

RESPONSIBLE BEHAVIOUR

CORPORATE SOCIAL RESPONSIBILITY REPORT 2016/17



We deliver health.

Each and every day. Across Europe.

PHOENIX group

- > **The PHOENIX group** is a leading pharmaceutical trader in Europe, reliably supplying people with drugs and medical products every day. The PHOENIX group originated from the merger of five regionally active pharmaceutical wholesale businesses in Germany in 1994. Today, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with around 34,000 employees. The PHOENIX group's vision is to be the best integrated healthcare provider – wherever it is active. This means that each customer group is provided with the best possible services and products along the entire pharmaceutical supply chain.
- > **In pharmaceutical wholesale**, the PHOENIX group is active with 152 distribution centres in 26 European countries and supplies pharmacies and medical institutions with drugs and other health products. Numerous other products and services for pharmacy customers complete the portfolio – from support with patient advice to modern goods management systems to pharmacy cooperation programmes. With over 12,000 member pharmacies, PHOENIX Pharmacy Partnership is the umbrella for our European network of 12 cooperation and partner programmes in 15 countries.
- > **In pharmacy retail**, the PHOENIX group operates more than 2,000 of its own pharmacies in 13 countries – of which around 1,200 operate under the corporate brand BENU. In addition to Norway, the United Kingdom, the Netherlands, and Switzerland, the company is also represented in the Eastern European and Baltic markets. More than 17,000 pharmacy employees have around 136 million customer contacts each year. They dispense more than 300 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.
- > **Pharma Services** provides services along the entire supply chain. The “All-in-One” concept stands for a comprehensive range of services that benefits drug manufacturers, pharmacies, and patients. The PHOENIX group takes on the entire distribution process for the pharmaceutical industry as desired and provides a first-class basis for decision-making with its business intelligence solutions.

RESPONSIBLE **BEHAVIOUR**

THERE ARE MANY ASPECTS TO SUSTAINABILITY. WE TAKE CARE TO INTEGRATE THESE IN ALL AREAS OF THE COMPANY AND ARE THUS LAYING THE FOUNDATION FOR LONG-TERM SUCCESS: FROM OUR CAREFULLY CONSIDERED VALUE CREATION STRATEGY TO OUR RESPECTFUL TREATMENT OF PEOPLE AND THE ENVIRONMENT TO OUR RESPONSIBILITY TO SOCIETY.

CONTENTS

2	PHOENIX group in figures	20	Our responsibilities	56	Facts and figures
3	Link between manufacturer and patient	20	Value creation	62	GRI G4 Content Index
4	Letter from the Executive Board	30	Environment	67	Glossary
6	Executive Board of the PHOENIX Group	40	Employees	70	Imprint
8	About this report	50	Society		
9	The PHOENIX group assumes responsibility				
19	CSR highlights 2016/17				

PHOENIX GROUP IN FIGURES

Key figures of the PHOENIX group		2012/13	2013/14 ⁵⁾	2014/15	2015/16 ⁶⁾	2016/17
Revenue	in EUR k	21,218,687	21,791,268	22,567,998	23,247,428	24,436,695
Total operating performance ¹⁾	in EUR k	25,251,336	25,916,290	27,278,243	28,484,595	30,232,784
Total income ²⁾	in EUR k	2,319,147	2,217,379	2,277,295	2,416,548	2,567,225
Profit before tax	in EUR k	230,723 ³⁾	143,092	361,278	318,985	242,514
Adjusted profit before tax ⁴⁾	in EUR k	329,156	253,094	296,558	335,321	289,792
Equity	in EUR k	2,103,800	2,161,841	2,481,491	2,726,468	2,849,764
Equity ratio	in %	28.7	29.4	32.1	35.1	33.1
Net debt	in EUR k	1,611,518	1,330,855	1,068,749	1,121,561	1,377,547
Company rating (Standard & Poor's)		BB	BB	BB	BB+	BB+
Employees (total)		28,698	28,555	28,922	29,745	34,145
Employees (full-time)		23,932	23,850	24,153	24,842	26,611

¹⁾ Total operating performance = revenue + handled volume (handling for service charge).

²⁾ Total income = gross income + other operating income (previous years 2010/11 up to 2012/13 adjusted due to changes in reporting).

³⁾ Adjusted due to the application of IAS 19R.

