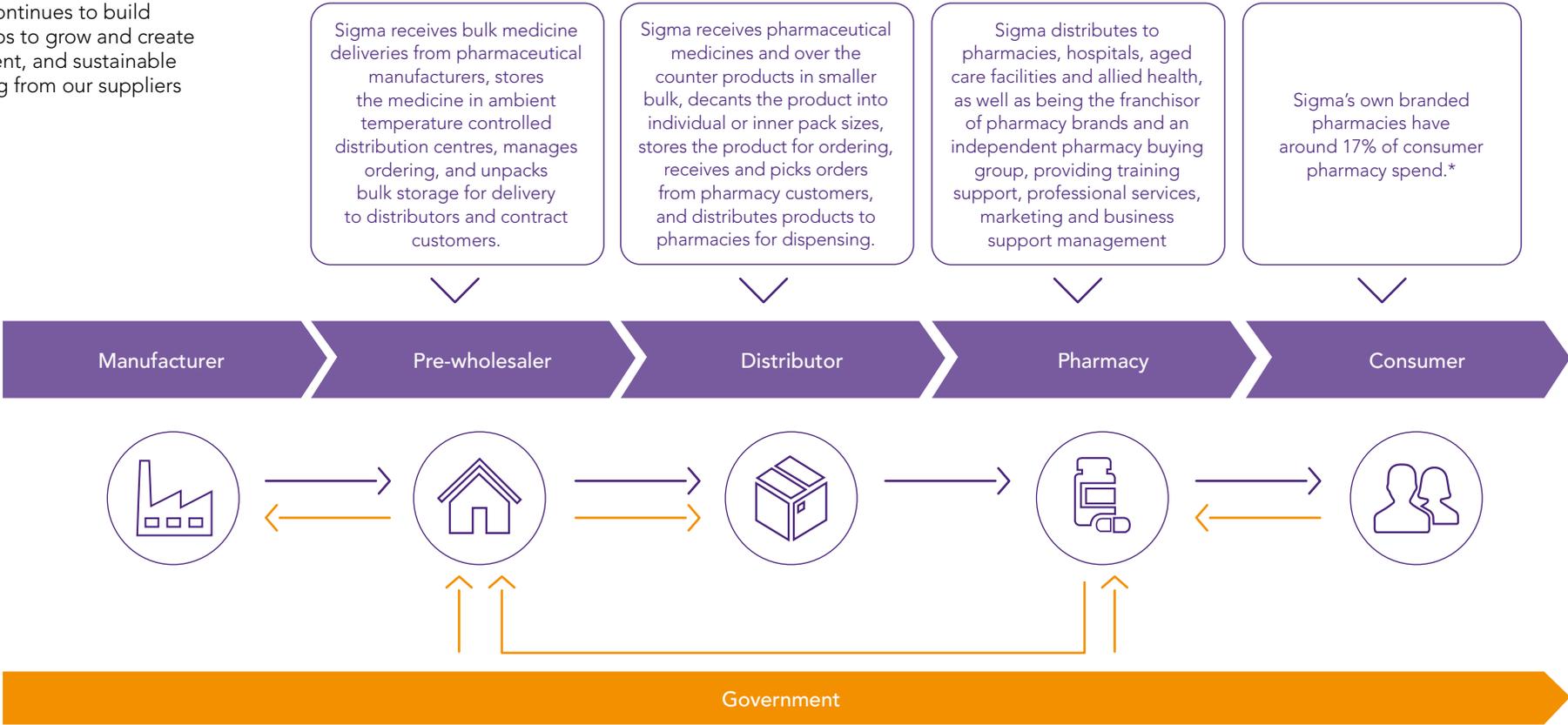
We strive to serve our communities and meet the expectations of our stakeholders by:

- Fulfilling our responsibilities to ensure Australians have access to the full range of Pharmaceutical Benefits Scheme (PBS) medicines, via community pharmacies regardless of where they live, and usually within 24 hours.
- Collaborating with our suppliers and customers to continuously pursue and implement value-added, cost-effective wholesaling and distribution solutions.
- Supporting pharmacists to be innovative and professional service providers in our communities to help shape the future of delivering health care in Australia.
- Providing sustainable returns for our investors and continuously creating value in the business.
- Providing support for a range of community not-for-profit organisations that are aligned with our values.

Our value chain

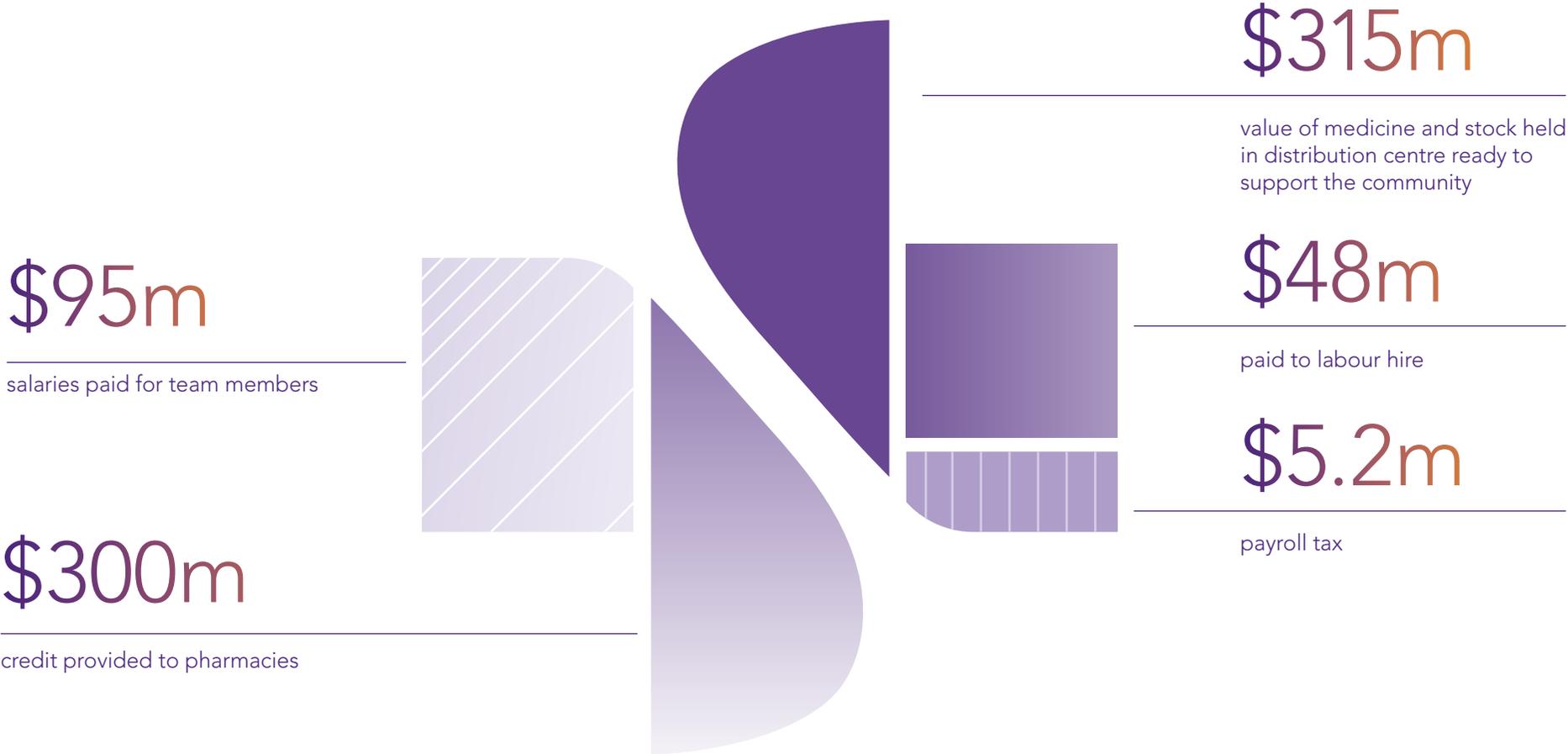
We are a leading healthcare provider with integrated operations delivering high-quality healthcare products and services to our customers across Australia.

Sigma Healthcare continues to build strategic partnerships to grow and create an innovative, efficient, and sustainable value chain spanning from our suppliers to end consumers.



Economic and social value

Sigma Healthcare supports one of the largest community pharmacy networks in Australia, with over 1,200 aligned pharmacies, including around 500 franchise pharmacies operating the Amcal, Guardian, PharmaSave, and Discount Drug Stores brands, accounting for almost 17% of consumer pharmacy spend across Australia.



Our approach to sustainability

Stakeholder engagement

We believe that a stakeholder-centric approach is at the heart of enabling a socially relevant and future-oriented approach to business.

We have consistently focused on building strong and meaningful relationships with a diverse range of stakeholders. We engage through customised channels to meet the distinct needs of each stakeholder group, with an aim to foster inclusivity, accountability and responsibility. We strive to build collaborative relationships with our stakeholders and work together to deliver positive sustainability outcomes.

