



Voting Intentions – Sigma Healthcare 2021 AGM

ASX Code	SIG
Meeting Time/Date	11am, Wednesday 12 May 2021
Type of Meeting	Virtual
Monitor	Frank Thompson assisted by Mike Robey
Pre AGM-Meeting?	Yes, with Chair Raymond Gunston, Christine Bartlett (Remuneration), Beth Knight (HR) and Gary Woodford (Corporate Affairs)

Sigma Healthcare is a full line wholesale and distribution business to community and hospital pharmacy. It is capitalised to around \$710 million.

Summary of Historical ASA Issues with the Company

There is an ongoing issue of payment well above the 75th percentile for similar sized companies in similar industry/service sector. This was addressed to some extent this year with no increase in base pay at the board or executive level and retention payments etc. have now all stopped. Last year the remuneration report received a first strike with an against vote of 29.59%.

Whilst there appears to be an excellent understanding of the broader aspects of diversity the board is still slightly under the ASA target of 30% female membership and more could be done to leverage the diversity existing in the organisation. Female target levels have been set down through the organisation.

Director independence as measured by the ASA standard is currently met but may be an issue within a 2-year time frame.

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

The following summarizes the main points:

- They were commended on an excellent first-time sustainability report,
- A clear detailed directors' skills matrix was included in the annual report (absent last year),
- The annual report detailed board diversity, which whilst not quite meeting the ASA definition, is diverse in a range of the other aspects of diversity,
- Clear targets have been set for payment of Short-Term and Long-Term incentives.
- Targeted savings were achieved or exceeded,
- Employee forums were run across the organisation to assist in identifying areas for improvement for the future,
- Overall, in a year of pandemic and bush fires a strong performance, with state-of-the-art, industry standard efficiency, distribution centres now fully operational (with spare capacity giving expansion opportunities) and a good base on which to build for the future.

Items of Business for Voting

Item 3	Adoption of Remuneration Report
ASA Vote	For

On balance, considering achievements, difficult environment, positioning of company for future improvements, and extensive improvements to the report as compared to last year this item is supported.

Downside:

- executive directors exceed, and CEO exceeds by a large margin the 75% quartiles of similar companies.

Upside:

- No increase on fixed remuneration last year,
- Some incentives not paid last year as targets were not met,
- Retention payments and similar have now ceased,

- Targeted savings were met or exceeded,
- Good performance in a difficult year with company well positioned,
- The remuneration report was extensive and detailed with some payments withheld. It is readable, transparent, and understandable with a logical relationship between rewards, financial performance, and corporate governance.

Item 4	Spill Resolution (contingent resolution)
ASA Vote	Against

The company performed well last year in a difficult environment and is now well positioned for good performance and expansion in the future.

Item 5	Re-election of Ms Christine Bartlett and Ms Kathryne Spargo as a Directors
ASA Vote	For

- Directors are independent by ASA definition - served less than 12 years
- Director's workload not more than five equivalent NED roles,
- Have achieved or are on track to achieve their target shareholding,
- Director's skills and experience are consistent with the skills matrix and add to a board diversity of skills,
- As evidenced by company performance, and position for going forward, have performed well in the past.

Item 6	2021 Long Term Incentive Plan
ASA Vote	For

- The plan as detailed is readable, transparent, and understandable with a logical relationship between rewards, financial performance, and corporate governance. Targets are achievable, stretching and based on long term performance.

Item 7	Remuneration Arrangements Managing Director and Chief Executive Officer and Chief financial Officer
ASA Vote	For

- Position for release of deferred payments is detailed, clearly stated and reasonable.

The individual involved in the preparation of this voting intention has a shareholding in this company.

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