



CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Sigma Healthcare Limited (**Company**) and its controlled entities (**Group**) is committed to delivering high quality health care services, long-term sustainable growth and shareholder returns. The Board recognises the importance of governance, environmental and social matters to our shareholders, suppliers and customers.

This is reflected in the Company's statement of values, as approved by the Board and published on the Company's website (www.sigmahealthcare.com.au). The Company's overarching value statement is as follows:

At Sigma, we believe a united team and safe environment promote culture. We do this by trusting our team and partners. We openly communicate and hold each other accountable in a respectful way.

This Corporate Governance, Environmental and Social Statement (Statement) was approved by the Board and is current as at 28 March 2022.

1. ASX Corporate Governance Principles and Recommendations

The Directors and management of the Company are committed to ensuring that the Group's business is conducted in accordance with high standards of corporate governance, including those described in the 4th edition of the ASX Corporate Governance Council "Corporate Governance Principles and Recommendations" (**ASX Principles and Recommendations**).

The Company's current corporate governance policies and practices comply with the ASX Principles and Recommendations, which applies to the Company for the year ending 31 January 2022.

A checklist cross-referencing the ASX Principles and Recommendations against the disclosures in this Statement is provided at the end of this Statement.

2. Our Board

(a) Role

The Board is primarily responsible for setting the strategic direction and endorsing the values of the Company and the Group, to effectively guide and oversee management of the Group and to approve, review and oversee implementation of the Group's risk management systems and governance practices, strategies and policies.

The Board has adopted a Board Charter (published on the Company's website) which sets out the structure and governance requirements of the Board and respective responsibilities of the Board and the "**Senior Executive Team**" comprising the CEO & Managing Director (**CEO**) and a number of the CEO's key direct reports.

Under the Board Charter, the Board has reserved responsibilities for a range of matters, including:

- endorsing the Company's values and standards of conduct;
- defining the Company's purpose, establishing strategic goals and approving management's business plans and strategic opportunities;
- overseeing the management of the Company;
- Board and executive succession planning;
- appointment and annual evaluation of the CEO;
- setting risk appetite for management in alignment with strategic goals;
- monitoring the Company's performance with the aim of maximising long-term returns to the Company's security holders at an acceptable level of risk;
- approving the Company's financial plans, operating budgets and major capital expenditure; and
- reviewing and ratifying policies and systems of risk management, codes of conduct, legal compliance and corporate governance.

(b) Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. This includes agendas, Board papers and minutes, advising the Board and its Committees on governance matters, monitoring and ensuring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings. Under the Board Charter, responsibility for approving appointment and removal of the Company Secretary is reserved for the Board.

(c) Board composition

Currently, the Board consists of one Executive and five Non-Executive Directors, including the Chair. This is following the resignation of Mr David Bayes who retired as a Non Executive Director on 12 May 2021. During the 2021/22 reporting period, Mr Mark Hooper resigned as a Director on 30 September 2021. Mr Vikesh Ramsunder replaced Mr Hooper as CEO and was formally appointed a Director of the Company on 17 February 2022.

The Company's Constitution and Board Charter set out the process for the election and appointment of Directors, including the following:

- The Board is authorised to appoint Directors to vacancies and to elect the Chair. Any Director appointed by the Board must stand for election at the next annual general meeting (**AGM**) of security holders following their appointment.
- One third of Directors (excluding the CEO and a Director appointed to fill a casual vacancy and rounded down to the nearest whole number) must retire at every AGM. Other than the CEO, no Director may remain in office for more than three years without resigning and standing for re-election.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Before a Director is appointed or put forward for election, the Company undertakes checks into the proposed director's character, experience, education, criminal record and bankruptcy history.

Prior to each AGM:

- the Board determines whether it will recommend to security holders that they vote in favour of the re-election of each Non-Executive Director seeking election on a rotational basis with the other Directors. Board support for Directors retiring and seeking re-election is not automatic; and
- the Company provides security holders, in the notice of meeting for the AGM, material information in its possession relevant to a decision on whether or not to elect or re-elect a Non-Executive Director. This includes information about the Director's relevant skills and qualifications, current material directorships and, for existing Directors seeking re-election, their length of tenure.

