



Australian Pharmaceutical Industries Limited

**SUSTAINABILITY REPORT 2021**



#### 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 caring 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 FROM CEO

It is with pleasure that I provide investors with an update on API's management of sustainability issues in this, API's 2021 Sustainability Report.



At API we believe in Enriching Life. Enriching Life for our people and our community. We express this core principle in many ways including through our care for one another, the community and the natural environment. In this Report we outline our focus on sustainability and how this focus impacts our day-to-day actions and the decisions we make. We always consider the broader impacts, both current and future, of our decisions.

I hope you will see from this Report that, at API, we continue to make real and tangible improvements in the areas of sustainability and social responsibility. This journey of improvement will continue to be a priority for API— we know our stakeholders both expect and deserve this from us.

Our Group has developed, and continues to foster, its strong corporate culture. This culture is reflected in our focus on doing the right thing, notwithstanding the challenges that may come our way. Our culture has helped enable our people to show real resilience and a willingness to support each other and our community, in trying times.

At API, we have a critical role to play in helping our communities stay healthy in challenging times, be it an ongoing global pandemic or natural disasters such as the floods in Northern New South Wales and Southern Queensland. We ensure that the community always has access to medicines and health products. The floods in New South Wales posed challenges for our supply chain – our team responded by working with Emergency Services to ensure medicines made it to their final destination.

API's responsibility in distributing medicines across the nation is important at all times, but perhaps even more so at the time of a global pandemic when our national health care system is so critical. We take our role extremely seriously and we are immensely proud of our successes in helping ensure equitable access to medicines whilst our supply chain is under pressure.

The pandemic is an ongoing challenge, but the Group continues to fulfil its responsibilities. We continue to make decisions and execute projects in a way that aligns with our Sustainability Principles, always keeping the community's best interests at the fore.

We strive to look after our people and their families. We have made many support sessions and tools available to our teams, to equip our people to protect their mental and physical wellbeing -- not just when times get tough but as part of their day-to-day practices. We have maintained a strong focus on ensuring the connectivity of our people.

API was built on supporting community pharmacies and this culture of supporting others permeates all that we do. It is the bedrock upon which we keep working to deliver sustainable outcomes for our stakeholders. Our focus on wellbeing, giving back to the community through the Sisterhood Foundation and being a good corporate citizen, continues now and into the future.

I commend the information contained in this Sustainability Report and look forward to API's continuation of its sustainability focus.

**Richard Vincent**

Chief Executive Officer  
and Managing Director

## SUSTAINABILITY AT API

# Our sustainability purpose

We seek to make **sustainable choices** that help our community and our environment.

Our sustainability purpose reflects our Group's broader "**Enriching Life**" purpose. Our communities and the environment are two critical determinants of the richness of lives – by enriching our world, in turn we enrich people's lives.

The Australian (and, indeed, global) community is becoming increasingly focused on the importance of acting in a sustainable manner and taking joint responsibility for sustainability. At API we see it as our responsibility to be a part of the solution. Our stakeholders expect this of us and we expect it of ourselves.

For API, sustainability encompasses our influence on and management of environmental (including climate change), social (including modern slavery and diversity inclusion) and governance (including risk management) issues.

### Roles and responsibilities

The API Board has ultimate responsibility for the oversight and operation of API's Sustainability strategy. Our Sustainability Committee, comprises the Executive Leadership Team.

The Sustainability Committee coordinates the operations and implementation of the Group's sustainability principles and initiatives. A key focus of the Sustainability Committee for 2021 has included the reduction of plastics in our supply chain and continuing our journey of managing modern slavery risk.

The Sustainability Committee is chaired by API's 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 and reports to the Audit and Risk Committee of the API Board.

At an operational level we see employees asking themselves how they can improve the sustainability practices of the Group and proactively driving initiatives. The roll out of TerraCycle, an initiative to encourage recycling of plastic cosmetic bottles by returning them in store, is one of many examples of employee-driven initiatives for 2021. At API we empower employees to seek out opportunities to make improvements in this space and support them to make it happen.

Sustainability and protecting the natural environment is everyone's responsibility and we must all be a part of it.

## SUSTAINABILITY AT API continued

### Sustainability strategy

API's Sustainability Strategy is to embed sustainability thinking into decision-making across the Group. This approach will ensure:

- the business as a whole takes responsibility for sustainability; and
- a culture where a desire for sustainable outcomes plays a part in everything we do.

Whilst we recognise we have more to do, this approach is already showing results.

