

SUSTAINABILITY
• 2020 •
REPORT

api





Contribute to the economy

We seek to deliver benefits to customers and returns to shareholders, while ensuring the financial sustainability of our businesses. Prudent decision making, investment and innovation drives our Group forward to deliver benefits to our owners and to the economy (through employment, productivity shareholder returns and tax) over the long term.



Care for our people and our community

Our business is to enrich lives. We are proud to be a critical part of Australia and New Zealand's essential health infrastructure. We foster a great corporate culture through actively looking after our people and our communities. We love working to support the Sisterhood Foundation and we get a kick out of directly supporting communities.



Help protect our planet

We monitor climate change risk to our businesses and actively work towards minimising our energy use. Our teams are empowered to come up with, and to implement, ideas to reduce our impact on the environment, with a current particular focus on reducing plastic packaging.



Be customer-centric

Our long history of focussing on providing great services to pharmacists and our close connection with consumers through Priceline gives us an enviable, genuine, customer focus. We know that embedding this in our psyche is critical for business success and to meet society's expectations.



Govern ourselves responsibly

Our culture of compliance is supported by frameworks to ensure appropriate conduct, respect of privacy, whistleblowing and minimising fraud. Our culture drives high quality governance practices both at Board level and amongst management. We are transparent and truthful with our investors.

MESSAGE ON SUSTAINABILITY



from our CEO & Managing Director

I am pleased to provide investors with a detailed update on API's management of sustainability issues in this, our *2020 Sustainability Report*.

API is serious about sustainability. In this Report, we have endeavoured to provide an increased level of detail and a transparent update on our challenges and achievements across sustainability issues. I am very pleased to report an increased focus on sustainability within our Group, as well as tangible positive outcomes in line with our continuous improvement approach.

During the year we defined our new Sustainability Vision and updated our Sustainability Principles. Our changing world has informed these updates and I am pleased that the new Principles are contemporary and reflect global sustainability principles. Importantly (and deliberately), they align closely with the API Group Vision ("Enriching Life") and fit beautifully with API's corporate culture.



Richard C Vincent
Chief Executive Officer
and Managing Director



Our response to the COVID-19 pandemic has clearly and consistently prioritised people – enabling and supporting them to weather these storms.

Our Group is in the enviable position of having built a great corporate culture, which manifests through our people consistently striving to "do the right thing". This underpins, and forms a basis of, our successful management of sustainability issues, as well as driving business success. There is a genuine recognition across API of the importance of sustainability for our community, our people, our stakeholders and our businesses.

API holds a serious responsibility throughout our community – distribution of medicines across the nation – and we take this extremely seriously. Our focus on community and people has been outstanding.

The COVID-19 pandemic has certainly centred our focus around our Sustainability Principles more than ever. Our response to the pandemic

has clearly and consistently prioritised people – enabling and supporting them to weather the storm.

The pandemic is an ongoing challenge, but the Group has embraced its heavy responsibilities and the opportunities it presents. I am very happy to report that we have made our decisions during this period in a way which is truly aligned with our API Sustainability Principles.

Although the COVID-19 pandemic can seem all-consuming, this Report shows that we have achieved great sustainability outcomes in other areas too – two highlights were Priceline stores raising \$241,000¹ for bushfire relief and adding more than \$1million² to our tally of support for the Sisterhood Foundation.

More than 100 years ago, API was built on supporting communities through

supporting community pharmacies. Sustainability principles are inherent within the Group's way of operating and its ways of working. Our culture is the bedrock upon which we keep working to deliver sustainable outcomes for our stakeholders. We are not perfect, and we continue to improve, but I am so proud that we are doing so much good, in such a sustainable way.

During the coming year - and beyond - we aim to focus on wellbeing, continuing to enhance our support of the Sisterhood Foundation and enhancing the positive changes we have implemented in the face of COVID-19.

It is pleasing to share our FY20 Sustainability Report and I look forward to keeping our stakeholders updated on our continued improvement and progress.