(d) Board skills, experience and selection process

The Board is committed to ensuring that the Company's Directors have a collective mix of skills, background, experience, knowledge, education, expertise and diversity aligned with the Company's strategic direction. The Board also strives to retain a balance between long-serving directors with established experience and knowledge of the Company's business and history, and new directors who bring different insights and fresh perspectives. The Board considers this diversity is required to effectively govern the Group.

The Board members have a broad and diverse range of skills and experience across a number of business areas. The Board identifies the key skills and experience required for the effective management of the business, including those required in the future. These key attributes are critical inputs to the Board review, development and succession planning processes. The key Board skills and experience are detailed below.

Skills

Leadership	Driving engagement and enablement, leading organisational change
Risk management	Risk frameworks, setting risk appetite, building and adapting organisational risk culture
Remuneration	Executive incentive arrangements, performance targets and superannuation
Governance and compliance	Group wide governance and compliance systems, processes and frameworks
Health and safety	Driving proactive health and safety initiatives and programs
Government relations/policy	Interaction with government and regulators and involvement in public policy decisions
Financial expertise	Accounting, financial reporting, corporate finance, financial internal controls, financial and capital management strategies
Corporate strategy	Setting and reviewing organisational strategy, organic growth and merger and acquisition opportunities

Experience

Healthcare and pharmaceutical industry	Relevant experience from within the Company's primary industry and with the compliance, decision-making structures and operational disciplines of such highly regulated industries
Retail and wholesale	Experience within the Company's core operational disciplines
Franchising, small and medium enterprises	Knowledge of franchising regulations and small business operations and challenges
Logistics	Large scale and time critical logistics, automation technology
ASX	Listed company leadership experience at Executive and Board level
Business transformation	Involvement in transformational, continuous improvement and innovative projects
Information technology	IT strategies and networks, latest innovations in data storage and security
Customer data and insights	Driving strategic insights from the collection and analysis of customer data

The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review. The People and Remuneration Committee reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

When the need for a new Director is identified, the required experience and competencies of the new director are defined in the context of the above skills and experience matrix and any gaps that may exist. Generally, a list of potential candidates is identified based on these skills required and other

issues such as geographic location and diversity criteria. External advisors may be engaged where necessary to search for prospective Board members.

Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating security holder value and the required time to commit to the position. Appropriate probity checks are undertaken before the People and Remuneration Committee recommends the most appropriate candidate(s) for consideration by the Board as a whole.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

(e) Appointment and induction of new Directors

New Non-Executive Directors are issued with a formal letter of appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding involvement with Committee work. An induction program is in place that encompasses all aspects of the Company's business, including touring the Sigma Group's facilities and meeting key management personnel.

(f) Performance reviews and professional development

Each Non Executive Director is a member of the Australian Institute of Company Directors and has access to professional development opportunities to ensure they maintain the skills and knowledge required to perform their roles effectively.

The Chair, on the advice of the People and Remuneration Committee, periodically conducts an internal review of the Non-Executive Directors which, amongst other things, identifies whether there is a need for the Director to undertake further professional development. The results of the internal performance review are reported back to the People and Remuneration Committee. In addition, the Board, on the advice of the People and Remuneration Committee, periodically engages an independent third party to undertake a formal, external review of the Board.

The Chair conducted an internal review of the Non-Executive Directors in the 2020/2021 reporting period. An external board review was not considered to be required in the 2021/2022 reporting period.

The Board reviews the performance of the CEO against the Board-approved key performance indicators on an annual basis.

(g) Independence of Directors

As required under the Board Charter, the majority of Directors, including the Chair, are independent Non-Executive Directors.

The Board's definition of "independence" is outlined in the Board Charter and reflects the commentary in the ASX Principles and Recommendations. The definition of independence is as follows:

An independent Director is a Non-executive Director who is free of any interest, position or relationship that might influence, or reasonably perceived to influence, in a material respect, the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

This includes a person who:

1. is not, does not represent, and has not within the last three years been an officer or employee of, or professional adviser to, a substantial security holder of the Company. A substantial security holder is a security holder who holds more than 3% of the issued capital of the Company;
2. is not, and has not been employed in an executive capacity by the Company or any of its child entities, within the three years prior to them serving on the Board;
3. is not, and has not within the last three years been, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship. A material supplier or customer is a supplier or customer who controls more than 5% of the value of the Company's total purchases or 5% of the value of the Company's total sales or more than 50% of the suppliers or customers purchases or sales are from or to the Company;
4. does not receive performance-based remuneration (including options or performance rights) from, or participate in an employee incentive scheme of, the Company;

5. does not have close personal ties with any person who falls within any of the categories described above; and
6. has not been a Director of the Company for such a period that their independence from management and substantial holders may have been compromised.