### Why do we care?

If we manage sustainability well, we know we can enrich the communities and world within which we operate. We recognise that the way we address sustainability risks and opportunities, affects everyone. We care not only because we are in a position to act, but because it is the right thing to do.

#### We know:

- sustainability issues deliver both potential risks and rewards for our Group and its businesses - so, influencing and managing them appropriately is critical for proper business management;
- consumers are increasingly seeking out brands who have adopted sustainability principles and values which align with their own – it is important we meet these needs and remain relevant to our customers;
- high-quality prospective employees are increasingly selecting their preferred employers based on reputation and performance in areas of sustainability – we want to attract (and retain) 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;
- 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 and with them; and
- acting in a manner that is consistent with environmental protection and preservation is, quite simply, the right thing to do.

### Where are we?

In FY 2021, we maintained our AAA ESG Rating<sup>1</sup> awarded by the globally renowned MSCI ESG ratings agency. An ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks and AAA is the highest MSCI score that can be achieved. Less than 1% of all rated entities in the Health Care Providers & Service sectors achieved a AAA rating with the majority receiving BBB (30%) or A (34%) rating. We are very proud of this rating. It demonstrates API's commitment to sustainability and reflects what we know to be true, that API actively Enriches Life.

### What's next?

API continues to embed sustainability thinking into decision-making across the Group to ensure that the whole business takes responsibility for sustainability and that the Group's culture drives decisions that work towards achieving API's sustainability vision.

The Sustainability Committee continues to oversee all aspects of sustainability at API and allocates group resources appropriately and in consideration of priority and need. API's Board is continuing to focus on ensuring API gives proper and due attention to Sustainability efforts and encourages the Sustainability Committee to continue focusing on this area. We are very proud of this rating.

API appreciates that the importance to its stakeholders of sustainability is rapidly growing and that community expectations are evolving quickly in this area. API takes this seriously and accordingly, plans to accelerate its sustainability journey by increasing its focus in this area in the coming year. In particular, API will consider establishing broader, improved processes and systems to measure its performance in the areas of waste reduction, energy consumption reduction and renewable energy uptake. In doing this, API will continue to compare ourselves against, and have regard to, the practices of Australian public companies who perform well on sustainability, international standards and frameworks such as the Global Reporting Initiative (GRI) and TCFD (the Task Force on Climate-Related Financial Disclosures). API will also focus on increased engagement with its suppliers and other external parties with a view to amplifying its influence on sustainability issues through those partnerships.

<sup>1</sup> MSCI ESG ratings report, API, dated 19 November 2021.





## ECONOMIC CONTRIBUTION



### FY21 HIGHLIGHTS



Thousands  
of jobs



Distribution of  
**118.3m**  
units of medicines



**19**  
new Clear  
Skincare  
Clinics

We seek to deliver value to customers and returns to shareholders, while ensuring the financial sustainability of our businesses.

API's position in the community is a dynamic and important one. 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 deliver a return.

Our businesses are clear contributors to our nation's economic strength and prosperity.

Below are just a few such examples.

#### Distribution of medicines to community

For more than 110 years, API has played a key role in ensuring ongoing access to medicines for the Australian community. We're proud of the role we have played for such a long period of time in enabling community pharmacists to carry out the very important role they play in the sophisticated and world leading health care system of our country. We play a key role as one of a handful of pharmaceutical distributors in Australia licensed to distribute pharmaceuticals ensuring the health and wellbeing of the population. To do this, we operate efficiently and deliver productivity benefits to our customers and to Government, and where we need to go great lengths to ensure continuous supply of medicines in events of natural disaster, such as working with emergency service works during flooding in NSW. In addition, we have played an important part in ensuring the supply of essential medicines to pharmacies during COVID.

#### New relationships

In the course of 2021 we signed a wholesaler distribution agreement with Pfizer Australia for distribution of medicines to community pharmacies. This relationship will provide improved service efficiencies to community pharmacies as well as improve stock availability. It will also reduce the carbon footprint caused by duplication of daily deliveries to all pharmacies around Australia.

We are pleased to increase our range of medicines available for distribution to pharmacies and buoyed by every additional opportunity to engage with international pharmaceutical companies like Pfizer.

#### Supply to the market

During the year, we supplied 118.3 million units of medicine products and 155.3 million units of other pharmacy products to pharmacies across Australia so that they could supply those medicines to patients and customers. The pharmacy industry sector contributes around \$15 billion<sup>2</sup> to Australia's gross domestic product, and API plays a significant part in that. We operate finely tuned delivery routes that optimise transport utilisation and minimise fleets of vehicles contributing to our carbon footprint.

