

# Corporate and social responsibility

At the heart of Alliance UniChem's business is a commitment to work to improve the well-being of the communities that we serve. We believe that to achieve this fully, we have a moral obligation and commercial imperative to treat the development, implementation and monitoring of the Group's corporate and social responsibility policies and initiatives as core to our business activities.

Recognising the importance of this area to the Group's business we have allocated direct responsibility for this area at Board level to Ornella Barra in her role as Group Services Director. Within her portfolio of management responsibilities, Ornella has a number of functions with direct accountability for a number of areas recognised as core to a structured corporate and social responsibility programme. These include Human Resources, which encompasses health and safety, training and employee welfare issues, and Corporate Communications, which monitors a number of areas contributing to our corporate citizenship policy.

Customers' requirements, employees' needs, the social and community conditions in which we operate and the regulatory demands upon us vary considerably across Europe. We believe that it is in the interests of all our stakeholders to tailor activities to match the needs of the local markets in which we operate, while adhering to common principles. These principles are supported by our core ethos of partnership, service, excellence and innovation, which form the foundation from which we deliver the highest quality of service to our customers.

## Ethical trading

In all activities, we strive vigorously to ensure transparent and ethical trading. We believe this is our moral responsibility and that it is essential for the long-term success of our business.

In retail pharmacy, we operate within strict moral and ethical parameters laid down by professional and regulatory bodies in every market in which we operate. All these parameters have the same basis: that we must operate to provide the best level of care available to the patient and ensure that we always act in the patient's interests. We have enshrined this as the core principle of our retail business.

The Group's management team, at every level, includes a significant number of qualified pharmacists who are bound by these professional standards, and we measure our activities against them. To underline this, we encourage our pharmacists to report dispensing errors, so that we can constantly learn from them and improve our systems and procedures. We also use "mystery shopper" surveys to monitor the levels of customer service and the quality of advice provided in our pharmacies.

Our wholesale businesses strive vigorously to operate on a completely transparent basis with customers, providing them with a clear basis for our commercial relationships. In a number of markets these are laid out in a documented "Customer Charter", providing commitments on the service levels and professional standards that they can expect from us.

Non-resale products and services are sourced under the coordination of our procurement function, which operates a strict ethical code utilising industry best practice to ensure fairness and transparency with our suppliers whilst achieving best commercial terms.

## Product testing

The Group operates a policy under which we ourselves do not participate in product animal testing. No testing is undertaken on our behalf, and none of our non-prescription own brand products has been tested on animals. Suppliers of our exclusive generic pharmaceutical products may, however, have been compelled to undertake testing in order to obtain their original product licences, and many of the formulations will have been licensed by their initial developer using animal testing to support their licensing application.

As far as possible, we extend our policy of not using products tested on animals to suppliers of the raw materials that are used in the production of our own brand products. We are, however, unable to guarantee that all raw material suppliers do not use, or have not in the past used, animal testing. When selecting suppliers of own brand product, we review their policy on animal testing as a factor in the selection process and in doing so we are moving towards a position where we aim to be able to provide a commitment in

future that none of the raw materials used in the preparation of own brand products have been tested on animals.

As a wholesaler of pharmaceutical products and operator of pharmacies, we acknowledge that many products that we stock will have been tested on animals as part of their product licensing procedures. We have an obligation professionally and legislatively to ensure the provision of licensed medicines to patients, and therefore must stock and supply all required licensed pharmaceutical products. Where we have a choice as to which products can be used, we consider the methods of testing in deciding on which products to stock, but have an ethical and legal obligation to do so only as a secondary factor to patient well-being.

## Health and safety

The Group conducts its business with the highest concern for the health and safety of its employees, contractors, customers, neighbours and the general public. The Board is committed to improving health and safety management continuously.

In September 2003, the Board approved a new health and safety policy aimed at promoting health and safety best practice across the Group.

Our aim is to offer our employees a safe and comfortable work environment, which meets or exceeds all legal health and safety requirements in every country in which we operate. Accordingly, it is the Group's policy to manage its activities so as to avoid causing any unnecessary or unacceptable risks to health and safety. To support the practical implementation and monitoring of this policy, the Human Resources department has been working with external advisers on a benchmarking exercise to identify the most effective and suitable points of measurement of health and safety performance within the Group and set targets that will improve the well-being of our employees. This exercise is already at an advanced stage and during 2004 will begin to generate meaningful and auditable information on our performance in this area.

