

THE PHOENIX UK MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2021

Introduction

Foreword by Steve Anderson,
UK Group Managing Director, PHOENIX UK

This statement is made in accordance with Section 54 of the Modern Slavery Act 2015 and constitutes our anti-slavery and human trafficking statement for 2021.

As one of the leading pharmaceutical wholesalers within Europe, the PHOENIX Group supports the principles of the United Nations' Universal Declaration on Human Rights as part of its corporate activities. It is committed to ensuring that human trafficking and slavery do not exist in any area of our organisation, nor within any company of our business partners who form part of our supply chains. As part of this commitment, the PHOENIX Group has implemented its own General Procurement Supplier Code of Conduct, based on internationally recognised social, ethical and environmental criteria for the procurement of indirect and trading goods. We are also in the process of introducing a PHOENIX UK procurement policy.

Furthermore, we are committed to creating and ensuring a non-discriminatory and respectful working environment for our colleagues. Our management processes are designed to ensure that all colleagues are legally entitled to work in the UK and we have measures in place to safeguard colleagues from any abuse or coercion once in our employment.

Ultimately, as a responsible company, we believe that long-term sustainability and success of our employees is inextricably linked with social responsibility, economic growth and environmental accountability

We are continuously looking to evaluate and improve, implementing initiatives and new projects for the long-term benefit of stakeholders, customers, business partners and colleagues. We continue to build on our achievements as a company whilst promoting and fostering a culture of openness, trust and integrity. As a responsible company, we believe that long-term sustainability and success of colleagues is inextricably linked with social responsibility, economic growth and environmental accountability.

By continuing to work closely and collaboratively with our colleagues, business partners and wider stakeholders, we seek to further develop strategies and improve working practices (particularly within supply chains) across the PHOENIX UK Group.

This statement was approved by the Board on 24th September 2021.

**Steve Anderson
September 2021.**



Mission, Values & Vision

Our Vision: to be the best integrated healthcare provider wherever we are.

Our Mission: to deliver healthcare across Europe

Our Values:

- Reliable Partner for customers and suppliers
- Proactive in both goals and decision-making
- Respectful in our dealings with other stakeholders in fair and ethical manner

1. Our Business

The PHOENIX Pan European Group is one of the leading pharmaceutical distribution companies in Europe employing approximately 39,000 people. With 161 distribution centres and over 2,800 pharmacies across 27 European countries, the PHOENIX Group vision is to be the best integrated healthcare provider wherever it is active. This means providing the best possible products and services throughout the entire pharmaceutical supply chain.

PHOENIX Medical Supplies Limited (PHOENIX UK) was established in November 1998 and is the Head Office for the PHOENIX Group's UK operation based in Runcorn Cheshire, specialising in medicine distribution, pharmaceutical care and pharmacy based primary care services. We work in partnership with the NHS, healthcare commissioners and providers as well as pharmaceutical manufacturers.

PHOENIX UK supports each of its subsidiary operations including retail pharmacy and pharmaceutical wholesale. PHOENIX UK employs over 6,000 people who provide support to the 25 million patients who visit our owned and member pharmacies each year. Strategic and corporate support to all our UK sites is provided centrally from our UK Head Office.

The PHOENIX UK Group comprises of several trading entities (plus brands operating within those entities) with strong and established reputations across the primary and secondary care sectors.

PHOENIX Healthcare Distribution Ltd (PHD): a national pharmaceutical wholesaler with 'Four Nation' coverage in the UK and a network of 13 depots. We pride ourselves on delivering a high quality supply chain service across our business. The depots source and supply retail pharmacies, hospitals, doctors surgeries and nursing homes in their area with controlled/prescription drugs.

PHD is a member of the Healthcare Distributors Association (HDA), all depots are Medicines and Healthcare products Regulatory Agency (MHRA) accredited and comply with ISO Quality and Environmental standards (Depots are registered to ISO 9001, and in February 2009, PHD was registered to ISO 14001:2004 for its Environmental Management Systems).

L Rowland & Co (Retail) Ltd (Trading as Rowlands Pharmacy): is a centrally managed chain of pharmacies in the UK based in England, Wales and Scotland, and is wholly owned by PHOENIX UK. Rowlands is the fourth largest pharmacy chain in the UK.

Numark: is a trading division of PHD and is one of the largest and longest established pharmacy membership organisations in the UK with members ranging from single store pharmacies to large chains.

PSUK: is a trading division of PHD and is the largest dispensing doctor membership organisation in the UK and the largest pharmaceutical supplier to prescribing only practices in England and Wales.

