



PHOENIX Group UK

Anti-Slavery & Human Trafficking Report

Who we are

The PHOENIX Pan European Group is one of the leading pharmaceutical distribution companies in Europe employing approximately 34,000 people. With 153 distribution centres and over 1,700 pharmacies across 26 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 (PMS), was established in November 1998 and is the Head Office for the Phoenix UK operation based in Runcorn Cheshire. PHOENIX Medical Supplies operates within the pharmaceutical wholesale and retail pharmacy market environments, with strategic and corporate support provided centrally from its UK Head Office.

PHOENIX Medical Supplies has a number of subsidiaries based in the UK:

- **PHOENIX Healthcare Distribution Ltd:** a national pharmaceutical wholesaler which operates 13 depots across the UK
- **L Rowland & Co (Retail) Ltd (Trading as Rowlands Pharmacy):** manages over 520 community pharmacies within the UK, as well as an online pharmacy, and is the UK's longest established chain of local community pharmacies
- **Numark Ltd:** largest 'virtual chain' membership organisation for independent pharmacies in the UK. It aims to promote and market the interests of community pharmacies
- **Nupharm Ltd:** licensed pharmaceutical wholesaler with import and export activities as its core business
- **Practice Services UK Ltd (PSUK):** PSUK is a service led membership organisation providing professional and commercial services to primary & secondary care healthcare organisations
- **Nucare Ltd:** registered Dispensing Appliance Contractor specialising in dispensing and supplying medical devices and products
- **PHOENIX Distribution Systems (PDS):** responsible for software for the Phoenix (customer) ordering system

Introduction

According to the 2016 Global Estimates of Modern Slavery¹ developed by the International Labour Organization (ILO – a specialized agency of the United Nations) and the Walk Free Foundation, modern day slavery is an umbrella term used to describe both forced labour and forced marriage.

The ILO [Forced Labour Convention, 1930 (No. 29)] defined forced or compulsory labour as:

all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily

- In 2016, approximately 40.3 million people world-wide were reported to be a victim of some form of coercion prohibited under international human and labour rights
- Of those affected, 4.1 million people were victims of state imposed forced labour
- A disproportionate number of women are more likely to be victims of modern slavery than men
- 1 in 4 victims of modern slavery are children
- Domestic work, agriculture, construction, manufacturing, mining and entertainment are among the sectors most affected
- Migrant workers and indigenous people are particularly vulnerable to forced labour

¹Source: Please see ILO website and the Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, Geneva, September 2017.

The PHOENIX UK Anti-Slavery & Human Trafficking Statement 2018

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

Welcome to our second anti-slavery and human trafficking statement. As one of the leading pharmaceutical wholesalers within Europe, the PHOENIX Group as a whole adheres to the principles of the United Nations' Universal Declaration on Human Rights as part of its corporate activities.



PHOENIX UK is committed to ensuring that human trafficking and slavery do not exist in any area of the PHOENIX UK organisation, nor within any company which forms part of our supply chains. As part of this commitment, the PHOENIX Group last year implemented its own Supplier Code of Conduct, based on internationally recognised social, ethical and environmental criteria for the procurement of indirect and trading goods.

We continue to ensure that safe working practices are adhered to at all of our sites. We also support public interest disclosure, freedom of association, equal opportunities as well as promoting social and ethical codes of conduct from both employees and suppliers alike.

📌 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

Following our initial statement on anti-slavery and human trafficking, we hope that this latest report helps to demonstrate further achievements as a company, to foster a culture of openness, trust and integrity and promote ethical standards within our business. 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.

By continuing to work with our employees, partners and suppliers, we hope to further develop strategies and improve working practices (particularly within supply chains) across the PHOENIX UK Group.

Our commitment:

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

Our business

As a responsible company, we seek to carry out all reasonable and practicable steps (including desk-top and onsite audits including warehouse inspections) to ensure that the necessary standards are being adhered to, not only throughout our company, but in particular the businesses of our suppliers.

As a pharmaceutical wholesaler and retailer, our industry is heavily regulated and consequently we are obliged to meet exacting standards as part of both government legislation (such as MHRA and Home Office) as well as industry regulation. Moreover, our own customers (and some suppliers) are increasingly asking for copies of our codes of governance as part of benchmarking or tendering processes.

As a company, we are also subject to both frequent internal and external operational and financial audits. Therefore, a clear and adequate framework, promotion of good governance practice and compliance across the company are all key factors in helping us to manage our business, suppliers and supply chain.



Our policies and controls

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 country where PHOENIX is based.

This European-wide compliance strategy is based upon 3 main policies:

- Code of Conduct
- Anti-Corruption & Bribery
- Competition Compliance

A risk-based compliance e-learner training programme has also been launched to help raise awareness of these policies amongst employees.

In addition to which, we have also established a web-based case reporting system for all employees within the PHOENIX Group to report any concerns, suspicions or violations of any kind anonymously. Such reports are thoroughly investigated and followed up.