The Board reviewed the independence of each Non-Executive Director against both of these definitions and found there was no material change in its conclusion about the independence of each Non-Executive Director. The Board's assessment of the independence of each Non-Executive Director is as follows:

- Mr Raymond Gunston – independent. The Board considers that, notwithstanding Mr Gunston's length of tenure as a Director of the Company (from July 2010 to present) and Chairman (from May 2020 to present) he continues to bring independent judgement to bear on issues and is free of any interest, position or relationship that might influence in a material respect.
- Mr David Manuel – not independent. Mr Manuel is a practising pharmacist and customer of the Sigma Group. The Board values the insight and advice provided by Mr Manuel. In addition to being a skilled Board member, as an owner of multiple pharmacies he brings firsthand experience and insights that contribute greatly to the Board. The Board considers that the materiality of his relationship is such that it does not interfere with his capacity to bring an independent judgement on issues before the Board and to act in the best interests of Sigma and its security holders generally.
- Ms Christine Bartlett – independent.
- Ms Kathryn Spargo – independent.
- Mr Michael Sammells – independent.
- Mr David Bayes (resigned 12 May 2021) – independent. The Board considered that, notwithstanding Mr Bayes' length of tenure as a Director of the Company (from June 2007 – May 2021) Mr Bayes and his relationships were sufficiently removed from management to be considered independent.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Independent Directors are required to identify and disclose any matter which may affect their independent status. In addition, only those transactions permitted by the Company's Constitution and the *Corporations Act 2001* (Cth) are conducted with Directors or their related parties. These are on the same commercial terms and conditions applying to any other external party, supplier or customer. Directors are required to disclose in writing any related party transactions. Related party transactions are set out in the notes to the Company's financial report.

On a regular basis, Non-Executive Directors meet without the CEO or other members of management being present, to ensure that the Non-Executive Directors maintain independence of thought and judgement. The Non-Executive Directors also meet independently with the external auditors at least twice a year. Directors have a right of access to all Company information and executives.

(h) Conflict of interest

Directors must identify any actual or potential conflict of interest they may have in dealing with the Company's affairs and subsequently to refrain from participating in any discussion or voting on those matters. If a potential conflict of interest is likely to arise, the Director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while those matters are considered. Accordingly, the Director concerned takes no part in discussion nor exercises any influence over other members of the Board if a potential conflict of interest exists.

(i) Access to information and independent advice

Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chair, at the Company's expense.

(j) Directors' fees and remuneration

The details of remuneration paid to each Director during the financial year and the principles behind the setting of such remuneration are included in the Remuneration Report.

(k) Shareholdings of directors

Directors' shareholdings are detailed in the Directors' Report and are updated by notification to the ASX. The rules and procedures governing the dealing in securities by Directors is set out in the Group's Share Trading Policy as noted further below.

To align the interests of Non-Executive Directors with shareholders, 25% of each Non-Executive Director's post-tax fees are used to purchase the Company's shares on market every three months. Further details of the Company's remuneration strategy and principles are outlined in the Remuneration Report.

3. Board committees

The Board has two standing committees (**Committees**) to facilitate and assist the Board in fulfilling its responsibilities. Other committees may be established from time to time with specific responsibilities as delegated by the Board. The Committees are governed by Charters, which detail their specific functions and responsibilities. Copies of the Committee Charters are available on the Company's website. The Board Charter requires the Board to review each Committee's Charter every two years. In addition, each Charter requires the relevant Committee to review its Charter at regular intervals.

The Committees make recommendations to the Board. They have no decision-making power except where expressly authorised by the Board. The relevant qualifications and experience of individual Committee members are set out in the Directors' Report.

The attendance and composition of the Committees as at, and throughout the financial year ended 31 January 2022, is summarised in the Directors' Report.

(a) Risk Management and Audit Committee (RMAC)

The RMAC comprises Mr Michael Sammells (Chair), Mr David Manuel and Ms Kathryn Spargo, who are all Non-Executive Directors. Mr Sammells, who is not the Chair of the Board, is the Chair of the RMAC. Mr Sammells, Mr Manuel and Ms Spargo all have relevant financial, commercial and risk management qualifications and/or experience, details of which are provided in the Directors' Report. The RMAC has authority, within the scope of its responsibilities, to seek any information it requires from any employee of the Group or external party.

