

THE PHOENIX UK MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2023

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 2023.

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 our supply chain or any company of our business partners. All of our partners have to 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 remain committed to creating and safeguarding a non-discriminatory and respectful working environment for all our colleagues. This includes 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.

In June 2023, the PHOENIX Group formally announced its official target to become CO₂-neutral in its own business operations by 2030. This helps us to demonstrate our commitment to the environment beyond our mission within the healthcare sector. Our sustainability agenda continues to focus on 5 key areas: climate action, circular economy, responsible supply chains, diversity and equal opportunities as well as community engagement. As a responsible company, we believe that long-term sustainability with the inclusion and support of our colleagues and business partners is inextricably linked with social responsibility, economic growth and environmental accountability.

We remain committed to working closely and

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

This statement was approved by the Board on 25th July 2023.



Mission, Values & Vision

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

Our Mission: to deliver healthcare across the UK.

Our Strategy: align our actions to customer needs. The success of our customers also benefits us.

Our Values:

- **Reliable** Partner for customers and suppliers.
- **Proactive** in both goals and decision-making.
- **Respectful** in our dealings with other stakeholders in a 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 48,000 people and have circa 224 distribution centres with 3,200 own pharmacies across 29 European countries. As a family owned business established in 1881 and with our corporate 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, integrated health boards as well as pharmaceutical manufacturers. PHOENIX UK employs over

5,000 people providing support to 30 million patients who visit our 400+ owned and approximately 4,500 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 business unit within 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 business unit within 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 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 the public to order repeat prescriptions.

Nupharm Ltd: sole 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 29 European countries in which the PHOENIX Group operates. Our compliance policies and Standard Operating Procedures (SOPs) were recently reviewed and updated in March 2023 with sign off by the Executive Board.

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

- Compliance Principles, Reporting & Investigations.
- Code of Conduct.
- Anti-Corruption.
- Anti-Money Laundering.
- Competition Compliance.
- Sanctions & Embargoes Compliance.

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>.

We are currently working towards IDW PS 980 accreditation of our CMS framework which is due to be completed by January 2024.

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 successfully completed a series of virtual Mental Health Training sessions for all colleagues across the business in partnership with Halton Council in Runcorn Cheshire. We are now looking to introduce a pilot training session on building personal resilience which we hope to extend in due course, alongside some mindfulness training later this year.

In March 2023 as part of its PHOENIXLearn, the company introduced a completely new and in-depth modern slavery e-learner training module for all senior managers and directors. Later this year, a further modern slavery training course is envisaged for all colleagues to raise awareness of the subject matter 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/SOPs:

- Anti-slavery & human trafficking.
- Bullying & harassment.
- Equality & diversity.
- Grievance.
- Induction & probation.
- Learning & development.
- Lone workers.
- Mental health & well-being.
- Social & ethical responsibility.
- Whistleblowing.

We continue to review all of our UK company policies and SOPs as they apply to modern slavery and anti-trafficking.

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, Companies House checks and business partner due diligence checks.
- Where appropriate new suppliers are obliged to provide a variety of documentation as part of due diligence and are required to complete our Supplier Approval Form. 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 new Pharma manufacturer contracts undergo a rigorous due diligence process. New suppliers are obliged to complete a 'New Supplier Check List' and 'Supplier Site Self-Inspection' form which includes details of industry standard accreditations,

MHRA Wholesale Dealer's and Home Office Controlled Drugs licences as well as training. New suppliers are also expected to sign up to our standard terms and conditions, Healthcare Distribution Association (HDA) Code of Practice, and provide evidence of Good Distribution Practice (GDP) and Quality Management System (QMS) certifications.

- 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 covering sustainability, data protection and compliance clauses such as code of conduct and anti-bribery and corruption, as well as references to anti-slavery and anti facilitation of tax evasion.
- No orders can be placed without business partner undertaking a Supplier Approval process.
- For all potential third party suppliers an online business partner due diligence check is carried out against official international and national sanctions lists.
- Medium and high risk prospective business partners are expected to further complete a due diligence questionnaire with final approval only given by a Board member once all checks have been satisfied.
- Potential third party suppliers who fail to meet requisite due diligence checks are expected to implement remedial compliance measures before they can enter into contract with PHOENIX UK
- 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 are in place.
- Union recognition, freedom of association and collective bargaining are available within PHD.

4. Risk Assessment

The PHOENIX group has its own General Procurement Supplier Code of Conduct which provides criteria for evaluation and selection process to which all suppliers 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 our employees.
- Compliance with both PHOENIX Group and local compliance anti-bribery and competition laws and policies.
- Making continuous improvements to our environmental footprint.
- Ensuring business partner dialogue with our own suppliers regarding the Code.
- Ensuring compliance with EU and UK data protection laws.
- Recognition of relevant social, ethical, and environmental standards.
- Ensuring 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 and subcontractors, details of health and safety and environmental management systems where appropriate 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 and wholesalers).

Further due diligence includes web searches, 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, 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.

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. Whilst aware of this issue, it continues to be a work in progress.

Direct to pharmacy (DTP) agreements: where PHOENIX act as the agent or logistic partner for American companies, 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 remains under review.

5. Due Diligence

We require all suppliers 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.

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, whistleblowing, data protection breaches and working conditions either via their line manager or local Compliance Manager.

Alternatively, colleagues can use our 24/7 standalone whistleblowing external portal (Case Reporting 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 both at our quarterly Local Compliance Committee and 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 visibility 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 set by the Group, and which is also chaired by a member of the UK Board.

6. Training

In March this year PHOENIX UK introduced its first ever in-depth human rights and anti-trafficking e-learner training programme for all senior managers and directors. The course includes an overview of the background to modern slavery, the role of human trafficking in modern slavery, different forms of slavery and how to identify slavery, with a look at the laws and regulations in place to try and combat this issue as well as how to raise concerns.

This e-learner course is a mandatory requirement for all senior managers and directors with refresher training every 2 years.

This is to be followed later this year with the introduction of a further elearner course together with suite of resources regarding the issues around modern slavery and anti-trafficking for all colleagues across the PHOENIX UK business

7. Next Steps

We continue to make good progress since the launch of our Sustainability Agenda in late 2021 with a recent PHOENIX Group commitment to becoming CO2 neutral in our own business operations (scopes 1 & 2) by 2030. Ensuring we have a responsible supply chain, with diversity and equal opportunities together with community engagement embedded into our business remains at the heart of our sustainability agenda. However, there is still much to be done and therefore we hope to build upon the progress already made in the coming year.

KPI	Progress	Next Steps
HR Policies	Our new Anti-slavery and Human Trafficking policy was published in October 2022 alongside our Whistleblowing policy.	We continue to reassess our current HR policies as they apply to modern slavery.
Training	An online anti-slavery elearner training module was introduced in March 2023 for all senior management and directors.	Plan and prepare content and library of resources for launch of a further anti-slavery e-learner module for all other colleagues, together with a communication awareness programme across the business from October 2023
Internal Audits	An ongoing risk assessment of our current suppliers has already begun.	Once the risk assessment has been completed, this will determine the implementation of both preventative and remedial measures. As part of the German Supply Chain Law (which applies to German based companies and their subsidiaries), a risk assessment of our current suppliers has already begun.
Recruitment	We have identified possible risks within our recruitment processes due to shortages of workers and rates of pay particularly within our wholesale business and use of multiple recruitment agencies. We currently run regular recruitment days and attend Job Fairs.	This continues to be reviewed and monitored internally. Rates of pay have been updated to align with the National Minimum Wage in April 2023, and will undergo further review in November 2023.