

Corporate and social responsibility

Alliance UniChem is committed to improving the wellbeing of the communities that we serve. In order to achieve this fully, the development, application and review of the Group's policies and initiatives with respect to corporate and social responsibility are core to our business activities.

Ornella Barra has direct responsibility for this area at Board level in her role as Group Services Director. Ornella has within her portfolio of management responsibilities, a number of functions that are directly accountable as a central part of our structured programme for corporate and social responsibility.

We appreciate that customer requirements, employee needs, the social and community conditions in which we operate, as well as the regulatory demands we face, vary greatly across Europe. It is for this reason that we have a commitment to all our stakeholders to match our activities with the needs of the local market, whilst directly observing and applying common principles. Our core ethical values of partnership, service, excellence and innovation underpin these principles and form the base from which we are able to deliver the high quality services that we offer our customers.

Ethical trading

We strive to ensure transparent and ethical trading in all activities. This not only reflects our moral responsibility, but is also essential for the future success of our Group.

We operate within rigid moral and ethical parameters in retail pharmacy as determined by the relevant professional and regulatory bodies. These parameters set out that we must provide the best level of patient care and ensure we always act in the patient's best interests. This is a core principle of our retail businesses.

The Group has a significant number of qualified pharmacists employed at every level of management who are bound by these professional standards. We are able to assess our business operations against them. We promote the reporting of dispensing errors in order to learn from these and enhance our systems accordingly. "Mystery shopper" surveys are regularly carried out in our pharmacies to monitor the quality of customer service and advice.

We strive to be transparent with customers within our wholesale businesses and this is the basis of our commercial relationships. We adhere to "Customer Charter" documents that set out the levels of service and professional standards that are expected of us in a number of markets.

Non-resale products and services are sourced under the coordination of our procurement function, which operates a strict ethical code using 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 are tested on animals. However, it is acknowledged that suppliers of our exclusive generic pharmaceutical products may have been compelled to undertake testing to obtain original product licences, and that many of the formulations will have been licensed by the initial developer using animal testing in pursuit of their application for a licence.

As far as possible, we extend our policy of not using products tested on animals to suppliers of 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 toward 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.

We therefore recognise, as a wholesaler of pharmaceutical products and operator of pharmacies, that many products we stock will have been tested on animals as part of their product licensing procedures. As a Group, we have an obligation on professional and legislative grounds to ensure the provision of licensed medicines to patients. We must therefore stock and supply all required licensed pharmaceutical products. If we have a choice of products to be used, we consider the methods of testing before deciding on which products to stock and acknowledge that we have an ethical and legal obligation to do so only as a secondary factor to patient wellbeing.

Our core ethical values

Partnership

Service

Excellence

Innovation



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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.

In 2003, the Board approved a new policy aimed at promoting health and safety best practice across the Group. An internal team, led by Group Human Resources, began working with external advisors on a Group wide benchmarking exercise to improve the measurement of performance in this area. During 2004, the Group measured performance across our businesses against almost 20 different standards identified during the benchmarking review. All businesses are required to report on compliance with the new standards which cover a range of issues including fire and electrical safety and first aid. Furthermore, they must also report on a number of key health and safety performance indicators, most of which relate to accidents in the workplace.

The Group's accident frequency rate (number of reportable accidents per 100,000 hours worked) was 1.46 in 2004, compared to 1.42 in 2003. When looking specifically at three day lost time accidents, the accident frequency rate was 1.12, compared to 1.13 in 2003. In all cases, we work closely with relevant health and safety authorities to address any issues that are identified.

Environment

The Group regards the care of the environment as a natural part of running a responsible and successful business. It conducts its business activities in a way that reduces, as much as is reasonably possible, its direct and indirect impact on the environment, whilst at the same time promoting practices that protect the environment and support sustainable development.

During 2004, an internal team led by Group Human Resources undertook, with the help of external consultants, an environmental benchmarking review of our activities. Following this review, a new environmental policy for the Group was drafted. This policy was approved by the Board in February 2005 and is currently being applied across all businesses.

The Group's environmental policy identifies the following key priorities:

- Ensuring the appropriate use of resources and materials
- Minimising waste and encouraging reuse and recycling
- Ensuring the safe handling and disposal of pharmaceutical products
- Implementing environmental management systems
- Communicating our commitment to the environment across the Group

The Group's environmental policy requires that each business identifies the environmental issues most relevant to its business activity and sets objectives in terms of the standards it expects its employees to meet. Each business will monitor and measure its performance against these environmental objectives.

Corporate and social responsibility

Resources

A priority for the Group is to ensure the appropriate use of resources and materials. Limiting energy consumption is a key component of this. As we work towards improving the efficiency of our wholesale depots through our best practice programme, we are not only improving productivity and reducing costs, but we are also extracting environmental benefits.