The table below captures our key stakeholder groups and the engagement channels we adopt to understand their issues, needs and expectations, which feeds into our materiality assessment process and helps us manage our business and its impact responsibly.

Stakeholder	Engagement channels
Team members	<p>Our team members are at the forefront of creating new possibilities and growth avenues for our business. We engage with our team members through various channels including,</p> <ul style="list-style-type: none"> • our periodic engagement surveys, mid-year and annual performance reviews • business policy compliance and regular communication • our health and wellbeing program • regular communication through our internal Hub, including regular Town Hall videos to keep team members informed. <p>We exercise further engagement with our team members through face-to-face briefings, team meetings and online platforms to enable greater connection and productivity. Our online platforms include our Learning Management Solution which delivers online induction and compliance training to our team members.</p>
Customers	<p>We are committed to understanding the changing needs of our customer base across our community pharmacy businesses. We actively engage with our customers to identify any concerns or areas for improvement, including feedback on how we are meeting their expectations. Our operations are also guided by the member councils, providing pharmacy owners direct feedback to enhance support for their communities.</p>
Community	<p>We serve Australian communities by providing access to the full range of Pharmaceutical Benefits Scheme (PBS) and National Diabetes Services Scheme (NDSS) medicines and healthcare products, usually within 24 hours. We adopt relevant engagement pathways with our communities to serve them better and beyond our operational reach, which include:</p> <ul style="list-style-type: none"> • collaborating with community organisations such as Assistance Dogs Australia and St Vincent De Paul • investment in the form of donations to support community needs.
Suppliers	<p>We engage with our suppliers to work together in providing services and products with sustainable and responsible supply chains. We seek to do business with suppliers that have similar values and ethics, including those related to understanding and addressing human rights. Further details of our engagement with suppliers and the risk management process on human rights can be found in our Modern Slavery Statement. Considering the nature of our business, we engage with suppliers who provide both services and products. Our consultation mechanisms with suppliers include:</p> <ul style="list-style-type: none"> • tender processes for certain service suppliers to assess their ability to perform a defined scope of work and their overarching approach to sustainability. We are developing a system for risk assessments and reference checks as part of routine due diligence so that post engagement, identified high-risk suppliers can be assessed by regular business reviews for their performance and continued engagement. • to ensure regulatory compliance across the supply chain, our operations must acquire, store and distribute any medicine that is listed on the PBS, which limits our ability to influence in this category.

Stakeholder	Engagement channels
Shareholders	<p>We seek to provide a high level of transparency and engage with our investors through a range of activities and communication mediums, including:</p> <ul style="list-style-type: none"> • half-yearly and annual financial results • Annual General Meeting • market updates • conference presentations • one on one meetings • publication of ASX announcements. <p>In addition, we have an internal Investor Relations team who look after our key shareholder relationships and maintain our publicly available Investor Centre, which contains our Annual Report, Corporate Governance Statement, Board Charters, and Corporate Policies and Procedures. We also engage more broadly via our Sigma Healthcare social media accounts on LinkedIn and Facebook.</p> <p>As a part of the materiality assessment process for this reporting period, we engaged with our investors through one-on-one meetings to gather their feedback and insights on ESG issues. This report includes the ESG factors our investors have indicated are important to them.</p>
Regulators and industry	<p>Due to the nature of our operations and connection with the healthcare sector, we engage and comply with a range of regulatory bodies, which include:</p> <ul style="list-style-type: none"> • Australian Health Practitioner Regulation Agency (APHRA) • National Pharmaceutical Services Association (NPSA): who regularly meet throughout the year • Community Service Obligations (CSO): monthly reporting and regular CSO audit assessments of compliance with our obligations as a CSO wholesaler • Department of Health in each state: ad-hoc audits • Australian Code of Good Wholesaling Practice (cGWP): compliance as a pharmaceutical wholesaler for medicines in Schedules 2, 3, 4 and 8 • Therapeutic Goods Administration (TGA): compliance with the requirements in relation to private label products • Australian Border Force: compliance requirements under the Commonwealth Modern Slavery Act • The Australian Packaging Covenant Organisation (APCO) which leads the development of a circular economy for packaging in Australia. <p>We seek a high level of risk and quality management systems across our business to ensure compliance, as follows:</p> <ul style="list-style-type: none"> • Our risk management systems are aligned with the ISO 31000:2018 standard. • Sigma’s wholly owned subsidiary Sigma Healthcare Logistics Pty Ltd (formerly Central Healthcare Services (CHS)) has developed a Quality Management System that meets the requirements of ISO 9001: 2015, and Australian Code of Good Wholesaling Practice (cGWP) for Medicines in Schedules 2, 3, 4 and 8. • Our distribution centre at Kemps Creek also meets the requirements of ISO 13485:2016 Medical devices — Quality management systems.

Our approach to sustainability continued

Material topics

The following are the material environmental, social and governance (ESG) issues identified through our stakeholder engagement and materiality assessment.

Sustainability Pillar	Sustainability framework area of focus	Material topics	Relevant sections in this report
Environmental	Reduce our environmental impact	<ul style="list-style-type: none"> • Carbon emissions • Energy management • Life cycle management • Physical impacts of climate change • Waste and hazardous materials 	<ul style="list-style-type: none"> • Environment • Climate change mitigation and adaptation • Energy and emissions management • Waste management
Social	Encourage healthy communities	<ul style="list-style-type: none"> • Access and affordability to healthcare • Customer experience • Employee engagement and diversity • Health and safety for customers and staff • Modern slavery and supply chain management • Product quality and safety 	<ul style="list-style-type: none"> • Diversity • Employee engagement • Employee health, safety, and wellbeing • People development, recognition, and retention • Customer experience • Supply chain and modern slavery • Supporting community
Governance	Good governance and transparency	<ul style="list-style-type: none"> • Board governance • Business ethics • Cybersecurity and data security • Financial sustainability 	<ul style="list-style-type: none"> • Corporate governance • Cybersecurity and data security • Sustainability governance • Risk Management

Sustainability framework

Our Sustainability Framework drives our efforts in areas which focus on value creation and risk mitigation. We encourage healthy communities while reducing our environmental impact through good governance and transparency.

Reduce our environmental impact

As a result of our initial materiality assessment in 2020/21, our sustainability framework considers the ESG topics that were defined as material for our business and focuses on those identified as a priority.

Encourage healthy communities

We continue to review our material topics annually and analyse feedback from stakeholder engagement, for example through dedicated one-on-one meetings with our investors and investment organisations.

Good governance and transparency

The outcome of our engagements this year corroborated our current ESG material topics and highlighted areas for improvement in our current ESG disclosure practices, for example the addition of cybersecurity and data privacy content.

Plan to 2030

In 2020/21, we set a 'Plan to 2030' with key goals under each of our sustainability focus areas. Our key goals are outlined below, with additional details on progress provided in the following table. Our approach and communication of our ESG activities will continue to evolve to respond more effectively to the expectations of our stakeholders and the increasing demands of ESG management and reporting.

Goals

Environment – Reduce our impact on the environment and establish a pathway towards carbon neutrality

Increase the environmental efficiency of our distribution centres

Reduce our operational waste and meet the requirements of the Australian Packaging Covenant

Investigate opportunities to divert solid waste generated at facilities (warehouses, offices and retail stores)

Respond to the Taskforce on Climate-related Financial Disclosures and quantify our exposure to climate change.

Social – Invest in the health and wellbeing of our team and the communities we serve

Launch a diversity and inclusion strategy that ensures our workforce reflects the communities we serve and provides an inclusive environment for our people

Develop a strategy to support the inclusion of First Nations Australians across our value chain

Launch community programs that are meaningful to our customers

Invest in the health and wellbeing of our people

Support equitable access to available medicines for all Australian communities

Operate a responsible and ethical supply chain that mitigates the risk of modern slavery.

Governance – Operate our business in an ethical way and transparently report on our operations and decision-making processes

Ensure we are a responsible steward of stakeholder data and privacy

Report transparently to the market on financial and non-financial performance

Engage with the industry and government to ensure a transition to a sustainable future

Ensure the Board has the right mix of skills, experience and diverse perspectives.