#### New Sydney Distribution Centre

Excitingly, we have commenced building our new distribution centre at Marsden Park, New South Wales. Marsden Park will be an industry leading building of its kind and will employ state of the art technology and leading edge processes. We are confident Marsden Park will generate great efficiencies for our business and presents many exciting economic opportunities. Investment in innovation will keep API in step with the technology standards required to participate in the industry with maximum efficiency. It will utilise solar panels on its roof to capture available renewable energy to reduce its overall emissions.

The Distribution Centre design will benefit the environment through rainwater harvesting and re-use, polyisocyanurate insulated wall panels to reduce cooling energy use and the ability to support a 500kw solar system.

<sup>2</sup> IBIS World, AU Industry (ANZSIC) Report F3721, Pharmaceuticals Wholesaling in Australia, December 2020.



## ECONOMIC CONTRIBUTION continued



### Re-routing deliveries

In early 2022, our supply chain will introduce enhanced delivery routes, in turn reducing the total kilometres travelled (estimated 100 tonne reduction of emissions). This will help us achieve a more effective supply of medicines to pharmacies, providing overall benefit to community.

### Growing Clear Skincare

Clear Skincare continues to expand its beauty services. We currently have 86 Clear Skincare clinics throughout Australia and New Zealand. As at July 2021 Clear Skincare Clinics employed 603 people across Australia and New Zealand, an increase of 222 from July 2020. We employ suitably qualified nurses and therapists and provide clinical training to ensure a safe and efficacious clinic environment.

Our expansion in this industry has provided growth and increasing competition through investing in and providing high level services products and technological innovation. Clear Skincare prides itself on quality service and is proactively responding to meet consumer demand in a rapidly growing sector.

### Jobs

We employ approximately 2,600 people across all Australia and New Zealand.

### Tax

API recognises the public interest in the tax affairs and contribution of large companies and multinational businesses. API also recognises the company's responsibility to pay the right amount of tax, and to actively participate in the public discussion about tax policy and competitiveness. The principles governing API's tax strategy include a commitment to ensuring full compliance with all statutory obligations, and transparent disclosure to revenue authorities.

API voluntarily publishes its annual Tax Transparency Report which discloses tax paid and tax rate paid. For the period of FY20, API disclosed payment to the ATO of total of \$48.4million (a combination of company tax, Goods and Services Tax and Fringe Benefits Tax), an effective tax rate of 45.9%.



## CARE FOR OUR PEOPLE AND OUR COMMUNITY



### FY21 HIGHLIGHTS



**\$8,218,731**



New Partnership in women & grassroots football



**>250,000** vaccinations



Australia's largest health survey

### Looking after our people

Looking after our people is a priority at API. It is a great place to work because we care about our people. Nothing has highlighted this more than the continued COVID-19 pandemic. Through constant opening up and 'locking down' of our retail businesses our people

have pivoted, pivoted again and shown resilience through it all, never wavering from the task before them. We are really proud of our corporate culture and its resilience throughout these challenges. We are acutely aware that this resilience is not coincidental, but results from our long-established focus on valuing and supporting our people. We're proud to be the chosen employer of so many high calibre employees and continue to work to ensure that they choose API as their place of work.

Keeping connected while working remotely has never been more important. API provided many online resources to help create a safe and supportive workplace at home to help manage our physical and emotional wellbeing. Wellbeing awareness initiatives were promoted during the various lockdowns with activities in API's Wellbeing Program five pillars - confidence, connectedness, calm, curiosity and vitality.

We provide training to our teams and invest in people development. We care about the people who work at API and we look after them. In turn we are rewarded with a capable network of people who all play a key role in the positive contribution API makes to the community. They take their role seriously and always strive to be the best they can be.

API's focus on providing a safe workplace is significant. In August 2021 API was re-certified to the International Standard for Occupational Health & Safety Management Systems – 'ISO45001'. This result is not only an indication of the strength of API's Safety Systems, but a reflection of the consistent application of those systems by all our teams to make API a safer place to work, every day. The Report noted "The API S&W framework reflected the process outlined in ISO45001 by showing a clear systematic approach to planning, risk management, legislative requirements, and monitoring & review. Integrated into all levels of the system was a continuous improvement approach". We are extremely proud of our approach to, and focus on, safety.