Our efforts to optimise our transport operations, in the form of van route optimisation systems, are enabling us to lower fuel consumption. In the UK, our van fleets are run predominantly on diesel fuel and are routinely replaced by increasingly fuel-efficient models.

Waste management

Across the Group we operate programmes, where commercially viable, to ensure the responsible disposal of packaging, including the reuse and recycling of packaging materials. Where possible, we use licensed contractors for the safe disposal of non-recyclable waste packaging.

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

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Our two UK businesses have been awarded the prestigious 'Investors in People' accreditation which demonstrates our commitment to providing training and development opportunities for our employees.



During 2004, UniChem was commended for its recycling efforts by Severnside, the UK's largest recycling services provider. UniChem employee, Keith Burrows, was presented with the coveted Manager's Award for his work in broadening UniChem's recycling policy.

Environmental management systems

Increasing management focus on the environment is helping to ensure that environmental considerations are included in everyday decision making. Processes have been put in place, for example, to ensure that the environmental impact of any new facilities or installations is considered at the design stage. By beginning to measure, manage and report on key aspects of environmental performance, we are establishing a framework by which we can implement our environmental policy across the Group. Each operating business must now report key performance indicators for environmental management, with a focus on waste reduction and energy usage.

Communication

We have dedicated resources across the Group committed to disseminating our new environmental policy and to overseeing the implementation of and compliance with new environmental objectives. Through their efforts, as well as through Group-wide and local newsletters, new policy manuals and the education of line managers, we are developing our focus on key environmental practices.

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.

We continuously strive to reflect the diversity of the markets and communities in which we operate. Our employees work on a European scale, and whether this results in a career within or beyond national borders, we implement programmes to support individual development in line with our requirements. We seek to recruit, develop and promote employees to enable them to achieve their full potential.

We value the experience of our employees and aim to provide training, development and secondment opportunities to help them meet or exceed individual objectives. Our commitment to training has led us to develop a continuing professional training programme for our pharmacists which exceeds the requirements of their professional bodies, and helps us achieve considerably above average recruitment and retention levels for qualified employees. During 2004, we instigated a management development programme for our 80 most senior managers at the INSEAD business school in France.

The Group was an early adopter of the European Directives on Works Councils and for some time has been successfully operating a European workers' council.

We aim to be recognised as a professional organisation which values employees highly and provides them with a work environment within which they can continuously enhance their skills and abilities and develop excellent long-term careers. We want 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. The fostering of community wellbeing 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.

We operate initiatives to promote community wellbeing at a local and national level in each country in which we operate, often in partnership with local or national authorities, local healthcare teams or charitable organisations. We support local community charitable projects and aim to establish a more structured approach towards our centralised charitable activities. We therefore ensure that our charitable activities are focused in areas or with organisations where we can offer not only a source of funding, but also the benefit of our employees' skills and experience.

Community engagement

In keeping with our mission to further enhance ways to serve the communities in which we operate, the Group is piloting a Community Engagement scheme at Moss Pharmacy. Implemented in July 2003 and overseen by a specially appointed manager at Moss Pharmacy, the scheme aims to move away from traditional cheque book generosity to a more proactive and meaningful relationship with local charities and causes. The scheme is being evaluated at Group level and, should it prove successful, will be rolled-out across the Group.

During 2004, Moss Pharmacy moved away from its single "Charity of the Year" approach to enter into long-term relationships with ten health related charities, one of which will be awarded "Charity of the Year" status each year. The long-term nature of the relationships gives each partner time to learn how best they can work together beyond basic fundraising activities. Examples of the practical ways in which these charities have been supported include the donation of redundant PC equipment to disabled individuals through the Leonard Cheshire Workability Programme, so as to improve their independence and employment prospects, and the recycling of mobile telephones and printer toner for the Arthritis Research Campaign. In September 2004, Moss Pharmacy held its first mobile blood donor service, introducing many new or lapsed donors. Two further sessions are planned for 2005. Moss Pharmacy was also invited to support a Home Office initiative on domestic violence following the launch of a new domestic violence helpline. All Moss pharmacies have been supplied with booklets and a poster on the initiative promoting the helpline number.

Our people drive our policy

Our people are our assets and we are proud of the fact that not only do we strive as a Group to maximise our service to the community, but as individuals too. There are many occasions on which our staff have gone above and beyond what would be considered their normal terms of duty for the communities they serve.

Going the extra mile for the communities we serve



The Chessington UniChem driver who delivered, within 40 minutes of receiving the request from the Royal Marsden Hospital, a life-saving supply of Triclofos for a child undergoing surgery and already in theatre.



The Newcastle pharmacist who instigated, outside of working hours, a needle replacement service for drug addicts in Newcastle, a project so successful, it is now receiving regular funding.



The Netherlands pharmacist who prepared IV medicines to be delivered and administered (by him and his team of pharmacists) to a terminally ill seven year old little girl over the Christmas period, enabling the child to spend her last Christmas at home with her family.