Consistent with its Charter, RMAC's main responsibility is to advise and assist the Board on the establishment and maintenance of a risk management framework, internal controls and standards for the management of the Group and to monitor the quality and reliability of the financial information of the Group.

The RMAC recommends the appointment, removal and remuneration of the external auditors. It also reviews the activities and organisational structure of the internal audit function. Prior approval of the RMAC must be gained for non-audit services to be performed by the external auditor. There are specified qualitative limits on non-audit services to ensure that the independence of the auditor is maintained. There is also a requirement that the audit partner responsible for the audit to not perform in that role for more than five years.

(b) People and Remuneration Committee

The People and Remuneration Committee comprises Ms Christine Bartlett (Chair), Ms Kathryn Spargo and Mr David Manuel who are all Non-Executive Directors.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Consistent with its Charter, the Committee's main responsibilities are to advise the Board on remuneration policies and practices, assess the necessary and desirable competencies of Board members, evaluate Board performance, review Board and management succession plans and to make specific recommendations on remuneration packages for the CEO, Non-Executive Directors and senior management based on an annual review.

The People and Remuneration Committee is primarily responsible for providing recommendations to the Board about the remuneration strategy, policies and practices applicable to Non-Executive Directors and the Senior Executive Team, including the CEO, and Senior Executives. Further details of the responsibilities and activities of the People and Remuneration Committee, remuneration policies and structures, details of remuneration and retirement benefits paid to Directors are set out in the Remuneration Report. As such, the Company does not require a separate nominations committee. The Board's processes for ensuring it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively and to manage succession issues are outlined in Section 2(c) to (f) and Section 8 of this Statement.

4. CEO & Senior Executive Team

(a) Appointment

The Board is responsible for appointing and removing the CEO and for approving the appointment and replacement of the Senior Executive Team.

The Company undertakes appropriate checks into all members of the Senior Executive Team. All members of the Senior Executive Team are appointed under written agreements.

(b) Performance and remuneration

The Company's Remuneration Policy is designed to recognise the competitive environment within which the Company operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in the Company's performance.

The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Sigma. The key principles are to:

- attract, retain, motivate and reward high calibre talent;
- ensure remuneration principles are applied fairly and consistently across the business;
- foster a partnership between employees and shareholders through employee ownership of Company shares;
- drive community and customer interests by ensuring rewards are only paid where outcomes have been achieved in the interests of the community and customers; and
- link reward to delivery of the Company's financial and strategic goals which deliver value for shareholders.

In accordance with the policy, evaluation of senior executive performance and remuneration is undertaken by the CEO on an annual basis. Evaluation of the CEO's performance and remuneration is undertaken by the People and Remuneration Committee and Board on an annual basis. Performance reviews for the CEO and other members of the Senior Executive Team were conducted during the reporting period in accordance with the process described above.

Further details on key management personnel remuneration, including equity-based remuneration, are disclosed in the Remuneration Report. The rules regarding trading in Sigma's shares are set out within the Share Trading Policy, which can be found on the Company's website.

5. Integrity of reporting

The Group has put in place controls designed to ensure the integrity of its financial reporting and that the Group complies with all regulatory requirements relevant to its reporting.

(a) Financial control

The Board, advised by the RMAC, is responsible for the Company's overall system of internal financial control.

The Board has received certifications from the CEO and CFO in connection with the financial statements for the Group for the reporting period. The certifications provide a declaration, in accordance with Section 295A of the *Corporations Act 2001* (Cth), as to the integrity of the financial statements and confirm that opinions are founded on a sound system of risk management and internal control which is operating effectively.

(b) External auditor

The Board has established a framework for the relationship between the Company and the external auditor, which ensures that:

- recommendations made by the external auditor and other independent advisers are critically evaluated and, where appropriate, applied;
- the ability of the external auditors to carry out their statutory audit is in no way impaired;
- consideration is given to what, if any, services other than their statutory audit role may be provided by the auditors;
- any other services provided by the auditors, other than their statutory audit role, are approved and monitored; and
- the Company has defined policies and procedures in place as appropriate internal controls to manage risk effectively.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

The external auditor is invited to attend the annual meeting of the Company to answer questions from shareholders in relation to the audit.