Plan to 2030 continued

Goal	What we have achieved	What we are working on	Next steps
Environment – Reduce our impact on the environment and establish a pathway towards carbon neutrality			
Increase the environmental efficiency of our portfolio of distribution centres	<ul style="list-style-type: none"> Implementation of 1,500 kW solar systems Other features that have been implemented on site include LED lighting, timer switches and solar hot water, each enhancing the operational efficiency of our assets 	<ul style="list-style-type: none"> Consolidating our sites so we have fewer sites as we exit out of energy inefficient sites Undertaking route optimisation project to increase efficiency and reduce environmental impact 	<ul style="list-style-type: none"> Continue with installation of solar systems within our portfolio Internal/external audits to identify and implement energy efficiency measures in our distribution centres
Reduce our operational waste and meet the requirements of the Australian Packaging Covenant (APC)	<ul style="list-style-type: none"> Became a signatory to the APC in 2014 Annual disclosure against eight key criteria under APC commitment, including packaging collaboration and strategy, procurement and waste diversion 	<ul style="list-style-type: none"> Deep analysis of our current practices against the APCO criteria and best practices to understand gaps and the corresponding actions for improvement 	<ul style="list-style-type: none"> Implement improvement action plans resulting from the deep analysis of our practices against the APC criteria Identify and implement more waste diversion, recycling or recovery opportunities based on the circular economy approach
Investigate opportunities to divert solid waste generated at facilities (factories, warehouses, offices and retail stores)	<ul style="list-style-type: none"> Re-use or recycling of cardboard tote boxes used to deliver products to pharmacies and use of paper based and earth friendly alternatives to plastic bubble wrap related to these operations 		
Respond to the TCFD and quantify our exposure to climate change	<ul style="list-style-type: none"> Reporting on our scope 1 and scope 2 emissions Roadmap to comprehensive TCFD adoption Offsetting our paper consumption by certifiable reforestation 	<ul style="list-style-type: none"> Analysis of climate-related physical and transitional risks and opportunities in line with the TCFD Analysis of requirements to becoming carbon neutral (scope 1 and 2 emissions) with associated baseline, targets and timeframes Analysis of scope 3 emissions associated to our supply chain to understand sources of emissions and their materiality to our value chain 	<ul style="list-style-type: none"> Report comprehensively against the TCFD framework
Social – Invest in the health and wellbeing of our team and the communities we serve			
Launch a diversity and inclusion strategy that ensures our workforce reflects the communities we serve and provides an inclusive environment for our people	<ul style="list-style-type: none"> Diversity Policy in place Ongoing gender pay gap analysis as part of remuneration review process Annual WGEA reporting 	<ul style="list-style-type: none"> Current diversity targets in place which are focussed on achieving a diverse and inclusive workforce 	<ul style="list-style-type: none"> Expand the focus of our diversity aspects beyond gender to minority groups
Develop a strategy to support the inclusion of First Nations Australians across our value chain	<ul style="list-style-type: none"> Membership to Supply Nation 	<ul style="list-style-type: none"> Working with Supply Nation to provide support to indigenous people and engage them for maintenance service requirements across our business 	<ul style="list-style-type: none"> Develop a formal strategy on the inclusion of First Nations Australians

Goal	What we have achieved	What we are working on	Next steps
Participate in community programs that are meaningful to our customers	<ul style="list-style-type: none"> Participation in the Return Unwanted Medicines project for around two decades In CY2022 donated over \$91,000 of essential hygiene and personal care stock items to charities and flood-impacted communities across Australia 	<ul style="list-style-type: none"> Ongoing investment in relevant community programs 	<ul style="list-style-type: none"> Continue to identify and participate in meaningful community programs
Invest in the health and wellbeing of our people	<ul style="list-style-type: none"> WHS Management System in place Multiple programs in place directed at improving the health and wellbeing of our employees 	<ul style="list-style-type: none"> Commence reporting of leading WHS indicators used to improve safety at our sites 	<ul style="list-style-type: none"> Enhance our reporting of leading WHS indicators from a quantitative perspective
Support equitable access to available medicines for all Australian communities	<ul style="list-style-type: none"> Provide access to the full range of PBS medicines, via community pharmacies and hospital pharmacies 	<ul style="list-style-type: none"> Optimising our ERP system to maintain timely deliveries in line with our commitment and logistical requirements 	<ul style="list-style-type: none"> Continue to support our customers/communities with consistent and best practice service offering
Operate a responsible and ethical supply chain that mitigates the risk of modern slavery	<ul style="list-style-type: none"> Modern Slavery Policy in place Reporting on how we manage modern slavery risks within our business and across our supply chain via our modern slavery statement 	<ul style="list-style-type: none"> Gather further information from our key suppliers to understand and assess our modern slavery risk 	<ul style="list-style-type: none"> Ongoing assessment of supplier performance against modern slavery risks
Governance – Operate our business in an ethical way and transparently report on our operations and decision-making processes			
Ensure we are a responsible steward of stakeholder data and privacy	<ul style="list-style-type: none"> Updated Sigma Privacy Policy in place 	<ul style="list-style-type: none"> Managing and reinforcing Privacy Policy obligations and implementing structural improvements Continued investment in our ISO 27001 aligned information security program 	<ul style="list-style-type: none"> Continue with our commitment to ensuring the confidentiality and security of individuals' personal information
Report transparently to the market on financial and non-financial performance	<ul style="list-style-type: none"> Publishing our financial and non-financial performance (annual report, sustainability report, ASX announcements, investor centre releases on our website) 	<ul style="list-style-type: none"> Continue to deliver annual reporting aligned with market expectations 	<ul style="list-style-type: none"> Continue with and identify opportunities to enhance our transparent communications to our stakeholders
Engage with the industry and government to ensure a transition to a sustainable future	<ul style="list-style-type: none"> Active membership of relevant industry bodies, including NPSA, AIG, NEHTA, CILTA and AIRA 	<ul style="list-style-type: none"> Ongoing engagement under our active memberships to ensure we maintain a strong voice and presence in the industry 	<ul style="list-style-type: none"> Continue to actively engage with Government agencies and representative bodies to ensure we maintain a strong voice and presence in the industry
Board Renewal	<ul style="list-style-type: none"> New Board Renewal Policy released to assist right balance of maintaining stability and knowledge with refreshing Board composition to obtain diverse perspectives 	<ul style="list-style-type: none"> Introduction of two new Directors 	<ul style="list-style-type: none"> Continue to ensure the Board skills and expertise reflect the changing nature of the business
Improve decision making framework with strong governance to ensure decisions are made efficiently and effectively by the right people	<ul style="list-style-type: none"> Updated Delegations of Authority Policy and company wide training 	<ul style="list-style-type: none"> Ensure Sigma is easy to do business with for all stakeholders Contracts are clear, readily available and parameters for discretion easily understood 	<ul style="list-style-type: none"> Continue to identify opportunities to make it easy for stakeholders to do business with us





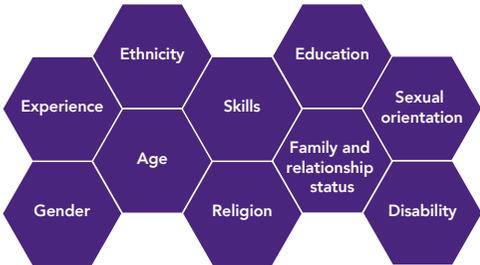
Our people

At Sigma Healthcare, we actively nurture a culture that respects and embraces individual differences and values the many benefits associated with all aspects of diversity.

Our people

Sigma is committed to providing a diverse, inclusive, and safe work environment that is driven by strong employee engagement and development, and that promotes innovation and collaboration. Our workforce priorities play an essential role in developing highly supported, healthy, connected, purposeful and skilful team members who collectively contribute to the success of our business and our team.

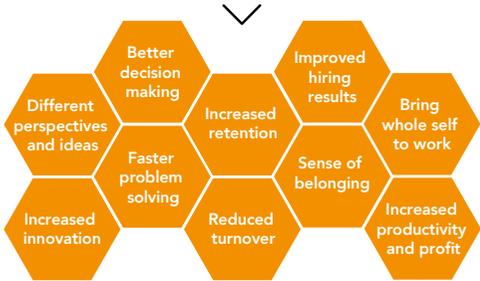
We embrace diversity and inclusion



Diversity

At Sigma Healthcare, we actively nurture a culture that respects and embraces individual differences and values the many benefits associated with all aspects of diversity.

We recognise the importance of ensuring a diverse workforce for our people to bring their whole self to work and for driving a more agile, innovative, attractive, and sustainable business in the long term.



We value the benefits for our people and our business

Our people continued

Our Diversity Policy, Code of Conduct and the Good Working Relationship Policy have been implemented as part of our corporate governance framework to further support our diversity and inclusion efforts with principles that underpin our approach in this area.

Diversity objectives and reporting Sigma's commitment to recognising the importance of diversity extends to all areas of our business. It has been an ongoing effort and focus of the Board to ensure gender pay equity exists across the business. We conduct an annual gender pay gap analysis. Results of the 2021 analysis confirmed that gender pay variances are not prevalent at Sigma when comparing male and female salaries for like-for-like positions and by level. There were no significant unexplainable variances in remuneration between the genders on a job basis.

The current diversity targets in place for Sigma are focussed on achieving a diverse workforce. Our targets are monitored under the oversight of the Nominations and Remuneration Committee and include:

- Aim to achieve gender balance on the board
- Aim to achieve gender balance across executive and senior management positions
- Target equal gender participation in key talent management programs
- Monitor and address issues of gender pay equity

The table below details key diversity indicators of our workforce year on year during the reporting periods.