¹ This amount has not been audited.

² This data was provided by the Sisterhood Foundation and is unaudited.

Sustainability at API

Let's set the scene around how we think about, and how we manage, sustainability at API.

What do we mean by "sustainability"?

In the API context, "Sustainability" encompasses our influence on, and management of, environmental (including climate change), social (including modern slavery) and governance issues. Not only is this appropriate for our Group, but it also reflects the categories which the *Global Reporting Initiative* (GRI) uses.

Why is sustainability important to us?

If we manage sustainability well, we know we can enrich the communities and world within which we operate.

This is because the way we address sustainability risks and opportunities, affects everyone.

API recognises the importance of managing sustainability appropriately for all stakeholders. We are cognisant that:

- sustainability issues deliver both potential risks and rewards for our Group and its businesses - so, influencing and managing them appropriately is critical for our shareholders.
- consumers are increasingly seeking out brands who have adopted sustainability principles and values which align with their own, and it is important that we do so;
- increasingly high-quality potential employees are selecting their preferred employers based on reputation and performance in areas of sustainability, and we want to attract these individuals.
- our access to capital, and our consequent ability to grow our business, depends on us meeting the expectations of potential investors and financiers around sustainability; and
- the communities of which we and our people are part, can derive tangible, ongoing benefits if we manage our sustainability issues well - we want to realise these opportunities for them.

Who is responsible for sustainability at API?

The API Board has ultimate responsibility for the oversight and operation of our sustainability strategy. The Group has created a Sustainability Committee, which includes the Executive Leadership Team. The Sustainability Committee coordinates the operations and implementation of the Group's sustainability principles and initiatives, and reports

to the Audit and Risk Committee. Whilst we consider that making decisions in accordance with our sustainability framework is everyone's responsibility, the API Group oversees its risk through its Risk & Compliance and its Legal & Company Secretarial teams. The API Risk Management Framework has been updated to incorporate specific sustainability and environmental risks - notably: climate change, customers, people and community risks.

During 2019, we formed a Sustainability Working Group comprising approximately 10 members representing areas across the API Group, including procurement, compliance, merchandising, IT, supply chain, people and investor relations. This group assessed the areas within the 2018-19 sustainability model³ against the high level Global Reporting Initiative materiality dimensions, being:

- the Influence on stakeholder assessments and decisions; and
- the Significance of economic, environmental and social impacts.

It confirmed that all areas within that model have a high influence on stakeholder assessments and decisions and also a high significance in the context of economic, environmental and social impacts. This work has informed the updating of API's Sustainability Framework this year.

In early 2020 the Sustainability Working Group was succeeded by the Sustainability Committee, which was elevated to executive level. The Committee is now chaired by the CEO & Managing Director and is advised closely by members of the API Risk and Compliance, Legal and Procurement teams, through whom it consults widely across the Group. It meets regularly (it has met three times formally during 2020) and reports to the Audit and Risk Committee of the API Board.

Our sustainability strategy

API's Sustainability Strategy is to embed sustainability thinking into decision-making across the Group. The intention is that this will ensure that:

- a) the business as a whole (all managers) take responsibility for sustainability; and
- b) the Group's culture drives decisions which in turn drive sustainability outcomes towards achieving the API Sustainability Vision.

³ Confidence in our products; Engaging and caring for our people; Serving and sharing with our customers and community; Selecting partners that share our values; and Protecting our reputation - all underpinned by financial sustainability.

Our sustainability purpose

We enrich our world through **sustainable choices** which help our community and our environment

Our sustainability purpose reflects our Group's broader **"Enriching Life"** purpose as an organisation. Our communities and our environments are two critical determinants of enriched lives – so we see clearly that, by enriching our world, we enrich people's lives.

This is about making **sustainable choices.**

COVID-19 – sustainable choices in action

The API Group provides a critical component of our nation's management of, and response to, the COVID-19 pandemic.