(c) Internal audit function

The Company has a co-sourced internal audit function comprising external service providers (Ernst and Young) which report into an internal team. The internal audit function reports directly to the RMAC in relation to its audit functions. The internal auditors provide independent and objective assurance on the adequacy and effectiveness of the Company's systems for internal control.

(d) Verification process for periodic corporate reports

The Company internally verifies the integrity of all periodic corporate reports released to the market that are not reviewed by an external auditor. A verification certificate and supporting material/evidence has been provided by the relevant team member for each material statement in this Annual Report.

6. Corporate governance policies

The Company has adopted the following policies which have been prepared having regard to the ASX Principles and Recommendations and are available on the Company's website at <http://investorcentre.sigmahealthcare.com.au/corporate-governance/governance-documents> under "Governance Documents".

The Board regularly reviews the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amends those policies and procedures or adopts new policies or procedures, to uphold the integrity of the Company's corporate governance framework.

(a) Code of Conduct

The Company expects all Directors, members of the Senior Executive Team and other team members of the Group to act honestly and with integrity and to conduct themselves in accordance with the highest ethical standards of corporate and individual behaviour. The Company has developed and communicated its Code of Conduct to all Directors, members of the Senior Executive Team and team members. The Code of Conduct sets out the practices which are necessary to maintain confidence in the Company's integrity and promotes:

- honest and ethical behaviour;
- respect for people and property; and
- legal compliance.

Directors, the Senior Executive Team and team members of the Group are required to comply with both the spirit and letter of all laws which apply to the Company and the principles of the Code of Conduct, including:

- minimising conflicts of interest and disclosing possible or potential conflicts;
- avoiding receiving material gifts or benefits from third parties in connection with the Company's business;
- reporting any knowledge of fraud, material error, breach of law or of a concealed practice against the interest of the Company;
- not using any Company asset on an unauthorised basis for personal use or gain (including goods, money, equipment, corporate cards, intellectual property or the services of other areas of the organisation);
- treating all stakeholders (Company team members, security holders, customers, suppliers, the public and others on the Company's behalf) courteously, fairly and without harassment or unlawful discrimination in any form; and
- complying with all federal, state and local laws and regulations.

The Company requires all Directors, members of the Senior Executive Team and other team members who become aware of an actual or suspected violation of the Code of Conduct to report that violation to a nominated reporting person. This process allows for confidential reporting of any potential violation without disadvantage to the team member. Material breaches of the Code are reported to the People and Remuneration Committee.

(b) Diversity policy

The Company has adopted a Diversity Policy, which is described in further detail at section 8 below.

(c) Continuous Disclosure and Market Communications Policy

The policy outlines a set of procedures and guidelines to ensure the Company complies with all applicable legal and regulatory requirements, including ASX Listing Rules, relating to disclosure. Subject to recognised exceptions, this ensures the timely disclosure to the ASX of any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The policy also documents the Group's approach and commitment to effective communication with shareholders. Sigma has a comprehensive security holder engagement program which includes briefings, presentations and events. The program includes scheduled and ad-hoc briefings with institutional and private investors, the Australian Shareholders Association, analysts and the financial media and aims to provide and facilitate effective two-way communication with Sigma's investors. Security holders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

In addition, to encourage participation at meetings of security holders, the Company provides a live webcast of its AGM and half- and full-year results. For the purpose of the AGM, security holders can submit questions prior to the event, which are then answered at the AGM, or ask questions live at the venue during the AGM. Details of scheduled events are published on the Company's website, and existing shareholders receive an email with details. The Company also requires all substantive resolutions at a meeting of security holders to be decided by poll, rather than by show of hands.

(d) Share Trading Policy

The policy applies to Directors, the Senior Executive Team and team members (including employees and contractors) wishing to participate as security holders in the Company. Australian insider trading laws prohibit people who possess non-public price sensitive information from dealing in securities or passing on that information to other people who may deal in securities. The Company's policy is designed to protect Directors, team members and their associates, as well as the Company's security holders, against acts of insider trading that, either willingly or unknowingly, would disadvantage holders of the Company's securities.

The policy employs the use of blackout periods to restrict trading during times where sensitive, non-public information may be held. In addition, certain persons deemed 'Specified Persons' must obtain written clearance from the Company in advance of any proposed dealing in the Company's securities.