Metric	Proportion in 2021/2022	Proportion in 2022/2023
Proportion of women team members within the Group	59%	65%
Proportion of women in senior management positions	28%	27%
Proportion of women in the Senior Executive Team	0%*	28%
Proportion of women on the Board	40%	40%

* For the majority of the reporting period, the role of CFO was held by a female who stepped down from her position in November 2021.

Employee health, safety and wellbeing

The health, safety and wellbeing of our team members is paramount for Sigma Healthcare. The ongoing challenges of COVID-19 continue to highlight that health is not limited to physical health, but that mental health and wellbeing are equally important.

The table below provides an overview of how we support team member health, safety and wellbeing.

Sigma Healthcare instruments to support our team members' health, safety, and wellbeing

Instruments	Programs
Health and Safety Management System: <ul style="list-style-type: none"> • Health and Safety Policy • Health and Safety Committee • Health and Safety Operations • Health and Safety Compliance and Performance Evaluation 	Employee Assistance Program
Family and Domestic Violence Policy	Sum of Wellbeing Program, including: <ul style="list-style-type: none"> • A Health and Wellbeing Platform and App
Parental Leave Policy	Mental Health Workplaces Program, including: <ul style="list-style-type: none"> • R U OK Day • Quit smoking support • Drug and alcohol awareness • Free influenza vaccinations • Facilitation of COVID-19 vaccinations

Health and safety

At Sigma Healthcare, we believe that a safe and healthy work environment is a prerequisite for employee wellbeing, and the adoption of best safety practices has a direct impact on overall business performance. Safety is considered every team member's responsibility, and a safe working culture is promoted and encouraged at all levels. This commitment extends to all Sigma group and subsidiary companies, operations and their employees, visitors, and contractors.

Sigma has a robust Health and Safety Management System in place which is subject to an annual internal audit to verify process compliance and enable continuous improvement of our safety performance. Our Health and Safety Policy sets the overarching guidance to foster a culture of safety across the business and ensure provision of a safe work environment to our team members.

There is oversight on health and safety at the Board level. The Board receives monthly reporting on the safety KPIs including safety programs, training and campaigns, incidents and corrective action plans, mental health, and wellbeing outcomes. The Board is advised by our Health and Safety Committee who meet regularly to discuss our business-specific health and safety issues.

We believe that team member consultation and participation on work health and safety matters is a key driver to improve safety performance and develop a uniform safety culture across the business.

To enable and facilitate worker participation, we offer the following avenues:

- Work Health and Safety Committee who meet regularly to receive feedback
- Health and Safety Representatives with whom team members can raise work health and safety concerns
- Wellbeing Champions who promote wellbeing activities at a local level.

We also monitor leading indicators on health and safety, which are proactive and preventive measures that help monitor the effectiveness of work health and safety management systems and reveal potential problems before they turn into incidents. These indicators that we track on a monthly basis include safety committee meetings held at a site level, fortnightly safety talks, workplace safety inspections at each site, hazard reports raised, and incident investigations undertaken for significant near miss incidents to identify corrective action.

Our health and safety system assists our operations as a platform to track, monitor and analyse health and safety information including hazards, risks, incidents, injuries, illness, incident investigation and KPIs.

Our safety performance

Metric	2022/23	2021/22
Compliance audit result (average across all sites) ⁽¹⁾	80.10%	91%
Lost time injuries (LTI)	3	4
Lost Time Injury Frequency Rate (LTIFR) ⁽²⁾	1.83	2.66
Movement in LTI year on year	↓ 25%	↓ 20%
Movement in LTIFR year on year	↓ 31%	↑ 24%

⁽¹⁾ Desktop audits were conducted rather than face-to-face due to travel restrictions relating to COVID-19.

⁽²⁾ LTIFR = The number of lost time injuries (one or more lost shifts/days following the incident) over a rolling 24-month period relative to the total number of hours worked in that period.

Sigma recorded three LTI for the year, compared to four in the previous year, representing a decrease of 25% year on year, which can be attributed to a focus on improvement by our logistics team. Sigma's primary business is logistics and this division has been an area of focus considering the significant health and safety risks associated with it. Our new distribution network includes safer work environments and a higher level of automation which has reduced manual handling tasks that are associated with physical muscular skeletal type injuries seen in older distribution centres. Our LTIFR for the year was 1.83, a decrease of 31% year on year.

Each LTI is investigated and used as a learning opportunity for both the related site and the Group as a whole. With psychological and psychosocial injuries becoming more common amidst COVID-19 with the potential of impacting on time lost, Sigma will continue to focus on mental wellbeing.

Health and wellbeing

At Sigma, we understand that wellbeing has different meanings for our diverse workforce moving forward, based on their life stage. Individual factors as well as macro level factors such as 'political', 'economic', or even 'transitional events' (such as COVID-19) might impact an employee's wellbeing and consequently their mental health or even physical health. This might also result in potential negative business outcomes such as productivity loss, absenteeism, and others.

We encourage a culture of openness and provide support to our team members through dedicated programs, initiatives and benefits. This year we continued to promote access to our Employee Assistance Program (EAP), which gives employees and eligible family members free access to independent, professional, and confidential coaching and support for their mental health and wellbeing needs. Our Mentally Healthy Workplaces program is also a key initiative which covers a range of health and wellbeing aspects for our team members, including participation in R U OK Day, drug and alcohol awareness, support to quit smoking, and free influenza vaccinations.

We recognise the importance of providing support to team members who may experience Family and Domestic Violence (FDV) at home. Our FDV Policy supports this effort through access to our EAP for both the team member and their direct family members, up to 10 paid days of FDV leave.

We have a Parental Leave Policy that includes six weeks of paid leave for primary caregivers at the employee's ordinary pay rate, together with one week's paid leave for secondary carers. These entitlements are available for birth (including stillbirth) and adoption for eligible team members. Our policy now also includes the payment of superannuation contributions for 18 weeks (based on the national minimum wage) whilst team members are in receipt of the Commonwealth Government's Paid Parental Leave Scheme.

People development, recognition and retention

Over the years, we have built an inclusive and collaborative work culture that values each team member's contribution and that strives for excellence. We have provided a number of development opportunities for our people this year including:

- Continued the successful Leadership Labs Program designed to develop effective leaders and cover such skills as giving feedback, effective conversations, and managing performance.
- Role-specific training across all departments according to key business needs.
- Continuation of the 'Women in Leadership Program' to strengthen our female talent pipeline and assist participants in embedding new behaviours to equip them for more senior roles.

To strengthen the professional growth of our team members, we initiated the formal inclusion of mid-year performance reviews in addition to the annual performance reviews already in place. The overall process now is facilitated by an open two-way dialogue between the team members and their manager, and includes measurable goal setting, mid-year review and year-end review. Periodic check-ins and regular feedback complement the process while providing opportunity for any necessary updates to the employee-specific performance management plan.

We believe that team member recognition and reinforcement of positive feedback are key drivers for engagement and alignment of Sigma's values with individual goals. Our Shine Awards are our annual recognition program which allows team members to nominate peers who they believe have demonstrated company values within their role. Over the reporting period, we received a total number of 106 Shine Award nominations for our team members.

Last year we updated our Service Recognition Policy that extends our recognition of service program across all Sigma entities, consolidating subsidiary recognition schemes into one policy. The Service Recognition Policy seeks to recognise and reward team members for their tenure and commitment to Sigma. This year 120 team members received a Service Recognition Award.

Employee engagement

We work towards building a strong relationship with our team members based on mutual trust. Regular team members surveys serve as an indicator of the level of engagement of our team and provide feedback on a range of topics related to the workplace such as leadership, management, collaboration, connection, learning and development, and others. We conduct employee engagement surveys on a biannual basis with smaller pulse surveys done in alternate years. Our engagement survey results provide us with reassurance of our efforts and insights on those areas that require further improvement.

Our most recent engagement survey was conducted in 2021 with a 75% participation rate. We achieved an overall engagement score of 51%. Areas for improvement in our previous survey included opportunities for team members to grow and develop in their roles, effective collaboration across work areas and providing opportunities for more regular feedback or ideas.

Sigma has a program in place to improve our team member satisfaction based on the results of the engagement survey. The program seeks to analyse the results of the survey to identify areas of improvement and corresponding action planning.







Our customers and community

Our connections extend to every corner of Australia and help us facilitate thousands of transactions each day, creating value for communities across the country

As a major community-focused provider of essential products and services to Australians, we recognise our obligation to be responsible and sustainable in every part of our business and we are working hard to achieve the continuous improvement required.