Nupharm: is owned by PHOENIX UK. Its main business activity is Parallel Importation and repacking of pharmaceutical products from across Europe. Nupharm allows PHOENIX UK to competitively purchase products from EU markets. Nupharm operates to the strict requirements laid down by the Good Manufacturing and Distribution Practice (GMDP) and the Home Office Requirements for Controlled Drugs.

NuCare: owned by PHOENIX UK, works in partnership with pharmacies, GPs and nurses to support patients with a full range of incontinence, ostomy and wound care services and products.

Hey Pharmacist: launched earlier this year and is our online repeat prescription service.

PHOENIX Hospital Solutions: our dedicated service offering in the secondary care channel.

Our Commitment – to ensure that:

- human rights are promoted and championed within our business, with our suppliers and across our supply chain
- our suppliers hold a similar ethos and practical commitment to human rights and anti-slavery
- no human trafficking or slavery exists within any part of our business or that of our supply chain
- clear and robust standards of good governance are being implemented and maintained throughout our business and those of our suppliers
- a sustainable business that is both commercially successful yet socially and environmentally responsible

2. Our Policies

At a PHOENIX Group level, we have established a European-wide compliance strategy with associated processes and policies implemented by local Compliance Managers in each of the 27 European countries where PHOENIX is based. All compliance policies and Standard Operating Procedures (SOPs) are regularly reviewed and updated with final sign off at Executive Board level.

Our European-wide Compliance Management framework is based upon 5 main pillars:

- Code of Conduct
- Anti-Corruption & Bribery
- Competition Compliance
- Sanctions Compliance
- Anti-Money Laundering

It includes online training programmes to help raise awareness of these policies and subject matter amongst our colleagues, with refresher training provided every 2 years, together with additional in-person training for senior management.

Furthermore, PHOENIX UK provides all employees with online access to a variety of training packages – including health and safety as well as skill boosters such as equality and diversity.

The PHOENIX Group also has a web-based case reporting system open to both employees and external parties

(<https://phoenixgroup.integrityplatform.org/>), where any concerns, suspicions or violations of any kind can be reported anonymously. Such reports are thoroughly investigated and followed up at both UK and Group level and reported quarterly at Compliance Committee meetings chaired by a UK Board member.

PHOENIX UK has introduced regular colleague communication engagement frameworks to progress our colleague development and experience, to attract and retain talent, helping in turn to drive our business strategy over the coming 3 to 5 years.

In addition to our compliance policies, we also have the following HR related policies:

- bullying & harassment
- equality & diversity
- grievance
- induction & probation
- mental health & well-being
- recruitment
- social & ethical responsibility
- whistleblowing

3. Governance – assessment of suppliers and supply chain

- Full due diligence standardised processes are performed on all new suppliers and their sub-contractors when tendering for contracts via value based assessments such as VAT and Companies House checks.
- This process includes requests for sustainability policies, checking for appropriate insurance coverage, obtaining documents regarding qualified personnel, systems of work and risk assessments.
- All Pharma manufacturer contracts are reviewed prior to any agreement along with their performance KPIs, supply chain and terms and conditions. New suppliers are also obliged to complete a 'New Supplier' questionnaire – including a regulatory checklist (relating to MHRA Wholesale Dealer's and Home Office Controlled Drugs licenses).
- Manufacturer suppliers are also expected to complete a 'Supplier Site Self-Inspection' form which includes questions regarding counterfeits, product sourcing, audits/appraisals of their suppliers as well as training.