#### Be Well

- 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





## CARE FOR OUR PEOPLE AND OUR COMMUNITY continued



### Flu-vaccinations for the community

Priceline continued its participation in the roll out of the flu vaccination. The importance of this contribution to the health care sector at a time when it was confronting a global pandemic cannot be understated.

### COVID-19 vaccinations

Our Priceline Pharmacies, Soul Pattison and Pharmacist Advice pharmacies have played an important role in administering COVID-19 vaccinations to eligible members of the community, having administered some 250,000 vaccinations. Our pharmacies will also play a role in the roll out of 'booster' vaccinations. API is proud of this very important contribution to the health of our community and for the part it has played in enabling a "return to normal".

### Supporting women in sport

API is proud to support female participation in all sports and acknowledges the importance to the community of corporate support and endorsement of women in sport, including its ongoing support of the Western Bulldog AFLW team. API strives to be part of positive change, just as the AFLW has been instrumental in changing the sporting landscape in recent years and enhancing female participation in sport.

We know that peoples' wellbeing can be truly enhanced through sport, and we embrace the opportunity to sponsor women in sport in various ways.



*Together we're kicking goals*

In late 2020 Priceline Pharmacy entered into a three-year partnership agreement with Football Federation Australia to support the development of women's and youth football in Australia. As part of a 'whole of game' partnership that crosses national teams, professional roots and grassroots levels, Priceline became the Official Health Partner of MiniRoos (an initiative introducing the sport to newcomers) and an Official Partner of the Westfield Matildas and of the Westfield W-League. API values partnerships of this kind in full acknowledgement that such arrangements Enrich Life.

Priceline has continued its sponsorship of the Western Bulldogs Football Club and was proud to be a part of the AFLW team's first home game in 2021 with Richard Vincent, CEO and Managing Director, tossing the coin for the match.

We also supported AFL club the Western Bulldogs program 'Sons of the West' a free 10-week health program for men.



## CARE FOR OUR PEOPLE AND OUR COMMUNITY continued

### Responsible COVID-19 communications and practices

API continued to demonstrate our strategic goal of 'a safer place to work, every day' with our management of the ongoing COVID-19 pandemic in FY21. Efficient communication and implementation of evolving best-practice risk controls (oftentimes ahead of government direction), enabled our Supply Chain and Franchise partners to deliver an uninterrupted supply of pharmaceuticals to our communities, while ensuring the safety & wellbeing of our Team Members and customers.

The API Safety & Wellbeing team will continue to improve and iterate upon COVID-19 risk controls as the pandemic develops, always with the goal of making 'a safer place to work, every day' for our Team Members and our Franchise Partners.

### Looking after communities impacted by natural disaster

The floods in New South Wales and Queensland that confronted our communities in early 2021 and the storms in Victoria in the middle of the year, presented a multitude of community needs, to which we responded. For example, our Supply Chain, Pharmacy Business Development and Healthcare Services teams worked with the New South Wales State Emergency Service to ensure medicines made it communities that had been "cut off" as a result of severe flooding.

We recognise and appreciate the lengths our team and the emergency services go to care for the community in challenging and ever-changing circumstances and to ensure vulnerable people receive critical supplies in difficult times. With much gratitude we acknowledge their great work.

### Going above and beyond

When a young mother attended her local Priceline store in search of her favourite perfume by which her profoundly deaf and blind son identifies her and found it was out of stock, Priceline sales staff stepped up to help out. Upon finding out that it was unavailable in stores, a Priceline staff member put out a call on Facebook looking for the perfume. Within a few weeks, 28 bottles of the perfume had been donated for this family (including from as far away of Canada).

We're proud of the empathy shown by our staff at all times, but in particular, this very special act of kindness is yet another example of API seeking to do good. This kindness and commitment to the customer personifies API's vision of Enriching Life and Priceline's Brand Belief that people only feel better when they feel they matter.

**We believe people only feel better when they feel they matter**



### We celebrate the Sisterhood Foundation

The Priceline Sisterhood Foundation was established in 2010 and has grown substantially since its inception. It is managed by a separate Board comprising both current and former API senior executives and independent non-executive directors and API (including Priceline) provides support and management services.

The Priceline Sisterhood Foundation and its charity partners raise funds for charities that support Australian women and their families. The Priceline Sisterhood Foundation since its inception in 2011 has raised more than \$8,370,161. Thanks to the generosity of our customers, team members and suppliers, the Priceline Sisterhood Foundation raised an impressive \$1,124,739 since we last reported. The money raised enables the Sisterhood Foundation to provide essential funding for on-the-ground support services, medical research and sustainable programs through its Charity Partners.