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. This process includes requests for CSR policies, checking for appropriate insurance coverage, obtaining documents in respect to qualified personnel, systems of work and risk assessments
- Regular checks and audits are carried out on existing suppliers via a 'contractor assessment questionnaire' regarding performance and service
- Our contracts increasingly include business ethics clauses which can be more comprehensive than the provisions of the Foreign Corrupt Practices Act (FCPA)
- Suppliers are obliged to notify PHOENIX UK if they use sub-contractors
- PHOENIX 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 delisting as preferred supplier or removal from tendering process
- Robust recruitment policies in place to ensure all current and prospective employees are treated fairly and consistently in regard to recruitment and selection of candidates. These include CRB and Right to Work checks
- Contracts and agreed rates of pay for temporary staff in place with preferred agencies
- Union recognition and freedom of association and collective bargaining
- 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 Licence and Home Office Controlled Drugs licences)
- 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
- Due diligence and review of all new and existing contracts is mandatory at Board Level prior to authorisation
- Automatic inclusion of standard clauses in all company contractual terms and conditions relating to CSR, data protection, code of conduct as well as anti-bribery and corruption
- The PHOENIX Group publishes an annual **Corporate Social Responsibility (CSR) Report** (latest 2016/17 edition can be found at <https://www.phoenixgroup.eu/en/>). This report focuses on the PHOENIX Group's environmental, economic and social achievements as well as its goals for the forthcoming financial year.

Our policies

The following are just a sample of our group company policies covering employees and the workplace.

Equality and Diversity

Objectives:

- *Treating all job applicants and members of staff fairly and equally regardless of sex, pregnancy, trans-gender status, sexual orientation, religion or belief, marital status, civil partnership status, age, race, colour, nationality, national or ethnic origins or disability*
- *Extends to all matters in respect to employment*

Topics Include:

- *Disability*
- *Diversity*
- *Equal Opportunities*
- *Religion & Belief Observance*

Health and Safety

Objectives:

- *Ensuring that we are legally compliant and up-to-date with safety, environment and fire legislation*
- *Conduct safety, quality, environmental and fire audits*
- *Provide health and safety training*
- *Produce and maintain systems and procedures*
- *Improve quality of service to customers whilst improving efficiency and productivity*
- *Raise customer satisfaction levels*
- *Standardize methods and procedures*
- *Roll out best practices*
- *Provide framework of auditing where compliance and continuous improvement can be achieved and measured*

Topics Include:

- *First aid*
- *Hazardous waste collection*
- *Working procedures*
- *Good Distribution Practice (GDP)*
- *Cold Chain Distribution*

Whistleblowing (Public Interest Disclosure)

Objectives:

- *Explains what whistleblowing is and what you should do in order to raise a concern*

Bullying & Harassment

Objectives:

- *Helping to promote a harmonious working environment, where all employees are treated with respect and dignity*

Topics Include:

- *Reporting Complaints Procedures*

Young Workers

Objectives:

- *Ensuring the well-being of our young workers (between the ages of 16 and 18 years old)*

Topics Include:

- *Working Hours*
- *Work Experience*

Family Friendly

Objectives:

- *Help to promote the well-being of all employees via the development of family friendly policies*

Topics Include:

- *Maternity*
- *Paternity Leave*
- *Adoption Leave*
- *Parental Leave*

Identifying and managing compliance risks

- **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 parties 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, with plans to ensure greater compliance amongst third party companies*
- **Different areas of the business may manage their own contracts and supply chains:** *this may result in varying levels of due diligence carried out on suppliers. Therefore, we are reviewing ways in which our processes can be standardised across our subsidiaries*
- **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 Asia (Malaysia, UAE and China). Regular audits of this supplier are carried out by an external verifier using a SMETA audit procedure and corrective action plan examining labour standards, health and safety, environmental as well as business ethics. A copy of this report is made available to us as part of the supplier's annual audit*
- *Within our Supplier Code of Conduct, we support the recognition of the United Nations' Universal Declaration of Human Rights, banning child and forced labour, all forms of discrimination as well as the right to observe regulated working hours and right to freedom of association. The PHOENIX Group has also made it obligatory for our business partners to adhere to the UN Universal Declaration of Human Rights*
- *We also ask that our business partners commit to meeting occupational health and safety for their own employees, combat corruption, make continuous improvements to environmental protection and observe the best practice relating to social, ethical and environmental standards*
- *Hopefully this will help us to continue to develop and strengthen our existing partnerships whilst ensuring greater compliance and sustainability within our supply chains*
- *PHOENIX UK places a great deal of importance on training and development within the business. Following the implementation of a group wide online e-learner compliance training programme, the PHOENIX Group intends to expand its compliance e-training to include sanctions compliance*
- *The PHOENIX Group has also implemented a web-based case reporting system which allows suspicions or incidents to be reported anonymously*
- *With the forthcoming **EU General Data Protection Regulations** (GDPR) due to take effect from 25 May 2018, a PHOENIX pan-European working group has been adapting current data protection policies and procedures to meet the new legal obligations and ensure compliance across the PHOENIX Group. By May 2018, the PHOENIX Group will also have launched its own comprehensive GDPR e-learning training programme to all company employees*

Looking ahead

- *In 2017, the PHOENIX Group implemented the recommendations of an internal working group along with various sustainability criteria into our strategic procurement processes. These included adoption of the Group's own Supplier Code of Conduct (based on internationally recognised social, ethical and environmental measures) for the procurement of indirect and trading goods. Compliance with such guidelines will be an important decision-making factor when awarding contracts. The PHOENIX Group also retains the right to verify that suppliers are complying with our Code of Conduct*