The API Group provides a critical component of our nation's management of, and response to, the COVID-19 pandemic. The importance of our role to the community has remained front and centre of our decision-making during this crisis. Together with the other pharmaceutical wholesalers, API has worked closely with Government and has helped implement what has been a largely successful national response to the pandemic, and we are very proud of having done so. Of course, all of this will continue during – and beyond – the pandemic.

We are very proud of the decisions we have made as an organisation during this challenging time. Whether they be large decisions or small, they have been consistent with our Sustainability Framework. We have exceeded our peoples' expectations by actively looking after them and their families. Our supply chain has ensured that communities have continued to access the medicines they need without any real disruption, despite significant global supply challenges. Our API family has shone, in the face of real challenges, and this is a true testament to our great corporate culture.

Below we report on the way in which we have enriched our communities and our world by making sustainable choices during the 2020 financial year.

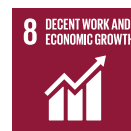


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**...communities
have continued
to access the
medicines they
need without
any real
disruption...**



Contribute to the economy



FY20 HIGHLIGHTS



Several
thousand
jobs



Distribution of
158.1m
units of medicines



Agility
through
COVID

We seek to deliver benefits to customers and returns to shareholders, while ensuring the financial sustainability of our businesses. Prudent decision making, investment and innovation drives our Group forward to deliver benefits to our owners and to the economy (through employment, productivity shareholder returns and tax) over the long term.

API's place in society is important to us. We are a large group of businesses, with significant opportunity to add productivity to the economy. We are owned by institutional and retail shareholders to whom we owe an obligation to deliver a return.

There are a myriad of ways in which we enrich our community and our world through economic contribution. These are just a few.

Distribution of medicines to our community

During the year, we supplied 158.1 million units of medicine products and 138.4 million units of other pharmacy products to pharmacies across Australia so that they could supply those medicines to consumers. The pharmacy industry sector contributes around \$15 billion⁴ to Australia's gross domestic product, and API plays a significant part in that.

During the financial year, a renewed Community Service Obligation (CSO) agreement was finalised with the Federal Government. As a CSO pharmaceutical wholesaler, API will continue to meet obligations for the distribution of pharmaceutical products, and participate in additional CSO funding of \$92 million over five years, commencing 1 July 2020. Importantly, the funding will enable us to keep investing in our pharmacy distribution business and ensuring access to vital medicines for all Australians.

We also supply and distribute medicines to the New Zealand population through its PHARMAC arm. One example is our supply of all paracetamol to New Zealand at extremely competitive prices. During the last financial year alone, supply of paracetamol to New Zealanders reached approximately 360 million paracetamol tablets.

On top of that, our Consumer Brands business supplies products globally – we brought \$2.4 million of export revenue into the Australian and New Zealand economies this year.

Our COVID response

As COVID began to develop, we quickly began to work with Government and with our industry to ensure community pharmacies were able to continue to operate and distribute medicine. We have worked hard with pharmacies and with landlords to share the financial pain inflicted by the pandemic. We have provided flexibility to our business partners to allow them to better cope with the pandemic, including reducing franchise fees for a number of franchisees and assisting some with their rental obligations.

Whilst we have closed some corporate Priceline stores and some Clear Skincare clinics for limited periods during the pandemic restrictions, we have done all we can to assist affected staff financially. Priceline did not qualify for Jobkeeper, although some Clear Skincare staff did qualify for it and for the Wage Subsidy equivalent in New Zealand.



New products

Our Consumer Brands business has had a busy year, launching around 50 new products (90 new articles) across several brands. Development of new medicines is also continuing.

We contribute to the National Pharmacy Services Association (NPSA)

API has actively and significantly contributed to the NPSA during the year. The NPSA is constituted by pharmaceutical wholesalers, including API. The NPSA has had a particularly busy year in terms of meeting the COVID-19 pandemic challenge and negotiating the pharmaceutical wholesalers' obligations in respect of the 7th Community Pharmacy Agreement.