We view our commitment to our communities in a multi-faceted way, ranging from the impact we have on our customers including pharmacies, through to our team members, suppliers and community groups we interact with. Our commitment is shown in:

- our dedicated efforts to provide our customers with a full range of prescription medicines, commercial medicines and consumer products in a timely manner;
- our network of community pharmacies, both our own franchisees and those we partner with, to ensure access to essential healthcare products for everyone;

- our investment in team member and customer safety in order to provide safe workplaces and shopping environments, backed by work health and safety policies, detailed procedures, training, monitoring, and Board and management oversight;
- our diversity and inclusion strategy that ensures our workforce reflects the communities we serve and provides an inclusive environment for our people;
- the steps we take to manage our supply chain to protect the human rights of supplier employees and address the risks of modern slavery; and
- the contributions we make to our local communities and community groups, both by Sigma itself and also by our subsidiary pharmacy brands which support causes important to their specific communities.

Our customers and community continued

Customer experience

We are committed to understanding our customers' changing needs, which we do through our regular engagement program to measure success, identify concerns, and plan actions as part of our customer experience strategy.

Voice of Customer

Our Voice of Customer (VOC) program is an enterprise-wide engagement, which is focused on annual relationship health surveys covering business owners of key entities we interact with across our supply chain, including our subsidiary businesses. The surveys are designed and tailored to understand the strength of relationships and gauge the value add that is delivered from the customer's perspective. We also conduct transactional surveys with customers which are triggered by specific touch points including sales visits, order entry and web shopping.

Our VOC program surveys provide key insights and opportunities for improvement that feed into our customer experience strategy, which is founded on the following focus areas:

- Enable growth through improved customer loyalty
- Reduce customer effort to maximise customer success
- Embed customer experience in company culture
- Create a more comprehensive view of the customer and what they value.

Voice of Customer Surveys are Transactional – triggered by specific customer interactions



Sales Survey

Triggered by a field visit



Customer Service Survey

Triggered by a phone call



Order Fulfillment Survey

Triggered by an invoice dispatch



New Account Setup

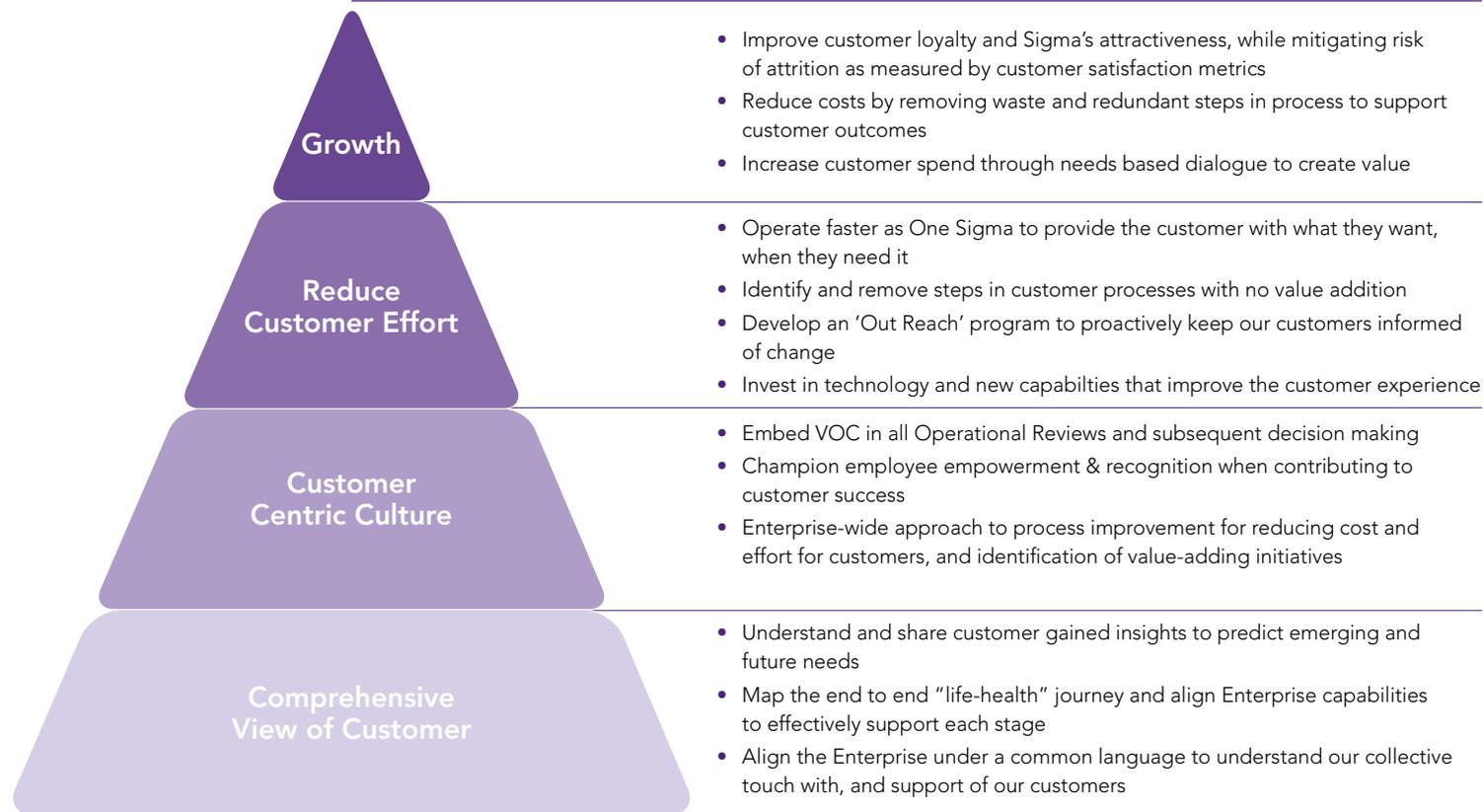
Triggered by a new account setup



Web Shop / Sigma Connect

Triggered by an online transaction

We are working on a range of customer experience initiatives that drive our strategy forward and aim to enhance Sigma's delivery of value to our customers. Below is an illustration of our key customer experience initiatives which are underway.



Our customers and community continued

Supply chain and modern slavery

Sigma manages a complex supply chain that enables us to supply around 15,000 PBS medicines, over the counter and consumer products to community pharmacies and aged care and allied health facilities.

Our supply chain is inevitably large and complex. We collaborate closely with our partners, suppliers and our own team members to operate it in an ethical way. We carefully manage our practices and those of our suppliers, to safeguard human rights and mitigate the likelihood of modern slavery. We believe that the risk of modern slavery in our operations and supply chain is relatively low, due to the highly regulated nature of the pharmaceutical industry, the

skilled workforce and sophisticated work environment being an inherent requirement within the sector. Nevertheless, Sigma has processes in place to assess our modern slavery risks, including an effective governance framework with Board oversight.

Our Modern Slavery policy outlines our approach to managing risks throughout our operations, underpinned by the following nine values:

- Safe working conditions, reasonable working hours and fair remuneration for all team members.
- Freely chosen employment, with no forced or bonded labour.
- Zero occurrences of child labour and

required compliance with the minimum legal working age (or absent such law, in compliance with the ILO Convention 138).

- Zero discrimination, harassment, or any other inappropriate workplace behaviour.
- Equal employment opportunities based on ability, performance and potential.
- Freedom of association and the provision of grievance mechanisms for workers to access.
- Complete prohibition of bribes, favours, benefits or other similar unlawful or improper payments in cash or kind in exchange for business or otherwise.
- Assurance from suppliers (or our own due diligence on new or renewing suppliers)

to determine their risk and the procedures adopted in relation to ethical sourcing and modern slavery.

- Monitoring and assessment of compliance with the terms of this policy and to the extent possible, seeking to remedy any breach of this policy.

Supporting community

In CY2022 (calendar year) we primarily supported the community through continued participation in the Returned Unwanted Medicines project and the donation of \$91,000 worth of essential hygiene and personal care stock items to charities and flood impacted communities across Australia.





Return Unwanted Medicines project

Sigma has been participating in the Return Unwanted Medicines (RUM) Project for approximately two decades. The RUM Project is a free and safe way for consumers to dispose of unwanted medicines at pharmacies to reduce medicine waste and the potential environmental and social harms.

The accumulation of unwanted medicines at home can result in accidental ingestion and out-of-date medicines can become toxic or ineffective. Disposal of these medicines in household waste means they can end up in landfill or contaminate waterways and affect animal and plant life and potentially human life. The reason for unwanted medicine may include expired medicine, no effect or adverse effect, standard medication pack larger than prescribed amount, amongst others.

Sigma provides reverse logistics services for the RUM Project. We deliver empty sealed bins to the pharmacy with each bin specifically tagged and traced and we collect filled sealed bins from the pharmacy that contains unwanted medicines. These are stored in an isolated section of our distribution centres away from other medicines and are then bundled for collection by the agency that responsibly destroys the medicines.

The collection and disposal of unwanted medicines is an important public health issue and is part of the Australian National Medicines Policy. The RUM Project was funded by the National Return and Disposal of Unwanted Medicines Limited and the Australian Government Department of Health. The RUM Project is a subsidised national scheme that allows unwanted medicines to be collected by any community pharmacy and disposed of by high-temperature incineration.