The Sisterhood Foundation is excited to have added during the year a new Charity Partner "Motherless Daughters Australia". Focussing on the impact of mother loss, Motherless Daughters Australia supports and connects girls and women by providing peer support opportunities both online and within the community to improve self-esteem, confidence, stress and grief management, alleviate feelings of depression, anxiety and improve overall health and wellbeing.



## CARE FOR OUR PEOPLE AND OUR COMMUNITY continued



We take this opportunity to show our appreciation for the amazing work that the Sisterhood Foundation does, and the support it provides to women and families. We are immensely grateful to the Foundation's Charity Partners and admire the good work they do.



### First Responders Day

For the second year in a row, Priceline proudly participated in First Responders Day - an event created by the Australian Retailers Association to reward the remarkable efforts of medical and health-first responders during COVID-19, including doctors, nurses, paramedics, ambulance staff, and police women and men.

Participating retailers including Priceline offer our brave frontline workers a special in-store discount, over and above any promotional offers in place. As public-facing businesses, we feel that on behalf of the community as a whole this brings recognition and thanks to the first responders. This is one way we at API can show our gratitude and appreciation for the work that our frontline workers do.

### Employee engagement

In August 2021 API conducted an Employee Engagement Survey of all API employees. Pleasingly, results showed, an improvement from the previous equivalent survey conducted in March 2021. The Survey identified API's areas of strength which include wellbeing, focus on the customer, clarity of strategy and leadership. We achieved an excellent outcome on employee engagement achieving 72% (an increase of 4% on the prior year). The survey also identified areas to focus on and ways API can continue to strive for ongoing improvement.

### OUR CHARITY PARTNERS





## CARE FOR OUR PEOPLE AND OUR COMMUNITY continued

API continues with "Thanks... We Love Your Work" through the recognition program that highlights outstanding behaviours, values and achievements and is a key aspect of API culture.

### Caring for people

We continue to ensure we care for our people in lots of ways. We recognise that people that are happy, safe and well in all aspects of their lives allows them to bring their best selves to work.

One example of this is that during the year, API launched a new API and Priceline Parents and Carers platform (in partnership with Circle In). The platform supports people at all ages and stages of life, offering an extensive library of resources to help our people prepare for parenthood, raise children, care for family members who are aging or need extra support, and invest in their own wellbeing.

Our Parents and Carers Platform aligns perfectly with our vision of Enriching Life and is focused on enriching our team members life and the lives of the people they care for. The partnership puts API in very good company, alongside some of the most successful and highly engaged workplaces globally, who are also part of the Circle In network.

### Effective safety and wellbeing frameworks

API has a strong commitment to safety and an excellent safety management system. We see all that we do through a safety lens, ensuring the first question our employees ask before undertaking a task is "is it safe?".

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.

API continues to build on its strong safety record. In financial year 2021, API beat its Total Recordable Injury Frequency Rate (TRIFR) target by 25%, with Consumer Brands alone beating its TRIFR target by 70%. These outcomes are improvements on previous years and excellent results for the Group.

Achieving, and indeed beating, injury reduction targets across business units in an unpredictable year is a testament to the Group's approach to safety. It is further evidence of our people living our ways of working 'Be Well', 'Show you Care', 'Make it Better' and 'Act' now.

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. Examples of this commitment include:

- **API Board** – API's Board currently comprises 3 women and 4 men, with the Company Secretary also female. We are very proud of this and we know that, over time, the diversity of thought which this brings to the Board table is reflected across the wider organisation.
- **Partnerships** – We partner with accredited suppliers of employers of people with special needs. These include Nadrasca pick and pack of retail bags, and Waverley Industries managing marketing consumables

We know that the greater the diversity of thought, the better the decisions that are made. We value the full spectrum of differences - be it background, age and culture and we pride ourselves on our diverse workforce that includes people from all walks of life. Diversity is a key vision of API through which we strive to be inclusive of all.

In August 2021 we engaged an external provider (Inclusive Australia) to lead an insightful discussion with people from across the Group on the power of valuing difference so that people feel connected and included at work and in their community. This was a wonderful contribution to raising awareness of the benefits of diversity at API.

Diversity at API refers to gender diversity, race diversity, ethnicity, disability and cultural background.