Under the terms of the policy, persons to which the policy applies are prohibited from entering into hedging transactions which operate to limit the economic risk of their securities in the Company (including under any employee share scheme or equity-based remuneration scheme) and are prohibited from entering margin loan arrangements to fund the acquisition of securities in the Company or in relation to which the Company's securities may be used as security against loan repayment.

(e) Whistleblower Policy

The Company is committed to maintaining high standards of openness, governance and accountability. It wants to create an environment where people feel safe to report any wrongdoing without fear of reprisal. Although most allegations of misconduct or wrongdoing will be reported via internal channels (supervisor/manager or outside reporting lines, if necessary), the Company recognises that there will be occasions when people would rather make an anonymous disclosure. The Company has also appointed an external provider to receive allegations of wrongdoing pursuant to the Company's Whistleblower Policy. The RMAC is notified of material incidents reported under the Whistleblower Policy.

(f) Anti-bribery and corruption policy

The Company understands the importance of ensuring that its Board, Senior Executive Team and team members act with the utmost integrity. Bribery and corruption have long been prohibited under the Company's Code of Conduct and Fraud Policy. In addition, the Company also has a standalone Anti-Bribery and Corruption Policy. This prohibits the Board, Senior Executive Team and all team members of the Sigma Group from engaging in bribery or corrupt conduct and provides particular guidance in relation to political donations, gifts, travel and hospitality. It establishes reporting lines for actual or suspected breaches and ensures that material breaches are reported to the RMAC.

7. Risk assessment and management

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities. The Company has established policies for the oversight and management of material business risks. The Company's overarching Risk Management Policy can be found on the Company's website.

The Board's committee structure forms an important part of the risk management process. Through the RMAC, the Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure.

The Company recognises that risk management is an intrinsic part of each manager's day-to-day activity. Each business division is individually responsible and financially accountable for ensuring that there are appropriate systems and structures in place for the protection of its people and assets, in accordance with Sigma's risk policies and systems.

Management reports to the Board through the RMAC as to the effectiveness of the Company's management of its material business risks on a quarterly and annual basis. The RMAC's review of the Group's risk takes into account whether the Company is operating with due regard to the Board's approved risk appetite for material risks. The RMAC continually considers whether the Group's risk management framework remains appropriate and conducts a formal review of that framework every two years (or as otherwise required).

The RMAC has reviewed the risk management framework during the reporting period in accordance with this policy. Further information about the Company's material risks is provided in the Operating and Financial Review.

8. Diversity and inclusion

The Company respects and values the benefits of a diverse and inclusive workforce that reflects the communities in which we operate and embraces diversity of thought. We believe that in order to be a high performing, agile and innovative organisation we must leverage the full potential of all of our people. Diversity in this context includes experience, gender, age, caring responsibilities, cultural identity, disability, ethnicity, religious beliefs, education, family and relationship status, gender identity and sexual orientation.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Relevant policies are in place and made available to all staff at commencement with the company and via our intranet to support a diverse and inclusive workforce. These include the Diversity Policy and The Good Working Relationships Policy. Policies designed to recognise and support the diverse needs of our workforce are also in place including a Flexible Working Arrangements Policy, a Working From Home Policy, Carers, Parental leave and Family and Domestic Violence Leave policies.

Our HR policies around recruitment and learning and development ensure that these processes are encouraging the attraction, retention and development of a diverse workforce.

Specifically at the Board level, the Company is seeking to ensure each Non-Executive Director contributes towards a broad mix of skills including financial, retail, operational, fiduciary, human resources and strategic.

(a) Gender diversity

The Board values and is committed to promoting gender diversity at the Board level. Two of the last three Board appointments have been women.

From a Company leadership perspective, the Senior Executive Team structure has changed to a new Senior Leadership Team from the start of the new financial year on the 1st of February 2022 under the incoming CEO.

As part of the Company's commitment to diversity, a Women In Leadership program was launched to assist in strengthening our talent pipeline with women ready for senior leadership roles.

The Board has also continued its efforts to ensure gender pay equity exists within the business. Consistent with the previous year, a detailed gender pay gap analysis was conducted as part of the 2021 remuneration review process. The results of the analysis confirmed that gender pay variances are not prevalent at Sigma when comparing male and female salaries for like-for-like positions or by level. The majority of variances could be adequately explained, with only a small number of adjustments required (affecting both male and female employees) to enhance pay equity.