⁴⁾ Adjusted for impairment losses on goodwill, effects resulting from the sale of financial assets, one-off effects related to the refinancing measures in 2012, expenditures associated with the PHOENIX FORWARD optimisation programme, changes in pension schemes 2014/15 and 2015/16, Mediq acquisition costs, and tax audits for previous years.

⁵⁾ Adjusted due to the first-time application of IFRS 11.

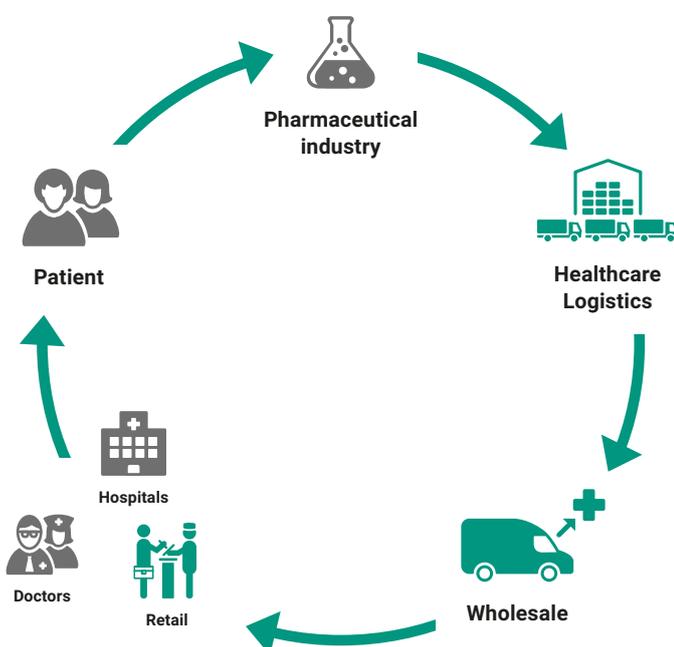
⁶⁾ Profit before tax, before non-recurring items adapted for comparison purposes.

G4-EC1

Economic value retained of the PHOENIX group in EUR k	2014/15	2015/16	2016/17
Net turnover	22,567,998	23,247,428	24,436,695
Community investments ¹⁾	2,031	1,729	913
Personnel expenses	1,034,353	1,158,714	1,289,161
Operating costs	21,119,765	21,725,836	22,844,496
Taxes and fees	73,364	95,031	118,082
Dividends and interest payments to investors	99,225	78,025	67,760
Economic value retained	239,260	188,063	116,284

¹⁾ Figures were adjusted due to a different booking assignment in Germany.

LINK BETWEEN MANUFACTURER AND PATIENT



WHOLESALE



> As a wholesaler, the PHOENIX group ensures that the drugs and health products of pharmaceutical manufacturers are delivered to pharmacies and medical institutions both quickly and reliably. The PHOENIX group also supports independent pharmacies in Europe, offering various services to increase customer retention.

PHARMA SERVICES



> PHOENIX Pharma Services offers a wide range of services along the entire pharmaceutical supply chain. Our business intelligence products also enable pharmaceutical manufacturers to make the right decisions and to focus their attention on the development and production of superior drugs. The PHOENIX group takes care of everything else.

RETAIL



> In pharmacy retail, the PHOENIX group is responsible for directly supplying the general public with pharmaceuticals and health products. The comprehensive and professional advice provided by our pharmacy staff is of the highest quality and is accompanied by the best possible customer service.

LETTER FROM THE EXECUTIVE BOARD

»Responsible behaviour – As we advance along the path towards sustainable growth, we are guided by this principle in all divisions of the company, in all of the countries in which we operate, and along our entire supply chain.«

Dear readers,

For our fifth sustainability report, we have focused on the theme of "responsible behaviour". As we advance along the path towards sustainable growth, we are guided by this principle in all divisions of the company, in all of the countries in which we operate, and along our entire supply chain.

Progress and challenges in achieving CSR goals

In the fiscal year 2016/17, we worked intensively to realise our CSR goals and enjoyed much success across the group. We have made considerable progress in lowering the costs associated with pharmaceutical waste, achieving a further 5 per cent to 8.2 per cent decrease in the reporting period when compared with the reference year 2014/15. As a result, we are conserving natural resources and significantly reducing the financial burden on our company. This means that we are well on our way to achieving our company-wide goal of cutting the cost of pharmaceutical waste by 10 per cent by 2018/19. Our second core objective relating to our employees is to reduce the illness rate by 1 per cent. As a result of our occupational health management system, we have recorded an improvement of 0.35 percentage points in comparison with the reference year. However, even more comprehensive efforts are needed if we are to achieve our goal.

