

THE PHOENIX UK MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2022

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 the financial year ending 31 January 2022.

As one of the leading pharmaceutical wholesalers within Europe, the PHOENIX Group supports and adheres to the principles of the United Nations' Universal Declaration on Human Rights as part of its corporate activities. We are committed to ensuring that human trafficking and slavery do not exist in any part of our organisation, nor within any company of our business partners within our supply chains. We ensure that all of our suppliers undergo a rigorous due diligence assessment as part of our onboarding process. We also have our own corporate 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 committed to creating and safeguarding a non-discriminatory and respectful working environment for all our colleagues. This includes recruitment processes designed to ensure colleagues are legally entitled to work in the UK as well as having an established whistle-blowing mechanism in place for colleagues to raise concerns anonymously without fear of reprisals.

"As a responsible company, we believe that long-term sustainability with the inclusion and support of our colleagues is inextricably linked with social responsibility, economic growth and environmental accountability."

Despite ongoing wider market challenges (particularly with regard to labour shortages), we continuously look to evaluate and improve and implement initiatives and new projects for the long-term benefit of stakeholders, customers, business partners and colleagues. We have made a good start with our sustainability agenda focusing on key areas including ethical supply chain and corporate social responsibility with real commitment being given to our equality, diversity and inclusion programme. As a responsible company, we believe that long-term sustainability with the inclusion and support of our colleagues is inextricably linked with social responsibility, economic growth and environmental accountability.

We are continuing to work closely and collaboratively with our colleagues, business partners and wider stakeholders to further develop strategies and opportunities whilst committed to improving working practices across the PHOENIX UK Group.

This statement was approved by the Board on 29th July 2022.

Steve Anderson



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.

Our Commitment – to ensure that:

- human rights are promoted and championed within our business, across our supply chain and with our suppliers.
- our suppliers hold a similar ethos and practical commitment to human rights and anti-slavery within their businesses.
- 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.
- we have a sustainable business, that is both commercially successful yet socially and environmentally responsible.

1. Our Business

The PHOENIX pan-European group is one of the leading healthcare providers within Europe supplying pharmaceutical and medical products.

Across Europe we employ over 39,000 people and have 161 distribution centres with over 2,800 pharmacies across 26 European countries. As a family owned business established in 1881 and with head office based in Mannheim Germany, we are focused on sustainable growth by way of developing and supporting our colleagues which also helps to guarantee the future success of the PHOENIX group.

PHOENIX UK was established in November 1998 following acquisitions, leading to the incorporation of the UK holding company Phoenix Medical Supplies Ltd located in Runcorn Cheshire. PHOENIX UK specialises 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 employs over 5,600 people providing support to 25 million patients who visit our 400+ owned and approximately 4,000 member pharmacies, delivering over 250 million packs of medicines each year via our 13 wholesale nationwide depots. It is from our Head Office in Cheshire that many of our business-critical operations are based which support our retail pharmacy and pharmaceutical wholesale throughout the UK.

The Phoenix UK Group comprises of several brands with strong and established reputations across the primary and secondary care sectors.

PHOENIX Healthcare Distribution Ltd (PHD): a national pharmaceutical wholesaler with 'Four Nations' coverage in the UK and a network of 13 depots. PHOENIX UK distribution centres support our customers' daily requirements backed up by centralised corporate functions at our Cheshire Head Office. The depots source and supply retail pharmacies, dispensing and non-dispensing practices, hospitals, doctors' surgeries and nursing homes in their area with controlled/prescribed drugs.

Numark: is a trading division of PHD and is the largest and longest established pharmacy membership organisation 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.

L Rowland & Co (Retail) Ltd (trading as Rowlands Pharmacy): is a centrally managed chain of UK pharmacies with a current total of over 400 outlets in England, Wales and Scotland. Our digital prescription service Hey Pharmacist an app, which sits under Rowlands Pharmacy, combines smart-phone technology and in-store services allowing public to order repeat prescriptions.

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



Nucare Ltd: a dispensing appliance contractor which works in partnership with pharmacies, GPs and nurses to support patients with a full range of incontinence, ostomy and wound care services and products.

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 26 European countries in which the PHOENIX Group is based. All compliance policies and our Standard Operating Procedures (SOPs) are regularly reviewed and updated with final sign off at Executive Board level.

Our European-wide Compliance Management System (CMS) has a robust compliance and governance framework consisting of six key policies:

- Compliance Principles.
- Code of Conduct.
- Anti-Corruption.
- Anti-Money Laundering.
- Competition Compliance.
- Sanctions Compliance.