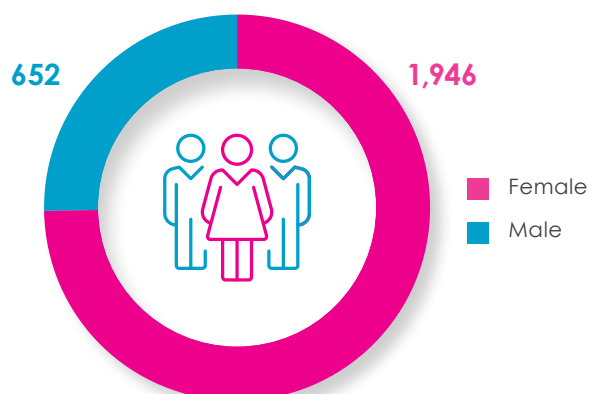




## CARE FOR OUR PEOPLE AND OUR COMMUNITY continued

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

Gender Diversity	As at 31 March 2021
Women on the Board	50%
Female executives	20%
Female senior managers	50%
Female managers	67.9%
Women in the workforce	74.9%



### International Women's Day

For the year ending 31 August 2021, 73.9% of all promotions went to women and of all promotions to manager positions, 58.3% went to women.

API also held an all female panel of API Directors and business leaders for our internal International Women's Day event. With insights on a range of topics including the impact of COVID on women, what inspires and motivates the panel members to succeed and the significant power advocacy, supportive leadership, and flexibility in fostering the advancement of women. This was a thought provoking, insightful and informative discussion which further helped raise awareness of the importance of gender diversity at API.





## HELP PROTECT OUR PLANET



### FY21 HIGHLIGHTS



**Paper consumption**  
**9% reduction**



**83% reduction in business travel**



**Instore cosmetic container recycling**

We are increasingly concerned about the state of the planet. We know that everyone has a role to play in looking after the natural environment – this includes all people, governments, and businesses. We are cognisant that without action by businesses, we will not achieve the changes we need to in order to prevent irreversible harm to the natural world. Our teams are empowered and encouraged to identify and implement ideas to reduce our impact on the environment.

We monitor climate change risk to our businesses and actively work towards minimising our energy use.

API acknowledges that its environmental protection work is never finished and continues to implement steps to reduce its environmental impact. Real examples of these during the 2021 financial year included:

- Rolling out TerraCycle across Priceline (see below) (now in all Priceline and Priceline Pharmacy stores across Australia)
- Campaign to encourage shareholders to accept communications by email, rather than by post in order to reduce paper.

We monitor and measure our environmental footprint as part of the Group's commitment to reducing energy consumption at Distribution Centres (DCs), paper consumption, landfill waste diversion and business air travel. In the period between January 2021 and September 2021 we we diverted 70% of all waste produced at our Distribution Centres from landfill by recycling products (including both cardboard and plastic).

We are currently working on a container recycling program for Clear Skincare products and look forward to launching this soon.

A summary of data collected for the year is:

Item	FY20	FY21	
<b>Internal paper consumption (reams)</b>	20,889	18,945	9% reduction
<b>Air travel</b>	1,729,144	297,000	83% reduction

While we acknowledge that the decrease in business travel has been a result of COVID-19, API has also identified that post COVID it will seek to use technology where appropriate, with a vision to achieve a continued reduction in travel when compared to pre-COVID levels. API acknowledges there are many benefits of reduced business travel, including environmental benefits.

### Energy usage

We are looking into further opportunities of using green power alternatives. As part of our commitment to always do better, the design of our new Sydney DC incorporates numerous environmentally sustainable design elements such as a 500 kilowatt solar system and rainwater harvesting for landscaping and amenity reuse. We are also working on solar power opportunities at our other major distribution centres and ways to reduce our power consumption and landfill waste.

### Climate risk management

Climate risk is incorporated in API's Risk Management Framework and risk management processes (of which the Audit and Risk Committee of the Board has oversight).

API has a crisis management process in place to manage disruptive and unexpected events (including climate events) and respond in a manner to prevent and prepare for threats that may harm our business and people and in turn recover quickly.



## HELP PROTECT OUR PLANET continued



### Reducing our impact - plastic and paper

As mentioned above, in 2020/21 the Sustainability Committee focused on the reduction of plastic packaging which is a priority for the Group.

In the Queensland distribution network an initiative has improved the waste sorting processes, reducing plastic waste. We have also removed all single use polystyrene consumables from this distribution centre and replaced them with paper alternatives.