Last year our CSR activities also focused on data protection and compliance. In the field of data protection, an online training tool has been introduced in Germany and used to gradually train our employees since the start of 2017. In order to fulfil the requirements of the European General Data Protection Regulation, which comes into effect in May 2018, we are planning corresponding online training across the group for the fiscal year 2018/19. Due to focussing on providing training in the compliance guidelines, we achieved the objective of training 100 per cent of employees within the focus group.

Introduction of a supplier code and guidance document for donations and sponsorships

For the first time, we have established a supplier code for the purchase of indirect and trading goods. This will allow us to improve the integration of sustainability criteria in our strategic procurement processes and thus take on more responsibility along our supply chain, in cooperation with our partners. The new donation and sponsorship guidance document will help us to act even more responsibly across national boundaries as we play an active role in society. After all, we aim to use our skills and resources to make a positive contribution to the common good, beyond the scope of our core business.

»The independence as a family business
allows the PHOENIX group to pursue
long-term strategies in order to grow profitably.«

Sustainability integrated in all corporate processes

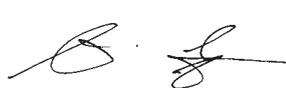
As a family business, we make decisions independently and pursue a long-term strategy in order to grow profitably through organic increases in revenue and targeted acquisitions. We make sure that our sustainability management policy always translates into our corporate acquisitions. Most recently, this can be seen in the takeover of MediQ Apotheken Nederland B.V. – one of the largest in the history of our company. It is therefore very important to us that we actively communicate our CSR activities. In the current year, we want to make our employees even more aware of – and passionate about – sustainability issues. This is the only way we can work together to achieve our CSR goals and succeed in growing sustainably as a company.



Oliver Windholz
Chief Executive Officer



Helmut Fischer



Frank Große-Natrop



Stefan Herfeld

EXECUTIVE BOARD OF THE PHOENIX GROUP

»It is our aim to grow sustainably – in all divisions of the company, in all of the countries in which we operate, and along our entire supply chain.«

Oliver Windholz
Chief Executive Officer



»Sustainability is a major consideration in our day-to-day decisions in retail. For example, there is a strong focus on waste prevention in pharmacies and energy efficiency in shopfitting.«

Stefan Herfeld
Retail





»The inclusion of data protection goals in our CSR target programme reinforces the central importance of this issue for the PHOENIX group.«

Helmut Fischer
Finance



»Our Warehouse Excellence initiative combines efficiency improvements with environmental impacts. It's a win-win situation.«

Frank Große-Natrop
Operations/Logistics

ABOUT THIS REPORT

This report provides information about the PHOENIX group's sustainability activities and relates to the fiscal year 2016/17. In its reporting, the company is guided by the recommendations of the Global Reporting Initiative (GRI G4) and the "Core" option.

Reporting principles

G4-13, G4-17, G4-22,
G4-23, G4-28, G4-29,
G4-30, G4-32, G4-33

The PHOENIX group publishes one sustainability report per year. This report relates to the fiscal year from 1 February 2016 to 31 January 2017 and thus builds on the Corporate Social Responsibility Report 2015/16. It describes the development and the results of the PHOENIX group's CSR activities and includes the key performance indicators (KPIs) from all of the subsidiaries and their domestic affiliates for the third time running. All of the key figures can therefore be shown in a three-year comparison for the first time. The report also features company-specific indicators that are significant to the distribution of pharmaceuticals. Through the use of examples, the report shows how the PHOENIX group has played a positive role in the progress made and how it has avoided or reduced negative impact.

G4-20, G4-21

The PHOENIX group's materiality analysis was used to select the most important topics with the most relevance for the stakeholders. These topics are based on the analysis of the environmental, social, and economic consequences that arise both inside and outside the PHOENIX group. The sustainability report thus covers both areas, such that the only CO₂ emissions originating outside the PHOENIX group – contained in Scope 3 – stem from transport activities by subcontractors.

Structure of the report

This sustainability report is divided into the same four core sections that are used to describe the PHOENIX group's areas of responsibility:

- Value creation
- Environment
- Employees
- Society

In the "PHOENIX group assumes responsibility" section, the report explains how the processes are controlled and integrated within the company. The "Facts and figures" chapter presents the consolidated performance indicators compared with the two previous years and provides information on the company's progress. The GRI index at the end of the report summarises the essential aspects and indicators.