Both our Code of Conduct, Anti-Corruption and Competition Compliance policies are readily available on our website at <https://www.phoenixmedical.co.uk/en/our-group/compliance-and-responsibility>.

Colleagues are made aware of the principles, company expectations along with their obligations through mandatory e-learner trainings. Refresher training is provided every 2 years, together with supplementary in-person training for senior management on all aspects of our CMS.

PHOENIX UK has just launched its virtual Mental Health Training for all colleagues across the business in partnership with Halton Council in Runcorn Cheshire, providing support and training both colleagues and managers. We are also currently developing our Womens Health Support programme.

Earlier this year, PHOENIX UK launched PHOENIXLearn as part of its new online access Learning Management System allowing colleagues to enhance their skills, monitor their progress, gain certification and build learning pathways. A variety of training packages are available for colleagues including health and safety, inclusion and mental health. We are also planning to introduce modern slavery e-learner and workshop trainings for colleagues and managers in late 2022 as part of a suite of modern slavery and anti-trafficking resources to raise awareness across the business.

We also have a PHOENIX group General Procurement Supplier Code of Conduct which sets out the minimal standards with regard to becoming a PHOENIX group company supplier, and which includes specific

clauses relating to child labour, forced labour, discrimination, working hours as well as the freedom of association and collective bargaining.

In addition to our compliance and general procurement 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.

We are also in the process of reviewing all of our UK company policies as they apply to modern slavery and anti-trafficking. A standalone PHOENIX UK Modern Slavery policy has now been approved for publication.

All new and revised policies undergo a strict internal process reviewed by key stakeholders including our Quality Team and Company Secretary prior to any final approval by the PHOENIX UK Board.

3. Suppliers and Supply Chain

We have various processes within our supply chain in place:

- 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.
- All new suppliers are obliged to provide a variety of documentation as part of due diligence and are required to complete our Contractor Approval Document. This includes: details on sub-contractors, health & safety, environmental management systems, insurances, IR35 checks, ISO accreditation, waste carriage & management licences, training records, copies of policies including CSR, business references and copies of sub-contractor audits (where applicable).
- 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 which includes 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 the same process: wherever possible, all external third parties are expected to sign our standard terms and conditions. We have automatic inclusion of standard clauses 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 business partner undertaking a Supplier Approval process.
- For those potential third party suppliers who meet set criteria, online business partner due diligence checks are carried out against official international and national sanctions lists in respect to their reliability and integrity.
- Suppliers are obliged to notify PHOENIX UK if they use sub-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.
- 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 in place.
- Union recognition, freedom of association and collective bargaining is available.

4. Risk Assessment

The PHOENIX group has introduced its own *General Procurement Supplier Code of Conduct* which provides criteria for evaluation and selection process for all suppliers who are expected to adhere and includes:

- supporting our Group values, ethical standards and upholding the UN Universal Declaration of Human Rights principles.
- implement high standards of occupational health and safety for their employees.
- comply with both PHOENIX Group and local compliance anti-bribery and competition laws and policies.
- making continuous improvements to their environmental footprint.
- ensure business partner dialogue with its own suppliers regarding the Code.
- ensure 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 PHOENIX group reserves the right to inspect (with reasonable notice) a supplier's compliance with our *General Procurement Supplier Code of Conduct*, and encourages our suppliers to implement their own binding ethical guidelines.

Our UK & EU Suppliers: majority of our suppliers or resellers are based in the UK or European Union and undergo due diligence checks via a Request for Information (RFI) form and Contractor Approval document which assesses due diligence checks including audits on suppliers subcontractors, details health and safety and environmental management systems, as well as health and safety enforcement notices and breaches.

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; (EU database which provides EEA National Competent Authorities and the European Medicines Agency (EMA) with an overview of the status of pharmaceutical manufacturers).

Further due diligence includes google searches, company website and licence address checks. In cases where risk rating for supplier is high, a site visit may be undertaken, although a remote desktop 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, 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 using SMETA (Sedex Members Ethical Trade Audit) audit procedure and corrective action plan. (SMETA is Sedex's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain). This examines areas such as labour standards, health and safety, environmental and business ethics. A copy of the report is made available to us as part of the supplier's annual audit.

Use of Sub-Contractors: voluntary self-auditing by suppliers to complete a 'Sub-Contractor' questionnaire, however, suppliers are obliged to notify PHOENIX that they use sub-contractors as part of any agreement.