In line with the ASX Corporate Governance Principles and Recommendation, the Company makes the following disclosures in relation to gender diversity.

	Male	Female	Total
Senior Executive Team*	4	0	0%
Senior Leadership Team*	5	2	28%

* During the financial year, the role of CFO was held by a female who stepped down from her position. Prior to this change, the gender mix at the Senior Executive level was 20% female.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

(b) Measurable objectives and progress

Under the Company's diversity policy measurable objectives for achieving gender diversity have been set by the Board and are reviewed annually in order to ensure they remain relevant and to assess the Company's progress towards achieving them. The Company has made the following progress towards achieving the measurable objectives set for the 2021/2022 reporting period:

Measurable objectives	Progress for 2021/2022 reporting period
<i>Aim to increase the proportion of women on the Board as vacancies and circumstances permit</i>	The composition of the Board has diversity of gender reflecting a 40:40:20 ratio. Currently women make up 40% of Board positions.
<i>Aim to increase the proportion of women in executive and senior management positions as vacancies and circumstances permit</i>	Senior management positions now capture the top three pay grades within the business rather than the top three organisational layers. As a result, this has negatively impacted the proportion of females in senior management positions. Pay grading is viewed as a more stable measure when compared to organisational structure that can more readily change over time. A number of vacant senior management positions in IT, along with our General Counsel/Company Secretary role were filled by women during the course of the year. A female Company representative sits on the interviewing panel for all executive and senior management vacancies. For each of these vacancies a diverse candidate pool is reviewed with the aim of interviewing suitable candidates.

The Company aspires for gender equality at all levels of the organisation. In accordance with the 4th edition of the ASX Principles and Recommendations, the Board has set the measurable objective for each level of the organisation to have 50% of each gender with an acceptable tolerance of 10% either side of that target. The objective applies for the 2021/22 reporting period.

Proportion of women employees and Board members

In accordance with the ASX Principles and Recommendations, the Company makes the following disclosures in relation to the proportion of women in the organisation:

Disclosure requirement	Disclosure
Proportion of women employees in the whole Group	As at 31 January 2022, 59% of the Group's employees were women.
Proportion of women in the Senior Executive Team ¹	As at 31 January 2022, there were no Senior Executive Team positions held by women.
Proportion of women in senior management ² positions	As at 31 January 2022, 28% of senior management positions within the Company were held by women.
Proportion of women on the Board of the Company	As at 31 January 2022, 40% of the Company's Non-Executive Directors were women.

1. The Senior Executive Team comprises the CEO and a number of the CEO's key direct reports. As foreshadowed in this report, a new Senior Leadership Team structure comprising the CEO and all of the CEO's direct reports is in place for the next financial year.

2. Senior management positions are those within the top three pay grades of the organisation.

9. Environmental and Social statement

Sigma is aware of and focused on managing our Environmental and Social related risks. This has resulted in Sigma conducting a detailed analysis and impact assessment to identify the areas of greatest risk and opportunity for Sigma to have the greatest positive influence on the environment and society. This assessment has helped to form Sigma's ESG Report, which is available on the Sigma website <https://investorcentre.sigmahealthcare.com.au/events-and-presentations/annual-meeting>. This is an integrated whole of business sustainability report approved by the Sigma Board, with key themes being:

- identifying and effectively managing and mitigating environmental risks from all work practices, including through committing to using the Covenant Sustainable Packaging Guidelines;
- providing safe and healthy workplaces that empower our team members to perform at their best
- cultivating an inclusive employee culture that is committed and equipped to lead through change and to achieving our objectives under this policy; and
- implementing strategies and a reporting framework to give effect to our objectives stated under this policy.

More details on Sigma's ESG commitment is available in our ESG Report at <https://investorcentre.sigmahealthcare.com.au/events-and-presentations/annual-meeting>.