- Regular checks and audits are carried out on existing suppliers via a 'contractor assessment questionnaire' regarding performance and service.
- All contracts follow a process: wherever possible, all external third parties are expected to sign our standard terms and conditions. Standard clauses are automatically included in all company contracts: sustainability, data protection and compliance clauses such as code of conduct and anti-bribery and corruption.
- No orders can be placed without a business partner undertaking a Supplier Approval process.
- Suppliers are obliged to notify PHOENIX UK if they use sub-contractors whilst PHOENIX UK operates a policy of not using third tier contractors.
- Training records are requested as part of audits to ensure sub-contractors are adequately trained
- Suppliers are requested to advise of any changes to contracts and/or working practices.
- Poor performing suppliers are reviewed for improvement – failure to do so will result in being delisted as a preferred supplier or removal from our tendering processes.
- Robust recruitment policies are in place to ensure all current and prospective employees are treated fairly and consistently in regard to recruitment and selection of candidates.
- Contracts and agreed rates of pay for temporary staff are in place with preferred agency partners.
- We also have union recognition and freedom of association as well as collective bargaining within our wholesale business.
- compliance with both PHOENIX Group and local compliance anti-bribery and competition laws and policies
- making continuous improvements to their environmental footprint
- ensuring business partner dialogue with its own suppliers regarding the Code
- compliance with EU and UK data protection laws
- relevant social, ethical, and environmental standards
- specific references to child and forced labour, discrimination as well as freedom of association and right to collective bargaining
- the right of PHOENIX to verify supplier compliance with the Code
- **UK & EU Suppliers:** the majority of our suppliers or resellers are based in the UK or European Union and undergo regular due diligence checks via the 'New Supplier Form'
- **EU Suppliers:** as part of the on-boarding process of any prospective business partner, self-assessment forms are required, together with translation if needed and are EUDRA verified. Current agreements do not reference anti-slavery, however, due to changes brought about by Brexit, future contracts will include a specific Modern Slavery clause. Further due diligence includes google, company website and licence address checks. In cases where the risk rating for a supplier is high, a site visit may be undertaken, although a remote desk-top audit may also be carried out. Many European suppliers are long-standing partners who undergo a revalidation process every 3 years
- **Suppliers outside EU:** although the majority of our goods are imported from within the EU, at the time of publication we do use a supplier of plastic bags and paper bags which are manufactured and supplied by their factories in Malaysia. Regular audits of this supplier are carried out by an external verifier – copy of a report is made available to us as part of the supplier's annual audit
- **Use of Sub-Contractors:** voluntary self-auditing by suppliers who are asked to complete a 'Sub-Contractor' questionnaire; suppliers are obliged to notify PHOENIX that they use sub-contractors as part of any agreement

4. Risk Assessment & Due Diligence

PHOENIX group has introduced its own General Procurement Supplier Code of Conduct (https://www.phoenixgroup.eu/fileadmin/media/responsibility/GP_Supplier_Code_of_Conduct_Version_Nov_2018.pdf) which all suppliers are expected to adhere and includes:

- supporting our Group values, ethical standards & upholding the UN Universal Declaration of Human Rights principles
- implementation of high standards of occupational health and safety for their employees

- **DTP agreements:** where PHOENIX act as the agent or logistic partner for American companies, we are often obliged to comply with the US Sarbanes-Oxley Act and are subject to rigorous external audits

5. Ongoing Monitoring & Effectiveness

- The PHOENIX Group publishes an annual Sustainability Report (latest 2020/2021 edition can be found at <https://www.phoenixmedical.co.uk/en/our-group/compliance-and-responsibility>) which focuses on the PHOENIX ESG achievements and goals for the forthcoming financial year. (NB: our financial year end is 31 January).
- The PHOENIX Group is committed to supporting the UN 17 Sustainable Development Goals (SDGs), in particular, having made progress primarily in respect to goals 3 (Good Health and Well-Being), 8 (Decent Work and Economic Growth), and 12 (Responsible Production and Consumption). An process was started in 2019 to measure

the PHOENIX Group's contribution towards achieving these three prioritised SDGs, which having been postponed, will recommence in 2021.

- A local UK procurement policy has been drafted and is currently awaiting Board approval.

Concerns around standards of behaviour, non-compliance with company policies as well as working conditions are also captured through our grievance procedures and whistleblowing portal via the Integrity Line, helping to identify potential abuses.

In 2021/22, the PHOENIX Group plans to publish a policy statement on human rights with commitment to strengthening human rights along the entire value supply chain

6 Training

PHOENIX UK will be offering training to all colleagues on modern slavery.

7. Next Steps

A major ambition for the company commencing in late 2021 will be our Group Sustainability Agenda. One of the key components will be the implementation of the new EU Supply Chain regulations. This will include the development of a Group-wide Human Rights policy together with a risk analysis of our own brand value chains.

We hope to build upon the progress already made and include achievements since the previous year's report as well as challenges encountered. To help us achieve our strategic goals, we have identified several areas for improvement and will provide an update in our next human rights and anti-trafficking report:

HR Policies	We have commenced a review of our current HR policies to include specific references to modern slavery, and in conjunction with the Group-wide Human Rights policy, we will consider having a standalone anti-slavery and human trafficking policy.	In progress
Training	To roll out online training to all colleagues	By end of 2022
Supplier Verification	Due diligence checks are part of our standard processes and are constantly reviewed. Our current forms will undergo a review to include anti-slavery and human trafficking checks as part of best practice	Not yet started
Recruitment	Understand possible risks within our recruitment processes. We will ensure that when onboarding new colleagues, appropriate training and awareness of modern slavery and trafficking risks will be provided	Not yet started