Use of Pre-Wholesalers: (third party logistic companies employed by manufacturers) who deliver goods and therefore are not necessarily subject to PHOENIX UK checks and audits. Awareness of this issue has been raised, although measures to ensure greater compliance amongst third party companies with specific references to modern slavery continues to be a work in progress.

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.

Use of Recruitment Agencies: due to the shortage of workers to fill vacancies within our business and particularly in our warehouses, we currently use a variety of recruitment partners. Recruitment agencies who provide agency or seasonal staff are subject to our standard internal due diligence checks. Any agency which fails to comply is put on stop whilst improvements are made. Continued failure to comply with our requirements will result in a supplier being de-listed and the contract terminated.

Supplier Tiers: whilst we do not currently map our suppliers into tiers, this is under review.

5. Due Diligence

We require all suppliers regardless of tiers to contractually comply with our *General Procurement Supplier Code of Conduct* and the PHOENIX UK *Contractor Approval* form, and expect them to provide detailed answers to specific questions around their policies, procedures, systems of work and demonstrate that they comply with all relevant legislation.

We incorporate anti-slavery and human trafficking clauses into all of our own commercial terms and conditions as standard, together with additional clauses relating to code of conduct and anti-corruption.

Poor performing suppliers are reviewed for compliance and improvement where required. Whilst we work collaboratively with our suppliers to ensure compliance and make any necessary improvements, failure to meet our standards and provide appropriate documentation, will result in that particular supplier being put on stop and possibly de-listed as a preferred supplier and removed from our tendering processes.

Aside from our established grievance reporting process, the PHOENIX Group encourages the reporting of concerns around actual or suspected slavery and human trafficking violations, together with other non-compliance matters concerning company policies, misconduct, whistle-blowing, data protection breaches and working conditions either via their line manager or local Compliance Manager.

Alternatively, colleagues can use our 24/7 standalone whistle-blowing external portal (Integrity Line) <https://phoenixgroup.integrityplatform.org/index.php> which allows both colleagues and external third parties to report anonymously.

All reported incidents are monitored and investigated thoroughly by the local Compliance Manager supported by our Corporate Compliance team in accordance with our investigative procedures, company policies and local laws. Following an investigation, findings are formally presented with clear action points and subsequent follow up by the Compliance teams to ensure suitable resolution has been reached. All reported cases are collated and reviewed on an annual basis for the Executive Board.

The PHOENIX Group prohibits retaliation, threats or attempted retaliation against anyone who raises or reports concerns in good faith and with reasonable grounds to believe that the reported information was true at the time of reporting. Such protection is granted to anyone, whether before, during or after their employment with PHOENIX.

There is considerable oversight and input from management with a number of committees, sub-committees and working groups which monitor, manage and report on key and emerging risks to the business, including the Management Review Team and Local Compliance Committee which are chaired by a UK Board member. We also have a Sustainability Committee which is responsible for delivering our sustainability agenda, and which is also chaired by a member of the UK Board.

6. Training

A cross-function committee of key collaborators from HR, Learning & Development, Marketing Procurement and Compliance has been set up to work specifically on delivering a human rights and anti-trafficking e-learner training programme across the business. The intention is for the e-learner training, aimed at both colleagues and managers, to form part of a suite of resources regarding the issues around modern slavery and anti-trafficking.

7. Next Steps

We have made good progress since the launch of our Sustainability Agenda in late 2021. One of the key focuses for us as part of our corporate social responsibility over the next months will be equality, diversity and inclusion programme. However, we are aware that there is still much to be done and therefore hope to build upon the progress already made in the coming year.

KPI	Progress	Next Steps
HR Policies	We have now produced a standalone Anti-slavery and Human Trafficking policy and have already commenced a reassessment of all current HR policies as they apply to modern slavery.	The publication of our new Anti-slavery and Human Trafficking policy is due to be launched in October 2022 together with our new e-learner training programme and resources. Our Whistleblowing policy has been re-drafted and currently being reviewed in line with other policies and training in October 2022.
Training	Our chosen training package is currently being imported into our PHOENIXLearn platform.	Plan and prepare content and library of resources for launch of e-learner module, presence training for managers and key colleagues, together with a communication awareness programme across the business in October 2022.
Internal Audits	Recognise that our current mainstream audits are limited. Therefore review of current forms to include anti-slavery and human trafficking checks as standard, together with review and mapping of key supplier.	This is due to be reviewed along with the setting up of supplier tiers.
Recruitment	We have identified possible risks within our recruitment processes due to shortages of workers particularly within our wholesale business and use of multiple recruitment agencies.	This is being reviewed internally, with action taken to remedy these potential risks with ongoing monitoring.