In 2016 an independent audit assessed the amount and types of medicine returned via the RUM Project at three incineration sites. On average, 13,000 RUM bins per month are collected for incineration which represented more than 700 tonnes of unwanted medicines. Of this waste, around 60% was PBS medicines, 10% OTC medicines, 14% DAA, 11% unscheduled medicine, 4% complementary medicines and 1% other types. The audit, and a survey as part of the audit, also focused on:

- (1) the type of conditions the wasted medicines were directed to treat and
- (2) the level of awareness of the RUM project.

This found that:

- (a) it is the responsibility of all health professionals to encourage consumers to return unwanted medicines to their community pharmacy;
- (b) health professionals and consumers should be more aware of which repeat prescriptions of 'if required' medicines are needed; and
- (c) in making decisions about the quantity of medicine to supply, prescribers need to consider patient access, adherence, and cost.

These findings are key educational insights and improvement towards medicine waste avoidance as well as effective and safe medicine waste disposal (when required) through the RUM project.





Environment

Sigma places a high priority on ensuring our assets are well managed and are operated in an energy efficient manner.

Environment

Sigma is committed to carrying out its operations in a sustainable manner:

- in directing our efforts to avoiding or reducing our environmental footprint;
- in understanding the risks and opportunities arising from pressing environmental issues such as climate change;
- in meeting internal and external obligations; and
- in managing effectively our key issues.

Our Environmental and Sustainability Policy (available on our website) supports our collaborative, innovative and cost-effective approach towards the management of our most material environmental issues including waste, energy, emissions and climate change.

Waste management

Sigma delivers healthcare products to pharmacies, aged care facilities and allied health facilities around the country. Managing distribution centres that process products from a diverse supply chain generates a significant amount of waste. Sigma is committed to implementing sustainable practices across our business that result in the diversion of waste from land fill wherever practical, and the minimisation of waste. This includes the implementation of processes across our distribution centres, logistics activities, and administration. We work in partnership with our suppliers and contractors to actively seek opportunities to reduce waste and maximise diversion.

Australian Packaging Covenant

As a facilitator of packaging and waste generation, we are committed to manage waste responsibly. In line with this commitment, Sigma became a signatory to the Australian Packaging Covenant Organisation (APCO) in 2014 and has remained a member since this date. The APCO seeks to reduce the use of new packaging to improve the environmental impact of companies throughout the supply chain. The APCO Packaging Sustainability Framework aims to provide a consistent and transparent framework for assessing and tracking packaging sustainability across organisations. Sigma is committed to addressing the APCO commitments as relevant to our business, reporting annually to the APCO on the progress of our practices and commitments. A copy of Sigma's annual APCO report is available in the Investor Centre on our website.

Circularity

Sigma continues to adopt a circular approach for the cardboard tote boxes used to deliver products to pharmacies. The boxes are returned to distribution centres for re-use, for at least three times on average, before sending to recycle when re-use is no longer possible. Further, we continue to use paper based and earth friendly alternatives to plastic bubble wrap related to these operations.

1. Considering the reporting cycle of environmental related data from third parties, Sigma reports its environmental performance based on calendar year (January – December) instead of financial reporting year (February – January).
2. Sigma has contractors providing waste reports for our largest 10 operating sites of the 14 sites we occupy. Sigma considers the remaining 4 sites as not material sources of waste generation given the size and nature of their operations. However, Sigma is implementing a process to improve our waste volume data collection and establish the actual materiality of these sites.

Waste performance

The table below provides an overview of our waste footprint for the calendar year 2022¹.

CY 2022

Waste generation	Tonnes	Contribution	Methodology
Waste diverted from landfill at largest 10 sites	2341	71%	Data is based on waste reports provided by waste contractors servicing each site ² .
Waste to landfill	965	29%	
Total waste generated	3306	100%	

In CY2022, we generated a total amount of 3306 tonnes of waste within our 10 major properties which are managed by a third-party waste services contractor. Over the reporting period, we achieved around 71% of waste diversion from landfill or recovered from these sites which we monitor as a key performance indicator. We aim to continuously improve our diversion rate through focused efforts and measures to implement more waste recycling and recovery opportunities in the future.

Off-setting our paper consumption

Sigma has partnered with PrintReleaf who offers a patented software platform that empowers businesses to sustain and grow global forestry systems by measuring, offsetting, and verifying the successful reforestation of paper consumption. PrintReleaf has developed a standard methodology, and technology platform that allows us to certifiably reforest our paper consumption. SGS certifies the Global Forestry Partners and leads field audits to verify compliance with the PrintReleaf Standard. As of January 2023, Sigma has offset the equivalent of around 14.2 million pages of paper consumption by reforesting 1,707 standard trees since joining the PrintReleaf Exchange in January 2021.

Overall, Sigma's print volumes have dropped year on year due to greater working from home and increased adoption of our enterprise technology system, which has replaced many printed reports with online reporting. In CY2022, we have also implemented a project to reduce paper wastage at our pharmacy customers end sites through providing flexible invoice printing options.



Energy and emissions management

Sigma places a high priority on ensuring our assets are well managed and are operated in an energy efficient manner. As part of Sigma's commitment to operating sustainably, the Group has undertaken several initiatives:

- Installation of roof-mounted solar power systems (total capacity of 1,500kW across 5 sites)
- Solar hot water systems
- LED lighting with motion detectors
- Timer switches
- Cooling controlled by environmental monitoring system.

In addition, we take a life cycle approach to investing in and retrofitting energy efficient solutions in our existing network where it is practical and commercially viable to do so.

3. Considering the reporting cycle of environmental related data from third parties, Sigma reports its environmental performance based on calendar year (January – December) instead of financial reporting year (February – January) in order to provide actual data based on third-party reports or invoices as opposed to estimated data.
4. National Greenhouse and Energy Reporting Measurement Determination 2008.
5. Sigma occupied 20 sites in the reporting period. Sigma was unable to collect electricity consumption amounts for an office site which is in a commercial site shared with other tenants. However, the electricity consumption for this office is considered immaterial.
6. Sigma has five sites with solar photovoltaic systems.

Energy and emissions performance

The table below provides an overview of our energy and emissions footprint for the calendar year 2022³.

Energy consumption		
CY 2022		
Fuel consumption	kWh	Notes
Diesel	10,790	Data is based on actual diesel purchased for sites requiring diesel refill during the year and using the energy conversion factor from NGER ⁴
Electricity consumption		
kWh		
Notes		
Non-renewable (grid electricity)	11,451,916	Data is based on the actual electricity consumption as recorded in web-based utility platforms or invoices for electricity consumption for the sites occupied by Sigma in the reporting period ⁵
Renewable (solar electricity)	2,011,480	Data is based on performance reports from solar generation monitoring third-party. All solar electricity generated on-site is consumed by Sigma sites ⁶
Total electricity consumption	13,463,395.54	
Total energy consumption	13,474,185.54	
Emissions		
CY 2022		
Scope 1 emissions	tCO ₂ -e	Notes
Diesel	2.92	Calculated based on the amount of diesel purchased and applying the energy conversion factor and emission conversion factors from NGER
Refrigerants	20kg	In CY2022 we initiated a project to account for air conditioning units and refrigerants used in our sites to calculate the emissions attributed to their use as part of our operations
Total Scope 1 emissions	3.37	
Scope 2 emissions		
tCO ₂ -e		
Electricity	8610.14	Data is based on the actual electricity consumption emissions as recorded in web-based utility platforms or invoices for electricity consumption for the sites occupied by Sigma in the reporting period and applying state-specific grid electricity emission factors from NGER
Total Scope 2 emissions	8610.14	
Total Scope 1 & 2 emissions	8,613.37	

Environment continued

This year, we further enhanced our emissions reporting through a project to account for all air conditioning units and refrigerants used in our sites to calculate the greenhouse gas (GHG) emissions attributed to their use.

Climate change

Climate change is a global challenge, with growing emissions contributing to dangerous levels of global warming, resulting in an increase in the frequency and intensity of climate-related events around the world.

As noted in our previous section, Sigma has been implementing measures to mitigate or reduce our emissions as part of our commitment to operating sustainably. However, Sigma recognises the complexity of climate change and the need to comprehensively understand the risks and opportunities arising from this issue.

The Taskforce on Climate-related Financial Disclosures (TCFD) has developed a set of recommendations that provide key guidance as a globally recognised framework to assist in identifying and assessing financial climate related risks and opportunities and therefore evaluate a business' climate related resilience. Overall, the TCFD provides a framework consisting of four elements: governance, strategy, risk management and metrics, and targets with associated recommendations serving as pillars for robust analysis and disclosure of climate related issues.

Sigma is undertaking a stepped approach to implementing the TCFD recommendations. Below is our roadmap detailing our steps to comprehensively understanding the potential impacts of climate change and embedding appropriate management practices in line with the TCFD pillars.