Our CEO & Managing Director has recently been appointed Chair of the NPSA, and our contribution is set to continue.

Jobs

We employ 2,918 people across all Australia and New Zealand and our franchisees employ around 5,198 people⁵. We provide training to our teams and invest in people development. Our flexible approach to working arrangements makes us an attractive employer. From a societal perspective, our contribution to employment and skills is significant.

Looking to the future

Our Group is proud of its contribution to jobs and to our economy, and is well placed to come through the COVID-19 pandemic continuing that contribution.





Care for our people and our community



FY20 HIGHLIGHTS



\$1m

funding for
Priceline Sisterhood
Foundation



Supporting
women in
sport

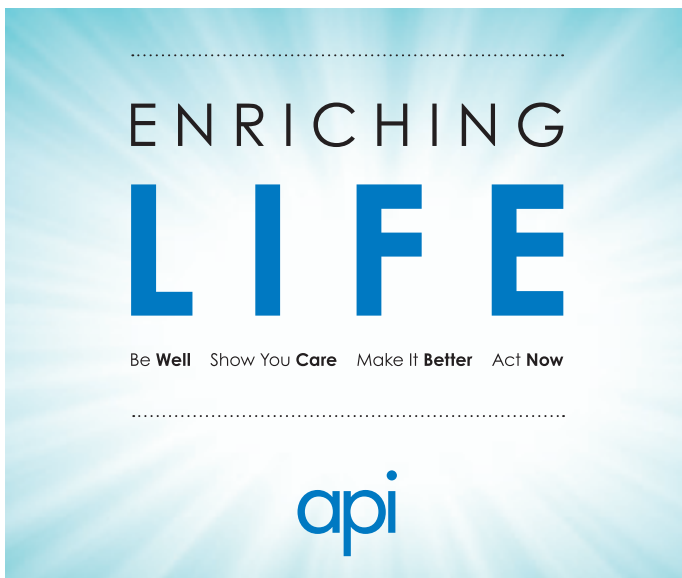


Wellbeing of our
people during
COVID-19

Our business is to enrich lives. We are proud to be a critical part of Australia and New Zealand's essential health infrastructure. We foster a great corporate culture through actively looking after our people and our communities. We love working to support the Sisterhood Foundation and we get a kick out of directly helping local communities in need.

API was born from a group of pharmacists getting together to distribute medicines across the community. This is an inherently caring job, and the Group has maintained a caring approach to its role in the community ever since.

We, at API, are here to Enrich Life – the lives of our people, our customers and those in our community.



For a long time the Group has recognised a lovely alignment between its role caring for communities and its corporate culture – caring for its people. Our Group is a great place to work because it cares about its people. Nothing has highlighted this more than the COVID-19 pandemic.



Looking after bushfire-affected communities

The terrible bushfires which confronted our communities in January 2020 presented a multitude of community needs, to which we responded. With franchise partners, we organised our supply chain to get medicines to affected communities, notwithstanding substantial logistical impediments.

Our Priceline stores, with their customers, raised \$241,000⁶ for bushfire victims – enabled by API investing to enable a "rounding up" donation function at the point of sale - which was provided through the Australian Red Cross.

We continue to feel for the bushfire victims who have had to deal with a second emergency in the form of the COVID-19 pandemic.

⁶ This amount has not been audited.



We celebrate the Sisterhood Foundation

The Priceline Sisterhood Foundation was established in 2010 when we conducted Australia's Biggest Health Check. This was a ground-breaking survey in which over 25,000 Australian women told us what concerned them most about their health. We decided it was high time that someone started giving back to protect the women we love.

The Priceline Sisterhood Foundation has grown substantially since then. It is now run by a separate Board comprising both current and former API senior executives and independent non-executive directors. Priceline donates management of the Foundation's operational activities. API staff volunteer a significant amount of time and effort to the Foundation and are immensely proud of it.

