

Sigma's ESG Report

We are committed to delivering high-quality healthcare services and long-term sustainable growth and shareholder returns in a responsible and ethical way. As a company, we are also focused on ensuring our business is conducted in a way that minimises our environmental impact, is socially and ethically responsible, and has good oversight and governance.

In assessing our Environmental, Social, Governance (ESG) obligations and the areas where we can have the greatest influence, we have identified the following:

Environmental	Social	Governance
Energy usage	Safety	Board independence and skills
Logistics route management	Equality	Integrity of reporting
Packaging	Culture and engagement	Risk assessment and management
Waste management	Community support and engagement	Diversity and inclusion

Environmental

We are committed to ensuring we operate in an environmentally sustainable manner. This commitment resulted in the Board approving in August 2019 our Environmental Management and Sustainability Policy, available at sigmahealthcare.com.au, which recognised our commitment to:

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- identifying and effectively managing and mitigating environmental risks from all work practices;
- entrenching sustainable packaging as a priority for us, including committing to using the Covenant Sustainable Packaging Guidelines;
- cultivating an employee culture committed to achieving our objectives under this policy; and
- implementing strategies and a reporting framework to give effect to our objectives stated under this policy.

In line with this policy, we have been identifying the major business inputs that contribute to our overall environmental footprint and progressively implementing actions to help to reduce this footprint. As a wholesale distribution business, the key focus areas identified were within our DC network and through our logistics network.

Energy

We have been undertaking a major investment program to upgrade our DC infrastructure. During this phase, there are periods where duplicate DC facilities are operating in tandem, as we transition from the old site to the new site. This does have a short-term negative impact on our environmental footprint. Notwithstanding this, an analysis across our DC network indicates that the actions we have taken to date have resulted in a 10% reduction in our total CO₂ emissions.

This has been achieved through a combination of upgrading to LED lighting in our existing DCs, and installing a number of energy-saving features, such as LED lighting, timer switches and solar hot water, that are currently delivering approximately 20% of our electricity requirements in our new DCs. As our investment program continues and the operation of duplicate sites declines, we would anticipate incremental improvements across our network.

We are also currently assessing a business case to expand our solar panel installation. This is subject to final review and approval.

Logistics and Freight Route Management

A core part of our business is ensuring the delivery of medicines to community pharmacies usually within 24 hours. This is a regulated essential service for patient health that helps deliver the Government's National Medicines Policy (NMP). Within that framework, we have employed sophisticated route management systems to optimise the efficiency of our logistics work and therefore reduce the environmental impact. This includes grouping of delivery locations to minimise kilometres travelled by delivery vans, and fast-tracking picking of orders to reduce travel time during peak hours. This continues to be a focus for the business in the year ahead.