The Group's accident frequency rate (number of reportable accidents per 100,000 hours worked) was 1.42 in 2003, compared to 1.70 in 2002. When looking specifically at three day lost time accidents, the accident frequency rate was 1.13, down from 1.26 for 2002. In all cases, we work closely with relevant health and safety authorities to address any issues that are identified.

### Environment

Our businesses have an impact on the environment in three main areas: the operation of warehouses, the operation of retail pharmacies and the operation of a fleet of vehicles, largely for the distribution of pharmaceuticals.

Our wholesale depots are secure and well-maintained facilities with climate control systems required for certain products. When implementing processes and technology in our operations, we seek to limit energy use in each depot, both to help contain energy costs and to limit our impact on the environment.

We also operate programmes to collect and safely dispose of unwanted pharmaceuticals. It is essential to dispose safely of out of date products or partly used products where safety seals have been broken. Where products require disposal, we ensure controlled and licensed neutralisation and disposal of the product in collaboration with regulators. We also work, where possible, with regulators and the pharmaceutical industry to recycle suitable pharmaceutical products for charitable use.

Across the Group, we also operate programmes, where commercially viable, to ensure the responsible disposal of packaging, including the re-use and recycling of all packaging types and, where possible, the use of licensed contractors to dispose of non-recyclable waste packaging safely.

Our retail pharmacies operate the same general principles and systems as our wholesale businesses for the collection and disposal of unused pharmaceuticals, and for the safe storage of stock. Similarly, where possible, we use appropriate fittings and equipment, for example, low consumption energy efficient lighting and environmentally friendly materials.

We continually look at the most appropriate way of limiting the fuel consumption of our vehicle fleet. A number of studies have been conducted on the practicality of using fuels other than petrol or diesel, taking into account the combined requirements of urban, suburban and rural delivery schedules. At present we do not believe that there is a viable alternative to these traditional fuels.

We are in the process of working with external consultants to prepare an environment policy that can be applied across the Group effectively. This policy will be put to the Board for consideration during 2004, and work will start during the year to identify appropriate measures to be used to monitor our performance against this policy.

### Employees

The Group operates a strict policy against discrimination on the grounds of sex, age, religion, nationality, marital status, disability or sexual preference and promotes diversity throughout our workforce to the greatest possible extent.

We strive to reflect the diversity of the markets and communities in which we do business. The Group's people operate on a European scale. Whether this results in a career within or beyond national borders, we put in place programmes to support individual development in line with our needs. We look to recruit, develop and promote employees to achieve their maximum potential and we are a committed equal opportunities employer.

We value the experience of our employees and aim to provide training, development and secondment opportunities to enable them to meet or exceed individual objectives. Our commitment to training has led us to develop a continuing professional training programme for our pharmacists that exceeds the requirements of their professional bodies. This helps us achieve significantly above average recruitment and retention levels for qualified employees.

A fair appraisal package has been introduced and developed involving 500 top managers in the Group. This assessment can be conducted through the internet in several languages and gives managers a clearer and more comprehensive picture of their skills. We have established a structure which allows us to share best practice experience and skills across the Group. We were an early adopter of the European Directives on Works Councils and have been operating an active and successful European workers' council for some time. Within our UK wholesale and retail businesses we have also obtained the coveted "Investors in People" award.

Our aim is that we should be regarded as a professional organisation which values employees highly and provides them with a work environment within which they can continuously grow their skills and abilities and develop excellent long-term careers – to be an employer that people aspire to work for.

### Community

Our business is the provision of community healthcare, either as a primary provider through our retail pharmacies or as a secondary provider working with independent pharmacist customers. As part of this, the fostering of community well-being and the promotion of healthcare initiatives are both a commercial necessity and a core corporate responsibility. We work closely with local healthcare providers to advise and inform the communities we serve.

Initiatives to promote community well-being are operated at a local and national level in each country where we operate, in many cases in partnership with local or national authorities, local healthcare teams or charitable organisations. We support localised community charitable projects and aim to establish a more structured approach towards our centralised charitable activities to ensure that we focus our activities in areas or with organisations where we can offer more than simply a source of funding, but can offer the benefit of our employees' skills and experience as well.