The Priceline Sisterhood Foundation and its charity partners raise funds for charities that support Australian women and their families. The Priceline Sisterhood Foundation has raised in FY20 \$1,060,000, bringing its total since inception to around \$7,230,000⁷.

We take this opportunity to highlight the amazing work that the Sisterhood Foundation does, and the support it provides to women and families through the following charity partners:



Supporting Women in sport

During the financial year Priceline continued its sponsorship of AFL Women and other womens' sports. We recognise that supporting womens' sport is supporting women in our community, and enriches their lives.

We know that peoples' wellbeing can be truly enhanced through sport, and we embrace the opportunity to sponsor women in sport in various ways (not just financially).

We share the stories of amazing sportswomen through the Priceline website and in other ways – we find them inspirational and we hope they inspire others in our community.

IZZY HUNTINGTON
WESTERN BULLDOGS
AFLW PLAYER



⁷ These numbers have been provided by the Sisterhood Foundation and are not audited.



Our Ways of Working

In 2020 we revisited our ways of working, building on our existing API values framework.

Our teams have embraced our four new Ways of Working and they have been quickly, deeply, integrated into our working lives.

BeWell

- Actively focuses on wellbeing
- Makes API a safer place to work every day

Show You Care

- Seeks to understand
- Communicates openly, honestly and with positive intent
- Has the courage to have the hard conversation
- Makes others feel like their contribution is really valued
- Recognises the positive performance of others
- Proactively helps others achieve

Make It Better

- Really values different ideas
- Constantly looks to improve things
- Is not afraid to implement change
- Focuses on solutions
- Really values development
- Champions high standards
- Collaborates to achieve outcomes

Act Now

- Creates urgency and momentum for change
- Responds quickly
- Drives accountability
- Role models our Ways of Working

Caring for people during COVID-19

The COVID-19 pandemic has seen wellbeing and resilience challenged across the world and API has increased wellbeing activity to ensure that our people have the tools to deal with the situations that have arisen in response to COVID-19.

The Group has delivered a range of initiatives including:

- activities and online classes to support physical vitality and fitness;
- ergonomic support to ensure appropriate desk set up in the home office;
- a range of communication initiatives, to keep team members connected while working from home;
- online workshops on breathing, anxiety management and positive mindset;
- expanding the Employee Assistance Program to support our Priceline franchise network and the Soul Pattinson and Pharmacist Advice members.

Our Clear Skincare business has risen to the COVID-19 challenges that 2020 has presented. With staff and customer safety paramount, the already high standards of the Clear Skincare brand were further elevated in response to COVID-19. With heightened treatment protocols, personal protective equipment worn by clinic staff and new customer service practices, the business was proud to be an industry leader on reopening with high safety standards in place.

The Group responded rapidly to the threat of the COVID-19 pandemic using a risk-based approach to prepare all sites for safe operation with strong physical distancing and hygiene measures in place. Outbreak response plans and effective contact tracing protocols allowed for operations to continue with confidence that API was a COVID-Safe workplace.

Employee engagement

The Group conducted an Employee Engagement survey in January 2020 and again in September 2020 to firstly gauge the impact of the People initiatives from previous years and to then gauge the impact of COVID-19 on engagement and culture.

Pleasingly, the January Engagement score of 68% was in the High-Performance Zone and this improved even further to 75% in September as a result of very positive ratings of both Culture and Leadership.

The API "Thanks...We Love Your Work" recognition program highlights outstanding behaviours and achievements and is a key foundation of API culture.



Effective safety and wellbeing frameworks

API has a strong commitment to safety and an excellent safety management system. The Group became accredited in the International Standard for Safety Management, ISO 45001 in 2018 and has upheld this accreditation since.

The Group's safety management system focuses on:

- **People** – a culture of independent and sustainable safety and wellbeing practices;
- **Process** – safety risk management; and
- **Place** – embedding safety processes at a site level, including incident management and reporting.

Since 2018, the number of injuries has reduced with:

- 33% reduction in MTIs;
- 34% reduction in LTIs;
- 35% reduction in TRIFR.