At our Melbourne Distribution Centre the following initiatives help reduce our environmental footprint:

- all plastics on site are recycled including a plastic bailer on site;
- all cardboard is recycled;
- all ferrous products on site are recycled into a metal bin on site;
- the replacement of bubble bags with shredded recycled cardboard.

Across our sites we have continued to reduce the use of paper by minimising our printer fleet, implemented electronic signing of documents and availability of e-receipts and e-scripts for Priceline customers. These initiatives show a win for the environment, our footprint, and align with our values.

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

### Recycling with TerraCycle

In August 2021 Priceline launched a partnership with L'Oréal, under the flagship beauty brand Maybelline New York for Priceline to be its exclusive retail partner for container drop-off locations for recycling. Consumers can return any branded makeup empty containers to be recycled by TerraCycle and be rewarded with SisterClub points. Every store is equipped with a recycling station that accepts make up products from every brand. The uptake for this initiative has been well received and we are extremely proud to be a positive force for change. In particular the response to our Instagram and Facebook announcement of this initiative saw a high engagement level with many positive comments include "This is fantastic!!", "Finally a convenient place to send my empties!" and "Absolutely sensational work. Every action to help our planet counts hugely at the moment".

### Return unwanted medicines

Priceline Pharmacy promotes the safe use of medicines. We also promote the safe disposal of old, expired and no longer needed medicines, creams, ointment, eye/ear drops or vitamins. At your local Priceline Pharmacy, you can collect a free Priceline disposal bag and dispose of your medicines safely. This is an ongoing service that Priceline provides to help manage medication safely and reduce the impact on the environment. More broadly, API collects and disposes of unwanted medicines returned by pharmacies through the government's 'RUM' program (Return Unwanted Medicines) program.



## BE CUSTOMER-CENTRIC



### FY21 HIGHLIGHTS



**Click and Collect**  
– products  
available in  
**2hrs**



**10%**  
increase in  
customer  
net promoter  
score



**59**  
new &  
exclusive  
brands

At API, we have always focused on high quality service to pharmacists and to consumers through our Priceline network. We are genuinely customer focused and always strive to do more for our customers to make their experience as smooth as possible. Not only is this important for business, but it's also what the public expects and deserves.

Customer's health is paramount. Through 'waves', 'lockdowns' and 'stay at homes' we strive to make sure that our customer's health needs are met. We do this through strengthening and reinforcing our supply chain and serving our pharmacists to ensure equitable access to medicine at all times. At a time when our health system's importance has never been more profound and the challenges faced by it unprecedented, we keep stepping up to ensure the health of our community. Whether that is through participating in flu vaccination roll outs, encouraging use of our health stations in our Priceline stores, or launching new dose administration aid solutions, we're always thinking about how we can help.

#### Click & Collect and Click & Deliver

While Priceline has long had an online purchasing option available to its customers, during the year we launched the Priceline Click & Deliver offer for customers, which followed our Click & Collect service. Click & Deliver enhanced outcomes for our customers in our COVID affected world when many customers are unable or unwilling to collect their medicines in person. Orders are filled quickly – in some cases in a matter of hours – as they are made up and sent from the customer's nearest store. Another way API is “Enriching Life”.

#### Health checks from health stations

We have digital health stations in our Priceline Pharmacies that allow our people to check key health measures like blood pressure, heart rate, body mass index and diabetes risk. Linked to these health stations we have an online-doctor service that allows people to get script repeats when they can't get to their GP.



**289**  
health stations  
in Priceline stores

Currently, we have about 289 health stations in Priceline stores as at the date of this Report.

These digital investments have already provided Priceline Pharmacy with a major point of difference to other community pharmacies, and we have more innovations in the pipeline.

#### Priceline's “Australia's Health Report: when healthcare meets self-care”

In early 2021, after analysing the de-identified data from 755,778 health checks on medical-grade health stations across the country, Priceline published “Australia's Health Report: when healthcare meets self-care”, which uncovers findings from one of the largest datasets collected in Australia. This Report was made available to everyone, at no cost, and for the benefit of the community. We are proud of this tangible, transparent contribution to helping people manage their health.