Key steps that Sigma will undertake in 2022/3, include:

- Analysis of climate-related physical and transitional risks and opportunities in line with the TCFD
- Analysis of requirements to becoming carbon neutral (scope 1 and 2 emissions) with associated baseline, targets and timeframes
- Analysis of Scope 3 emissions associated with our supply chain to understand sources of emissions and their materiality to our value chain.

Roadmap to comprehensive TCFD adoption

	Discovery (2022/3)	Scenario analysis (2023/4)	Check and adjust (2024/5)
Governance	Increase climate-related awareness across key organisational levels.	Incorporate climate-related issues into relevant governance and management bodies.	On-going review and approval of climate-related issues by appropriate governance and management bodies.
Strategy	Identify exposure, management strategies and high-level financial impact of material risks and opportunities.	Explore qualitative and quantitative scenarios to update issues, management strategies and financial impacts.	Integrate climate-related scenario analysis into our strategic and financial planning.
Risk Management	Incorporate climate-related risk into our Risk Management Framework.	Embed climate-related risks into our Risk Management Framework.	On-going monitoring and risk management of climate-related issues.
Metrics and targets	Determine metrics associated with climate-related risks and opportunities.	Analyse metrics trends to develop targets, assess our strategic position and their financial impact.	On-going analysis of metrics and targets performance to assess our strategic position and their financial impact.
Disclosure	Disclose identified risks and opportunities with associated governance and risk management arrangements the following year.	Disclosure of our scenarios, assumptions, time frames and associated governance, risk management, metrics and targets the following year.	On-going comprehensive disclosure against all pillars.

Corporate governance

Sigma is committed to an ethical and transparent approach to business, and we realise that running an ethical business goes well beyond managing the behaviour of team members.

Sigma Healthcare has put in place a detailed governance framework to help us manage our material risks, including operational, financial and ESG risks. Under the regulatory framework within which we operate as a listed company, which includes the ASX Corporate Governance Principles and the ASX Listing Rules, we are required to address these risks and report annually on our progress.

This section of the report covers only those areas of governance that represent the biggest sustainability risks to the company. Sigma reports against the ASX Corporate Governance Principles and Recommendations (4th edition) in the Corporate Governance Statement (available on our website), which contains a more comprehensive description of our Board structure and functions, corporate governance policies and our risk management framework. Please refer to the Corporate Governance Statement for a complete overview of how we manage our business.

Board changes

In July 2022, we faced the sad and sudden passing of our former Chairman, Mr Ray Gunston. Ray was renowned for his incredible work ethic and strong personal values, and he was an enormous influence and contributor not only to Sigma and our people, but across the broader community.

Ray has left a strong legacy. He also led the recruitment of our new CEO, Vikesh Ramsunder, which has set the path for the future of Sigma. More information on board changes are included in our Corporate Governance Statement.

Sustainability

In CY22 we established an ESG Steering Committee to drive and give oversight to our ESG focus areas in line with our Sustainability Framework and Plan to 2030. The ESG Steering Committee meets to discuss ESG needs, actions and to assist in driving outcomes. The ESG Steering Committee comprises our CEO, CFO, CPO, General Counsel and Company Secretary, and Head of Corporate Affairs. Other attendees are invited depending on the relevant discussion. The committee reports to the Board on Sigma's ESG progress on a periodic basis.

The key focus areas of the committee this year included lifting Sigma policies, practices and disclosures toward institutional investor standards; enhancing board and committee practices and an exploration of expanding our corporate philanthropy approach.

Business ethics

Sigma is committed to an ethical and transparent approach to business, and we understand that running an ethical business goes well beyond managing the behaviour of team members. It extends to understanding where our ethical risks lie and ensuring we:

- have best practice governance frameworks, systems and processes in place;
- have a comprehensive suite of policies for managing ethical issues to ensure we comply with all relevant laws and regulations; and
- address individual risk areas such as treatment of team members, health and safety, discrimination, diversity, environmental and social compliance and maintaining an ethical supply chain.

Our approach is underpinned by Sigma's Code of Conduct and our values.

The Code of Conduct outlines the principles and behaviours required of Sigma team members to maintain and achieve our high ethical standards as well as the consequences for breaches. The key principles of the Code of Conduct include honest and ethical behaviour, respect for people and property, and legal compliance always.

Cybersecurity

Sigma is committed to protecting the information assets that are required to carry out the company's mission and meet customer needs and requirements. Due to the increase in external threats and security obligations, Sigma has continued to invest in an ISO 27001 aligned Information Security Program that is tailored to meet the company's unique needs, reduce information security risk and promote resilience in providing services to our clients.

As a part of this Information Security Program Sigma has added new controls to its environment which include:

- 24 x 7 security operations monitoring (with a focus on security information event management and leveraging security orchestration, automation and response technology)
- An incident response retainer
- Security awareness testing and training programs
- A documented Disaster Recovery Plan
- A documented Incident Response Plan
- Role based access control (via multi-factor authentication).

Data privacy

The Sigma Privacy Policy has been developed in accordance with the Australian Privacy Principles (APPs) and the Privacy Act 1988 (Cth). Our updated Privacy Policy (available on our website) sets out how we protect the personal information that we collect, access, store and use in the course of operating our business in relation to our suppliers, customers, loyalty program members and patients. This will be a key area of focus over the next financial year as we review proposed legislative changes and ensure data is secured and appropriately collected and stored.

Anti-bribery and corruption

Sigma is committed to building long-term relationships that reward partners, benefit consumers and support communities, so it is imperative that team members act with integrity to develop and maintain trust, open communication and mutual accountability between Sigma and its partners.

In 2020 we reviewed our approach to managing anti-bribery and corruption practices to determine whether processes were in place to ensure all team members and partners of Sigma obey the law and do not expose Sigma to regulatory or reputational risks. This review resulted in the release of the Anti-Bribery and Corruption Policy (available in our website), which sets out Sigma's approach to dealing with all aspects of bribery and corruption, including making political donations, providing gifts, entertainment or hospitality in addition to guidance on how incidents of corruption should be reported internally.

Whistleblower policy

Another key part of our ethical business framework is our Whistleblower Policy (available on our website), which outlines how team members can report, confidentially, on observed or suspected reportable conduct and sets out the protections available to whistleblowers while investigations into their complaint are carried out. The Policy sets out that all team members must report any suspected illegal or unethical behaviour, and provides specific protections against harassment, vilification or employment consequences to anyone who makes a report. All incidents are investigated fairly and the Risk Management and Audit Committee (RMAC) or the Sigma Board are informed of all material incidents reported under this policy.

Risk management

Sigma recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. We believe that effective risk management is a source of insight and competitive advantage as it improves decision making, defines opportunities and mitigates material events that may impact shareholder value. To this end, Sigma is committed to the ongoing development of a strategic and consistent enterprise-wide risk management program, to ensure the significant risks we face are appropriately identified, treated, assessed and monitored.

Sigma follows an Enterprise Risk Management Policy and has adopted an enterprise-wide risk management process. This incorporates a system of risk oversight, risk management and internal control designed to identify, assess, monitor and manage risks consistent with ISO 31000 risk management guidelines and the three lines of defence model.

Backed by strong internal control systems, the current Risk Management Framework at Sigma consists of the following key elements:

- The Risk Management Policy approved by the Board, which clearly outlines the strategic and operational roles and responsibilities of the various entities in relation to risk management. These role definitions provide the foundation for appropriate risk management procedures, their effective implementation across the business and independent monitoring and reporting.
- The Board has ultimate responsibility for organisational risk management and is responsible for the overall internal control framework and for reviewing its effectiveness. To assist in discharging its responsibilities the Board has established the RMAC.
- The RMAC has oversight of Sigma's risk management program.

Key risks and opportunities

At Sigma Healthcare, we acknowledge that our business thrives in a dynamic environment characterised by emerging risks that have the potential to disrupt our business operations and hinder progress on our strategic objectives. Sigma continues to focus on a system-based approach to business risk management.

The RMAC assists the Board in overseeing the group's risk profile and is responsible for overseeing management's actions in the identification, management and reporting of material business risks, including environmental, social and governance risks. Sigma reports on key financial and non-financial risks that have been identified as material to our operations and how they make an impact on our business and stakeholders within the Operating and financial review section of our Annual Report.