Our Wellbeing Framework supports Team Members in enhancing their ability to thrive in today's world and builds capability in the ability to bounce back from adversity.



We value diversity

Diversity of thought is a driver of innovation, and API is committed to an inclusive workplace that embraces and promotes diversity. Through this commitment, we care for communities and our people, and enrich their lives.

We take a perspective of diversity which includes gender, age, race, ethnicity, disability and cultural background.

The following table summarises the Group's progress in achieving female diversity in its workforce and on its Board.

Gender Diversity	As at 31 st August 2020
Women on the Board	50% ⁸
Women in the senior leadership team	30.43%
Women in management positions	66.86%
Women in the workforce	75.52%
Year ending 31 st August 2020	
Promotions – women	85.18%
Manager promotions – women	92.30% ⁹

Source: API internal data.

We are very pleased that a new female director, Janine Allis, is joining our Board on 23 October 2020.

Looking to the future

There is so much opportunity to continue caring for our communities and our people. Whilst we have done a huge amount again this year, we are excited by knowing that there will be more again next year!

⁸ Total number of directors at this date = 4

⁹ There were a total of 13 manager promotions during the year ending 31 August 2020



Help protect our planet



FY20 HIGHLIGHTS



**Energy
reduction
3%**



**Reduction
of plastic
packaging**



**Paper
consumption
6%
reduction**

We monitor climate change risk to our businesses and actively work towards minimising our energy use. Our teams are empowered to come up with, and to implement, ideas to reduce our impact on the environment, with a current particular focus on reducing plastic packaging.

Like everyone, we are more and more concerned about the state of the planet, and more and more cognisant of the need for all people, governments and businesses to play their part in looking after it.

Our footprint on the planet is being monitored and measured as part of the Group's commitment to reducing energy consumption at Distribution Centres (DCs), paper consumption, catalogue size, and landfill waste diversion (plastic packaging) and business air travel.

A summary of data collected for the year is:

Item	FY19	FY20
Energy for DCs (mWh)	2,576	2,502 (3%↓)
Paper consumption:		
• Printed A4 copy paper (reams)	22,288	20,889 (6%↓)
Business air travel:		
• International & domestic (km's)	2,752,795	1,729,144 (36%↓)



Reducing our energy usage

We are proud of our 3% (74MW) energy reduction for the year; but also focussed on doing better.

At the Camberwell Support Office, installation has occurred of environmentally efficient LED lights and diffusers, which will significantly decrease our lighting use.

Our reduced energy consumption shows that initiatives at the Support Office and Distribution Centre sites work. The environment is benefitting and we can see how our actions provide tangible reward.

Our new Sydney Distribution Centre – due to open in 2022 - will be "state-of-the-art". We have invested in a design which will benefit the environment through LED lighting paired with smart lighting controls, rainwater harvesting and re-use, polyisocyanurate insulated wall panels to reduce cooling energy use, the ability to support a 500kw solar system and totes made from recycled materials with several years' life.



“

...the Group reduced its plastic production from 0.89 tonnes of plastic waste to 0.66 tonnes of plastic waste.



Managing climate change risk

Climate risk is specifically addressed within API's Risk Management Framework and processes (of which the Audit and Risk Committee has oversight).

API has crisis management processes to manage its information assets in the event of a climate event causing loss of information. The Group's insurance program will operate if physical assets are affected by an "act of God".

Reducing our impact – plastic and paper

The Sustainability Committee has determined that reduction of plastic packaging is a priority for the Group.

Priceline conducts ongoing engagement with suppliers to try and reduce plastic packaging of goods for re-sale.

API has engaged a third party to track waste produced within the Group. Its reports indicate that between August 2019 and June 2020, the Group reduced its plastic production from 0.89 tonnes of plastic waste to 0.66 tonnes of plastic waste.