## BE CUSTOMER-CENTRIC continued



### Care-a-Van

Our Priceline Pharmacy "Care-a-Van" is a mobile health check on wheels providing complimentary health checks and hearing tests. Care-a-Van visitors have available to them a free mobile health check with a Priceline pharmacist. Our Care-a-Van visited Geelong, our DC in Dandenong and St Kilda foreshore, amongst other locations. Through the Care-a-Van our pharmacists were able to engage with a variety of people, providing them with an on-the-spot health check. This is an important initiative of which API is extremely proud. It is important we communicate to the community that not only are health checks important, they can also be quick and easy.

### At home support - Clear Skincare

The Clear Skincare team know that skin health is aligned to 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 taken and continues to take active steps to ensure that clients can always look after their skin health.

### Improving our offering

We are always focused on the customer and continue to improve our offering to customers. This financial year Priceline's Customer Net Promoter Score (results from post shopper visit email surveys checking satisfaction with experience), increased to 74%, up 10% on the previous year.

Priceline launched 59 new and exclusive brands and rationalised others, ensuring there is a market leading offering available to the Priceline customer.

## Our 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.

### Relationships with franchise partners

Priceline has strong relationships with its franchise partners as evidenced by the Franchise Relationship Institutes 'ACE' Satisfaction Survey from March 2021 which showed that in 2021 Priceline franchisee's satisfaction clearly exceeded the franchise industry average and also showed an improvement on last year.



## GOVERN OURSELVES RESPONSIBLY



### FY21 HIGHLIGHTS



**New anti-bribery and corruption policy**



**Inaugural modern slavery statement published**

API's governance frameworks are compliant with the ASX Corporate Governance Principles and Recommendations and we publish a Corporate Governance Statement annually which provides detailed information about this. The Group's compliance with Community Service Obligation for Pharmaceutical Wholesalers legislation continues to be maintained. The Board's Audit and Risk Committee oversees and receives updates about the Group's corporate governance frameworks.

A key issue measured in the MSCI ESG Rating is Governance. API achieved a Corporate Governance score in this year's report of 7.4 (against an industry average of 5.7) and a Corporate Behaviour Report of 9.3 (against an industry average of 5.3). API is very proud of these scores as evidence of the success of API's Corporate Governance structure and practices. The MSCI Report states of API "The company falls into the highest scoring range relative to global peers, reflecting governance practices that appear to be generally well aligned with investor interests"<sup>3</sup>.

Compliance is important to API. Our compliance culture is facilitated in many ways including through frameworks to promote proper conduct, compliance with regulations, respect of privacy and minimisation of the risk of fraud. Our compliance culture permeates all levels of business including the Board, management and staff. API is transparent with investors, including through the voluntary publication of this Sustainability Report.

The important function that we perform of delivering medicine and as a pharmacy franchisor requires strong corporate governance. We invest considerable time and resources in adhering to and improving our compliance and governance frameworks. First and foremost, at the front of everything we do, is the philosophy that we do what is right.

By taking this approach, we set an example to the community and enrich those we serve.

### Ethics and Whistleblowers

The Group has a Whistleblower Policy and an independently managed Whistleblower hotline which is made available across the Group. The Code of Ethics and Conduct sets out the company's expectation

on key behaviours and an Anti-Bribery and Corruption Policy has been established to manage risks of bribery. API expects the highest standard of integrity and conduct at all times. We recognise the importance of doing things properly, protecting our reputation, as well as maintaining good relationships with customers and other stakeholders.

### Managing the Group's risk

API's risk management and assessment processes are well developed and continue to prove to be effective. The Risk and Compliance team manage this process at an operational level and 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. The Audit and Risk Committee utilises a Risk Appetite Statement to guide decisions at Executive and Board level.

The Group has established a Risk Management Framework and associated risk processes to enable the Group to appropriately balancing risk with business improvement, efficiency and growth.

### Modern Slavery risk

API has continued to 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. The Group has an ongoing plan for continual management of modern slavery risk, which is overseen by the Sustainability Committee.

Our inaugural Modern Slavery Statement was published in February 2021 and can be found [here](#). More information about this area of sustainability will be published in our next Modern Slavery Statement in February 2022.

### Anti-bribery and corruption policy

In September 2021 API adopted an anti-bribery and corruption policy. The policy, together with the Anti-Bribery and Corruption Program, educates our employees (at all levels) as to the significant risk that bribery and corruption presents to the business and its operations. The program ensures employees are equipped with the knowledge they need to be diligent in their efforts to address bribery and corruption risks, at all times act fairly, with honesty and integrity and to uphold our reputation and maintain our vision and core values.

3 MSCI ESG ratings report, API, dated, 19 November 2021, page 2.







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