

Sigma's ESG Report continued

Packaging

We are a signatory to the Australian Packaging Covenant. As such, we have committed to implementing plans and actions to reduce our packaging utilisation to improve our environmental impact.

In distributing our products to pharmacies, we continue to utilise returnable and recyclable cardboard boxes. Upon delivery to the community pharmacy, empty boxes are returned for re-use. In 2020, we used, returned and re-used cardboard tote boxes six times on average.

In 2019, we acted to significantly reduce the packaging utilised within our business. This action has led to the removal of over 17,000 lineal metres of traditional plastic bubble wrap in 2020, replaced with 28,000 lineal metres of paper-based, earth-friendly alternatives that are recyclable, biodegradable and compostable.

Waste Management

Waste management actions across the business have seen us continue to improve our recovery and diversion from landfill. Total waste across the business for the 12 months to 31 January 2020 was 2,645.51 tonnes, with 71.70% recovered or diverted from waste. This is an improvement on the previous year, when 63.9% was recovered or diverted.

Actions to drive the improvement have been widespread, but have included 54,557 coffee cups diverted from landfill through the Simply Cups Closed Loop campaign. Further action has now been implemented to encourage utilisation of re-usable cups.

Social

At Sigma, we believe our people are one of our greatest assets and our success is the result of a collaborative team effort.

Creating a safe and rewarding place to work is our commitment, which in turn means we are attracting and retaining a team that is passionate about performing and delivering on our promises to customers and shareholders.

Our focus for the 2019/20 financial year has been on delivering business transformation and implementing changes that will enable us to better support our customers and Franchise Partners.

Culture and Engagement

A number of initiatives were implemented over the year to continue to support a culture of transformation and better equip our leaders to support their teams through times of change. We introduced workshops focusing on managing self and others through change, implemented an online 'Managing Myself through Change' learning module available to all team members, and conducted regular Change Leader forums. The Change Leader forums gave leaders the opportunity to be updated on our transformation and change initiatives, share their experiences and reinforce the importance of strong leadership in times of change.

Other initiatives included:

- Further embedding our Performance Review Framework that was introduced in 2018. The framework continues to have equal emphasis on outcomes achieved and behaviours demonstrated.
- Introduction of new online compliance training modules focusing on working safely at Sigma, positive workplace behaviours, plus reinforcing our Company values and our unrelenting commitment to safety.
- Management of the people impacts of both the DC Network Optimisation program and CW exit across the year. An unfortunate reality was that in total over 300 permanent roles were no longer required. We are proud of the manner in which these changes were managed with dignity, respect and sensitivity in all instances. All exiting team members were well supported with outplacement services to assist in their transition out of Sigma. Managers were supported with training in change management prior to the commencement of the CW exit process to prepare them for the changes and to enable them to provide supportive leadership to their teams.

While a number of new initiatives were developed during the year, we also built on those from last year. In regard to communication, we addressed feedback and refined how we share information with team members through video messaging and the CEO blog. Many of our team members and leaders had the opportunity to share their 'day in the life of' with our broader team, and we continue to receive positive feedback on the value of this style of communication.

Sigma's ESG Report continued

We continued to run Leadership Labs with a particular emphasis on upskilling new managers and leaders across the Group. Twenty-eight Leadership Labs were delivered, with 171 leaders participating in sessions throughout the year.

This year we introduced a new in-house culture and engagement survey tool that is well aligned to our values and provides the flexibility to undertake regular pulse surveys throughout the year on key issues of importance. Pleasingly, we continued to build on our engagement score and saw a positive uplift of 7.5% from the previous year. While our response rate was lower than the previous year at 59%, the survey was available for participation across our entire Sigma Group for the first time:

- 72% of respondents told us they believed in the success of the Sigma Healthcare strategy;
- 71% agreed that the changes we are implementing are the right thing for the organisation's future success and 76% believe the changes are necessary for our ongoing success;
- 92% of respondents said they were confident in managing themselves in an environment of constant change; and
- 91% of respondents feel safe at work and 89% are comfortable raising safety concerns with their manager.

We also continued to see positive momentum for our two employee Net Promoter Score (eNPS) survey items of 'On balance, how likely would you be to recommend Sigma as a great place to work' (+16.3 from 2018) and 'On balance, how likely would you be to recommend Sigma as the best choice for services provided' (+16.5 from 2018). This is very reassuring given the significant change experienced throughout the 2019 calendar year.

Health and Safety Performance

We understand that providing safe and healthy workplaces empowers our team members to perform at their best. In turn this helps create a healthy culture for our team, the Company and our customers.

Our Board receives monthly activity and metrics reporting for our key performance areas, programs, training and campaigns, including incident trending, physical injury and mental health and wellbeing outcomes.

Our three predominant incident types throughout 2019 remain the same as 2018, which are falls from height items, cuts/lacerations, and impact with objects – mobile plant against fixed items. Regular analysis of these incident types identified key themes and opportunities for reduction, which were implemented and are ongoing.

They include:

- powered mobile plant competency assessment and induction for all mobile plant operators;
- personal protective equipment requirements across logistics and dose administration facilities; and
- housekeeping and hazard reporting, specifically sharp edge removal on fixtures, fittings, containers and plant/equipment.

Other key programs that built on our mental health and wellbeing structure for the year are:

- delivery of our Mentally Healthy Workplaces program, in conjunction with Medibank Health;
- participation in RUOK Day, supporting and talking about mental health and wellbeing;
- continuation of our drug and alcohol awareness and testing program for all sites and contractors;
- assisting team members to quit smoking by providing free, personally tailored cessation programs and products in conjunction with our Professional Services team; and
- free influenza vaccinations for team members through in-house delivery and participating pharmacies.