PHOENIX Group UK

Anti-Slavery & Human Trafficking Report 2016

Who we are

The PHOENIX Pan European Group is one of the top pharmaceutical distribution companies in Europe. With 153 distribution centres and over 1,700 pharmacies across 26 European countries, its main Head Office is based in Mannheim Germany.

PHOENIX Medical Supplies Limited (PMS) was established in November 1998 as the holding company for the UK operation. PMS operates within the pharmaceutical wholesale and retail pharmacy market environments. Strategic and corporate support is provided by the UK Head Office in Runcorn Cheshire.

The companies that are part of PMS in the UK are:

- PHOENIX Healthcare Distribution Limited: a national pharmaceutical wholesaler which operates 13 depots across the UK
- L Rowland & Co (Retail) Limited (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): membership buying Group for Dispensing and Non Dispensing Doctors, and which also provides professional and commercial services
- 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 International Labour Organization (ILO) (specialized agency of the United Nations), “Forced labour takes different forms, including debt bondage, trafficking and other forms of modern slavery”. Although forced labour, slavery and human trafficking are closely related according to the ILO, and are therefore included in their definition of forced labour, they are not identical terms in law.

Forced or compulsory labour can include situations where people are coerced to work via threat of or actual violence against them, intimidation, restricted movement, debt bondage, withholding identity papers and financial remuneration. Some workers can also fall victim to internal or cross-frontier movement of labour due to illegal recruitment practices.

The victims, usually the most vulnerable, are kept in servitude or bondage by illegal means.

- Nearly 21 million people are victims of forced labour
- Almost 19 million victims are exploited by private individuals or enterprises and over 2 million by the state or rebel groups
- Of those exploited by individuals or enterprises, 4.5 million are victims of forced sexual exploitation
- Domestic work, agriculture, construction, manufacturing and entertainment are among the sectors most affected
- Migrant workers and indigenous people are particularly vulnerable to forced labour

The PHOENIX UK Anti-Slavery & Human Trafficking Statement 2016

Foreword by Paul Smith, Chief Executive Officer, PHOENIX UK

As one of the top 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 welcomes and supports the efforts to eradicate modern-day slavery and human trafficking which have come to the forefront with the introduction of the Modern Slavery Act 2015.

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. This includes making sure that we have safe working practices employed at our sites, public interest disclosure, freedom of association, equal opportunities as well as promoting social and ethical codes of conduct from both employees and suppliers alike.

As a responsible company, we believe that long-term sustainability is inextricably linked with social and environmental accountability.

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As part of this initial statement on anti-slavery and human trafficking, we hope to demonstrate what has been achieved by both the company and our employees to foster a culture of openness, trust and integrity and promote ethical standards within our business.

Going forward, we intend that this first annual statement becomes the basis upon which to continue our commitment to promoting and encouraging ethical standards of conduct. By working with our employees, partners and suppliers, we hope to develop strategies and improve working practices (particularly within supply chains) across the PHOENIX UK Group.

Paul Smith
September 2016
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

Due diligence approach

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 Medicines & Healthcare Products Regulatory Agency [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 effectively manage our business, suppliers and supply chain.

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 anonymously any concerns, suspicions or violations of any kind. Such reports are thoroughly investigated and followed up.

Within PHOENIX UK, we have taken a number of measures across our business to ensure good governance wherever possible:

- 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
- Suppliers are obliged to notify PHOENIX UK if 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 them becoming delisted as a preferred supplier or removal from the tendering process
- 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. These include CRB and Right to Work checks
- Contracts and agreed rates of pay for temporary staff in place with preferred agencies
- Union recognition as well as 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
- Have established a Health & Wellbeing Team within our Head Office to focus on the overall health and wellbeing of employees and working methods. Thus, helping to promote a healthy, safe and positive working environment, maintaining employee engagement and motivation at work. UK National health and well-being campaigns are being closely aligned and promoted at local level within the company
- Due diligence and review of all new and existing contracts now 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
Our policies

### Social and Ethical Responsibility

**Objectives:**
- Important to maintain high ethical standards within the workplace
- Ensure that the Company meets objectives in a fair and impartial way but also in its wider social responsibilities externally
- Encourages a culture of openness, trust and integrity in all management and business practices

**Topics Include:**
- Confidentiality
- Data Protection
- Environment
- Equal Opportunities
- Hospitality & Gifts
- Relationships
- Whistle Blowing

### Equality and Diversity

**Objectives:**
- Treating all job applicants and members of staff fairly and equally regardless of sex, pregnancy, transgender status, sexual orientation, religion or belief, marital status, civil partnership status, age, race, colour, nationality, national or ethnic origins or disability

**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
- Provide health and safety training
- Produce and maintain systems and procedures
- Provide framework of auditing where compliance and continuous improvement can be achieved and measured

**Topics Include:**
- Hazardous waste collection
- Working procedures
- Good Distribution Practice (GDP)
- Cold Chain Distribution

### Public Interest Disclosure

**Objectives:**
- Important for all employees to be able to report legitimate concerns they may have:
  - Fraud
  - Misconduct
  - Any other wrongdoing

**Topics Include:**
- Confidentiality
- Raising Concerns
- Escalation Process
### Bullying and Harassment

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

**Topics Include:**
- Reporting Complaints Procedures

### Family Friendly

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

**Topics Include:**
- Maternity Leave
- Paternity Leave
- Adoption Leave
- Parental Leave

### 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

### 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 looking at ways in which our processes can be standardised across the company

- **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

### Ongoing developments

- As a European-wide Group, it is our intention to place greater emphasis on sustainability criteria during the procurement processes, in particular, when selecting our suppliers of both goods and services. This will be one of our principal aims for development as part of our ongoing commitment to corporate social responsibility across the Group

  Hopefully in due course, this will allow us 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. Therefore, in order to create greater awareness amongst and engagement with employees, we will be considering implementing an online e-learner training programme in the future