Appendix – Consolidated data table

	FY23	FY22
Our operations		
Business support centres	2	2
Distribution centres	9	9
TGA licensed packing facilities	3	3
Countries sourced for medical consumables and devices	>10	>10
Total over the counter products	>11,300	>11,300
Total pharmaceutical products	>4,600	>4,600
Our people		
Employee profile		
Total employees	850	1123
Total female employees	550	663
Total male employees	300	460
Proportion of women in senior executive team	28%	0%
Proportion of women in senior management positions	27%	28%
Proportion of women appointed to vacant leadership roles	41%	
Proportion of women on the Board	40%	40%
Proportion of employees born outside of Australia	N/A	49%
Total employees under 30 years of age	107	153
Total employees between 30-50 years of age	497	614
Total employees over 50 years of age	246	356
Breakdown by State		
Total female employees in WA	16	20
Total male employees in WA	19	15
Total female employees in NT	3	2
Total male employees in NT	3	3
Total female employees in QLD	172	156
Total male employees in QLD	71	81
Total female employees in SA	16	11
Total male employees in SA	15	17
Total female employees in NSW	84	70
Total male employees in NSW	43	49
Total female employees in VIC	250	403
Total male employees in VIC	140	277
Total female employees in TAS	9	10
Total male employees in TAS	9	9
Employee engagement and development		
Engagement survey participation (of total employees) ¹	N/A	75%
Overall engagement score (of participating employees)	N/A	51%
Total employees receiving regular performance and career development reviews	100%	100%

1. An employee engagement survey was not conducted in 2022/23.

	FY23	FY22
Health and safety		
Compliance audit result (average across all sites) ¹	80.1%	91%
Lost time injuries (LTI)	3	4
Movement in LTI year on year	↓ 25%	↓ 20%
Lost time injury frequency rate (LTIFR)	1.83	2.66
Movement in LTIFR year on year	↓ 31%	↑ 24%
Our customers and community		
Our customers		
Pharmacies served	>1200	>1200
Hospitals served	>500	>500
Aged care centres served	638	552
Units supplied to community pharmacies	>230m	>220m
Australian consumer pharmacy spend ²	17.6%	17%
Community Investment		
Total community investment	\$91,000	\$70,000
Supply Chain		
Total occurrences of child labour	0	0
Average delivery time	<24 hours	<24 hours
Medication management best in market accuracy rate	99.99%	99.99%
Our environment		
Waste		
Waste diverted from landfill and recovered ³	2,341 tonnes	2,779 tonnes
Waste to landfill ³	965 tonnes	856 tonnes
Total waste generated from operations ³	3,306 tonnes	3,635 tonnes
Materials		
Average cardboard box reuse ⁴	3 to 4 times	3 to 4 times
Sheets of paper offset ⁵	5,100,000	8,700,000
Emissions		
Diesel usage ⁶	115,692 kWh	106,654 kWh
Non-renewable electricity usage ⁷	11,451,916 kWh	12,220,816 kWh
Renewable solar electricity generation and usage ⁸	2,011,480 kWh	1,514,299 kWh
Total electricity consumption	13,463,396 kWh	13,735,115 kWh
Total energy consumption	13,474,186 kWh	13,841,769 kWh
Scope 1 emissions ⁹	3.37 tCO ₂ e	27 tCO ₂ e
Scope 2 emissions ⁹	8,610 tCO ₂ e	11,112 tCO ₂ e
Total Scope 1 and 2 emissions ⁹	8,613.37 tCO ₂ e	11,139 tCO ₂ e
Total emissions ⁹	8,613.37 tCO ₂ e	11,139 tCO ₂ e

1. Annual health and safety compliance audit.
2. IBISworld report: Pharmaceuticals Wholesaling in Australia Industry Report July 2022.
3. Waste data is calendar year data. Data is based on waste reports provided by waste contractors servicing the largest 10 sites of the 20 we occupy. Sigma considers the remaining 10 sites as non-material sources of waste generation. We are implementing a process to improve our waste volume data collection.
4. Cardboard boxes are reused on average at least three times before being recycled.
5. Offset the equivalent of around 14.2 million pages of paper consumption by reforesting 1,707 standard trees with PrintReleaf Exchange since 2021.
6. Data is based on actual diesel purchased for sites requiring diesel refill during the year and using the energy conversion factor from NGER measurement determination 2008.
7. Data is measured on the actual electricity consumption as recorded in web-based utility platforms or invoices for electricity consumption for the sites occupied by Sigma in the reporting period. Sigma occupied 20 sites in the reporting period, and was unable to collect electricity consumption data for one office in a shared commercial site, however the consumption data is considered immaterial.
8. Data is based on performance reports from solar generation monitoring third-party. All solar electricity generated on site is consumed by Sigma sites. Sigma has five sites with photovoltaic systems.
9. Emissions data is calendar year data.

Appendix – GRI content index

Sigma referred to the Global Reporting Initiative (GRI) Standards to determine sustainability reporting boundaries and for guidance on identifying and reporting its material issues, management approaches and reporting key performance indicators across key stakeholder groups.

Below is a guide to Sigma’s reporting metrics in reference to the GRI Standards:

Number	Disclosure	Reference	Remarks/Omissions
GRI 102: General Disclosures			
102-1	Name of the organisation	About Sigma Healthcare (page 5)	
102-2	Activities, brands, products, and services	About Sigma Healthcare (page 5)	
102-3	Location of headquarters	About Sigma Healthcare (page 5)	
102-4	Location of operations	About Sigma Healthcare (page 5)	
102-5	Ownership and legal form	About Sigma Healthcare (page 5)	
102-6	Markets served	About Sigma Healthcare (page 5)	
102-7	Scale of the organisation	About Sigma Healthcare (page 5) Our people (page 17)	
102-8	Information on employees and other workers	Our customers and communities (page 23)	
102-9	Supply chain	Our customers and communities (page 23)	
102-10	Significant changes to the organisation regarding size, structure, ownership and its supply chain	About Sigma Healthcare (page 5)	
102-11	Precautionary principle or approach	Risk management (page 34)	
102-12	External developed economic, environmental and social charters	Risk management (page 34) About this report (page 1) Stakeholder engagement (page 8)	
102-13	Membership of associations (industry) and national or international advocacy – hold position on governance body; provide funding or views membership as strategic	Stakeholder engagement (page 8)	
102-14	Statement from senior decision-maker	Message from our Board and Executive (page 2)	
102-16	Values, principles, standards, and norms of behaviour	About Sigma Healthcare (page 5) Corporate governance (page 33)	
102-18	Governance structure	Corporate governance (page 33)	
102-40	List of stakeholder groups	Stakeholder engagement (page 8)	
102-41	Collective bargaining agreements	N/A	
102-42	Identifying and selecting stakeholders	Stakeholder engagement (page 8)	

Number	Disclosure	Reference	Remarks/Omissions
102-43	Approach to stakeholder engagement	Stakeholder engagement (page 8)	
102-44	Key topics and concerns raised	Stakeholder engagement (page 8)	
102-45	Entities included in the consolidated financial statements	Sigma FY22 Annual Report	
102-46	Defining report content and topic Boundaries	About this report (page 1)	
102-47	List of material topics	Our material topics (page 10)	
102-48	List of stakeholder groups	Environment (page 29)	
102-49	Collective bargaining agreements	N/A	
102-50	Identifying and selecting stakeholders	About this report (page 1)	
102-51	Approach to stakeholder engagement	About this report (page 1)	
102-52	Key topics and concerns raised	About this report (page 1)	
102-53	Entities included in the consolidated financial statements	About this report (page 1)	
102-54	Defining report content and topic Boundaries	About this report (page 1)	
102-55	List of material topics	GRI content index (page 38)	
102-56	External assurance	N/A	
Topic-specific disclosures			
Management approach			
103-1	Explanation of the material topic and its boundary	Our people (page 17), Our customers and communities (page 23), Environment (page 29), Corporate governance (page 33)	
103-2	The management approach and its components		
Environment			
Energy			
302-1	Energy consumption within the organisation	Environment (page 29)	
Emissions			
305-1	Direct (Scope 1) GHG emissions	Environment (page 29)	
305-2	Energy indirect (Scope 2) GHG emissions	Environment (page 29)	
305-3	Other indirect (Scope 3) GHG emissions	N/A	

Appendix – GRI content index continued

Number	Disclosure	Reference	Remarks/Omissions
Effluents and waste			
306-2	Waste by type and disposal method	Waste management (page 29)	
306-3	Waste generated	Waste management (page 29)	
306-4	Waste diverted from disposal	Waste management (page 29)	
307-1	Non-compliance with environmental laws and regulations	N/A	Not applicable, Sigma has not identified any non-compliance with environmental laws and/or regulations
Social			
Employment			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people (page 17)	
401-3	Parental leave	Our people (page 17)	
Occupational health and safety			
403-1	Occupational health and safety management system	Employee health, safety and wellbeing (page 19)	
403-2	Types of injury and rates of injury, occupational diseases	Employee health, safety and wellbeing (page 19)	
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee health, safety and wellbeing (page 19)	
403-5	Worker training on occupational health and safety	Employee health, safety and wellbeing (page 19)	
403-6	Promotion of worker health	Employee health, safety and wellbeing (page 19)	
403-9	Work-related injuries	Employee health, safety and wellbeing (page 19)	

Number	Disclosure	Reference	Remarks/Omissions
Training and education			
404-2	Programs for upgrading employee skills and employee transition programs	People development, recognition and retention (page 20)	
404-3	Percentage of employees receiving regular performance and career development reviews	People development, recognition and retention (page 20)	
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	Diversity (page 17)	
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Our customers and communities (page 23)	
Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	N/A	Not applicable, Sigma has not identified any non-compliance with laws and regulations in the social and economic areas