In terms of paper reduction, across our sites we are reducing our printer fleet in line with the welcome realisation that working remotely has proven that we can manage very well without printing most documents. We have also introduced electronic signing of documents – saving even more paper. Priceline is also saving paper by offering e-receipts to customers. A win for the environment, our footprint and our values.

Business travel

Our business air travel domestically and internationally has had a reduction, largely due to COVID-19. Our travel-associated carbon emission has dropped by 36%.

Looking forward

We are on a journey – there is more for us to do, especially in relation to reducing plastic packaging and energy consumption. We are committed to continuing this journey!



Be customer-centric



FY20 HIGHLIGHTS



**Meeting
e-commerce
needs**



**Priceline
brand
belief**



**Empowering
people to
manage
their health**



**Launch of
electronic
prescriptions**

Our long history of focussing on great service to pharmacists and our close connection with consumers through Priceline gives us an enviable, genuine, customer focus. We know that embedding this in our psyche is critical for business success and to meet society's expectations.

The Group's focus on customers and their needs has been paramount during the COVID-19 pandemic – our pharmacists, our supply chain and our various support functions have all come together to make sure that access to medicine is equitable and optimised during the pandemic, so that customers' health was prioritised.

API has been central to the country's response to the COVID-19 pandemic and we are so proud of our teams for doing such a fantastic job for our customers.

The 2019-2020 financial year saw the Group invest heavily in innovations centred on helping our customers more.

Click & Collect, Click & Deliver - solutions for our customers

Customers needed to access Priceline's products and services in a new way with the introduction of COVID-19 restrictions. We are extremely proud of the speed at which we are and continuing to grow Click & Collect and Click & Deliver so that our customers can access the things they need through an ordering and delivery system which suits them.

Click & Deliver

99.4%
**customer
satisfaction
score**



We now have 330 stores offering Click & Collect Australia-wide and Click & Deliver is also growing rapidly with 85 company and seven Priceline Pharmacies on board in NSW, VIC, SA and WA at the time of writing. To better meet our customers' needs we have expanded delivery options for customers and we are so excited that:

**on average, customers
are receiving their orders
in under 24 hours.**



e-Scripts and script delivery

We are excited that we now offer a whole new level of service to our customers through our Priceline Pharmacy app. Customers, in COVID affected areas can direct their doctor to send scripts directly to their pharmacist or to their phone¹⁰. Our app allows paperless more efficient, confidential and safe delivery of scripts – a great advance for customers.

The launch of electronic prescriptions represents a major leap forward for our customers and the health industry.

Our pharmacies can also deliver scripts to the homes of their regular customers – a helpful innovation for customers who may be house-bound or unable to collect their medicines.



Health services – control your own health journey

API has invested in a healthcare prevention program by rolling out SiSU health machines in more than 280 locations which allow customers to receive medical grade health information and assessments, such as a diabetes risk assessment, free of charge. This allows our customers to take much greater control of their health journey and to understand their own health risk, which our pharmacies can assist them to manage.

More than two million people have conducted health checks on our stations, making it one of Australia's largest healthcare prevention programs. API is also adding functionality to the machines, such as telehealth, which will increase the quality of healthcare provided by our pharmacies even further.

Priceline brand belief

During the year, Priceline re-defined its purpose around customers:

We believe people only feel better when they feel they matter

...and embraced a customer insight:

Our customer **INSIGHT**



Priceline is for that over-worked, often under-appreciated, ever-caring person at the centre of the family, who ensures the people she loves get the care they need.

Like all of us, she wants to know she's doing a good job and that every so often, someone has her back

That's why we're there for her.

Some call her Mum, or Gran or Darling. We call her our customer and our brand is designed around her spirit.

That doesn't mean we only target this person. We are so much broader than that. But we are inspired by her spirit.



Through this collective belief in what we do, Priceline will show the millions of people that come through our doors that they matter and that we will deliver everyday moments of care which make them feel better.

¹⁰ In line with the Government's rollout of e-scripts.