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

10. ASX Principles and Recommendations checklist

Ref	ASX Principles and Recommendation	Section	Compliance in 2021/22 reporting period
Principle 1 Lay solid foundations for management & oversight			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	2(a)	Yes Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	2(c)	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	2(e) and 4(a)	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	2(b)	Yes
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) which through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; (c) disclose in relation to each reporting period: (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity's progress towards achieving those objectives; and (iii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined and published under that Act.	8	Yes Yes Yes Yes Yes
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	2(f), 3(b) and 4(b)	Yes Yes
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	4(b)	Yes Yes

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Ref	ASX Principles and Recommendation	Section	Compliance in 2021/22 reporting period
Principle 2 Structure the Board to be effective and add value			
2.1	The board of a listed entity should:	2(d) and 3(b)	
	(a) have a nomination committee which:		Yes
	(1) has at least three members, a majority of whom are independent directors; and		
	(2) is chaired by an independent director, and disclose:		
	(3) the charter of the committee;		
	(4) the members of the committee; and		
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		Yes
	(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		Yes
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	2(d)	Yes
2.3	A listed entity should disclose:	2(g) and Directors' Report	
	(a) the names of the directors considered by the board to be independent directors;		Yes
	(b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and		Yes
	(c) the length of service of each director.		
2.4	A majority of the board of a listed entity should be independent directors.	2(g)	Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2(g)	Yes
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	2(e)	Yes
Principle 3 Instil a culture of acting lawfully, ethically and responsibly			
3.1	A listed entity should have and disclose its values.	6(a)	Yes
3.2	A listed entity should:	6(a)	Yes
3.3	A listed entity should:	6(e)	Yes
	(a) have and disclose a whistleblower policy; and		
	(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.		
3.4	A listed entity should:	6(f)	Yes
	(a) have and disclose an anti-bribery and corruption policy; and		
	(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.		

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Ref	ASX Principles and Recommendation	Section	Compliance in 2021/22 reporting period
Principle 4 Safeguard the integrity of corporate reports			
4.1	The board of a listed entity should:	3(a), 5 and Directors' Report	
	(a) have an audit committee which:		
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		Yes
	(2) is chaired by an independent director, who is not the chair of the board, and disclose:		Yes
	(3) the charter of the committee;		Yes
	(4) the relevant qualifications and experience of the members of the committee; and		Yes
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		N/A
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	5(a)	Yes
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor	5(d)	Yes
Principle 5 Make timely & balanced disclosure			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1	6(c)	Yes
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	6(c)	Yes
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	6(c)	Yes
Principle 6 Respect the rights of shareholders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	2 - 4	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	6(c)	Yes
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	6(c)	Yes
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than a show of hands.	6(c)	Yes
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	6(c)	Yes

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Ref	ASX Principles and Recommendation	Section	Compliance in 2021/22 reporting period
Principle 7 Recognise & manage risk			
7.1	The board of a listed entity should:	3(a), 7 and Directors' Report	
	(a) have a committee or committees to oversee risk, each of which:		
	(1) has at least three members, a majority of whom are independent directors; and		Yes
	(2) is chaired by an independent director, and disclose:		Yes
	(3) the charter of the committee;		Yes
	(4) the members of the committee; and		Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		Yes
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		N/A
7.2	The board or a committee of the board should:	3(a)	
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and		Yes
	(b) disclose, in relation to each reporting period, whether such a review has taken place.		Yes
7.3	A listed entity should disclose:	5(c)	
	(a) if it has an internal audit function, how the function is structured and what role it performs; or		Yes
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		N/A
7.4	A listed entity should disclose whether it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.	9 and Operating and Financial review	Yes

CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL STATEMENTS

2021/22

Ref	ASX Principles and Recommendation	Section	Compliance in 2021/22 reporting period
Principle 8 Remunerate fairly & responsibly			
8.1	The board of a listed entity should:	3(b)	
	(a) have a remuneration committee which:		Yes
	(1) has at least three members, a majority of whom are independent directors; and		
	(2) is chaired by an independent director, and disclose:		Yes
	(3) the charter of the committee;		Yes
	(4) the members of the committee; and		Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		Yes
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		N/A
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Remuneration Report	Yes
8.3	A listed entity which has an equity-based remuneration scheme should:	6(d)	
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and		Yes
	(b) disclose that policy or a summary of it.		Yes



Sigma Healthcare Limited

Registered Office*
3 Myer Place
Rowville VIC 3178 Australia

www.sigmahealthcare.com.au

* From 1 June 2022 Sigma Healthcare's new registered address and Business Support Centre is:

Level 4-6 M-City Office Building
and Business District
2107-2125 Dandenong Road
Clayton VIC 3168