At home support – Clear Skincare

As a clinic brand born out of treating acne, the Clear Skincare team understand that clients' skin health is aligned to both their physical and emotional wellbeing. By making Clear Skincare clinics' products more accessible for customers and enabling virtual consultations with expert skin therapists, the business has maintained strong support of clients during the pandemic, even with the clinics closed temporarily in accordance with Government COVID-19 regulations.

These new channels will remain in place giving customers more choice on how to engage with the business post-pandemic.

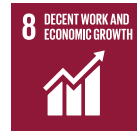


Looking forward

At API, we know that a true focus on customers is critical to enrich the communities in which we operate, and in so doing, enrich our world. We also know that the work in this area is never ending, and we must continue to enhance and build our focus on customers even further. This is what we are doing, and will continue to do, across the Group.



Govern ourselves responsibly



FY20 HIGHLIGHTS



**Whistleblower
framework**



**Risk
management**



**Strong focus
on ethical
conduct**

Our culture of compliance is supported by frameworks to ensure appropriate conduct, respect of privacy, whistleblowing and minimising fraud. Our culture drives high quality governance practices both at Board level and amongst management. We are transparent and truthful with our investors.

As a distributor of medicines and a pharmacy franchisor, we know that good corporate governance is critical for us. We work hard on our compliance culture and governance frameworks, adopting a continuous improvement approach and never losing focus on “doing the right thing”.

Through making good decisions and an ethical approach, we enrich the communities we serve.

API's governance frameworks are compliant with the ASX Corporate Governance Principles and Recommendations (more about this will be explained in our Corporate Governance Statement in December 2020.)

The Board's Audit and Risk Committee oversees and receives updates about the Group's corporate governance frameworks (the most recent of which was considered by that Committee in August 2020).

Ethics and Whistleblowers

The Group has a very strong focus on ethical conduct and has operated with a Code of Conduct and Ethics for some time. During 2019, a supplier code of conduct was introduced, which aims to include suppliers in the ethical standards applied by API.

API has a Whistleblower process that encourages the reporting of unlawful, dishonest, fraudulent or other inappropriate behaviour. All reports received are reported to the Audit and Risk Committee.

During the year, our whistleblower process was rolled out to the Clear Skincare business. The Whistleblower Policy is updated as required and is available on the API website.



Managing the Group's risk

API understands that good governance requires investment in the processes around risk management. At the same time, the Group is aware that business improvement, efficiency and growth all require acceptance of an appropriate level of risk. To do this, the Group relies on its Risk Management Framework and associated processes.

API's risk management and assessment processes are well developed and effective. The Risk and Compliance team manage this process, whilst the Executive team takes responsibility for the management of risk. The Board and its Audit and Risk Committee oversee this process, including receiving detailed risk reports. During the year, the Audit and Risk Committee approved an updated Risk Appetite Statement, which is used to guide decisions at Executive and Board level.

The Group has an appropriate insurance program in place to address residual risks.

Modern Slavery risk

During the year, API increased its focus on the management of modern slavery risk – that being the risk of unacceptable labour practices existing in its supply chain – particularly, at factories which supply API's suppliers, deep in the supply chain.

The Group has developed a plan for managing modern slavery risk, which is overseen by the Sustainability Committee.

Our inaugural Modern Slavery Statement is to be published in February 2021. We look forward to updating you further about our management of this issue at that time.

Looking forward

Our Group is well placed to continue its high standard of corporate governance and making good decisions. No doubt the future will bring the need to make important decisions; our governance culture and corporate governance frameworks will stand us in good stead.

Our inaugural Modern Slavery Statement is to be published in February 2021. We look forward to updating you further about our management of this issue at that time.

A sustainable future

API is a responsible company. We take responsibility and act on it across all areas of our Sustainability Framework, and we are proud of the outcomes in these areas during the 2020 financial year.

We are confident in our ability to continue to pursue our sustainability vision of...

...enriching our world through sustainable choices which help our community and our environment.