Key definitions

G4-22, G4-23

The term PHOENIX group refers to the entire PHOENIX group as depicted in the annual report. In the reporting period, the company has grown through the following significant acquisitions: Mediq Apotheek Nederland B.V. in the Netherlands, the pharmaceutical wholesaler Farmegra d.o.o., and the national pharmacy chain Apoteke Lijek PZU in Montenegro, as well as the Hungarian company Novodata Zrt., a provider in the goods management and till systems sector. In relation to the environment, the key figures do not include data on the retail business; any deviations from the report boundaries for other key figures are indicated in the corresponding footnotes and in the GRI index. Countries are categorised by region. The terms CSR (Corporate Social Responsibility) and sustainability are used interchangeably in the report, as they are internally, and refer to responsible management in the three aspects of economy, environment, and society. Rounding has been made in the tables shown. The totals do not always add up exactly.

THE PHOENIX GROUP ASSUMES RESPONSIBILITY

SUSTAINABLE COMPANY MANAGEMENT IN ALL BUSINESS UNITS

- Market leader in European pharmaceutical wholesale
- Strong sense of responsibility in the supply chain
- Key sustainability topics underpinned by clear objectives
- Effective CSR management established internationally
- Leading in pharmacy retail in continental Europe

Profile of the PHOENIX group

The PHOENIX group, headquartered in Mannheim, Germany, is a leading company in European pharmaceutical distribution and one of the largest family businesses in both Germany and Europe. Its core business is pharmaceutical wholesale and pharmacy retail. Subsidiaries also operate in related business areas, and their activities complement the range of services available to the pharmaceutical industry, pharmacy IT systems, and logistic solutions. With more than 34,100 employees, the company makes a vital contribution to comprehensive healthcare.

The PHOENIX group operates in 26 European countries. As at the end of the reporting year, the PHOENIX group was operating 152 distribution centres and a total of 2,059 pharmacies under the BENU, Apotek 1 and Rowlands Pharmacy brands as part of its core business. It therefore has a wide geographic portfolio. As the group's largest market, Germany makes up around one-third of group revenue, amounting to approximately €24.4 billion in the fiscal year 2016/17.

In pharmaceutical wholesale, the PHOENIX group is number one in twelve countries and market leader in pharmacy retail in continental Europe. It operates its pharmacy retail business mainly in the United Kingdom, Norway, the Netherlands, Switzerland, Hungary, the Czech Republic, Slovakia, Serbia, Montenegro and the Baltic states. Moreover, it offers its expertise as a logistical service provider with the service brand All-in-One to companies in the pharmaceutical industry. Its strong brand portfolio sets it apart in this respect.

Corporate mission statement defines values

The corporate mission statement of the PHOENIX group plays a key role in our daily activities. It makes the PHOENIX corporate philosophy, vision, mission, strategy, and values transparent. As a family business, we are independent in our decision-making and pursue a long-term strategy. Our vision of being the best integrated healthcare provider – wherever we are – can only be achieved with motivated and loyal employees. Their day-to-day work contributes to the overall success of the PHOENIX group, allowing us to fulfil our responsibilities, both now and in the future.

Sustainable standards in purchasing and the supply chain

The PHOENIX group takes the whole supply chain into consideration in its approach to corporate responsibility. It focusses on its role as the link between manufacturer and patient and thus ensures a reliable supply of drugs and medical products. At the same time, we also take into consideration our relationship with direct suppliers, who provide key products and services for our corporate processes.

G4-3, G4-4, G4-5, G4-6, G4-8, G4-9, G4-10, G4-17



Further information can be found on the introductory pages and in the current annual report on page 39 ff.

G4-56



Further information: <https://www.phoenixgroup.eu/en/company/corporate-philosophy/>

G4-12, G4-14, G4-57

PHOENIX WITH A PRESENCE IN WHOLESALE AND RETAIL

- Wholesale and retail (in 13 countries)
- Wholesale (in 26 countries)



Wholesale

Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, France, Germany, Hungary, Kosovo, Macedonia, Norway, Poland, Serbia, Slovakia, United Kingdom



Estonia, Latvia, Lithuania, Finland, Sweden



Denmark



Italy



Switzerland



Netherlands



Retail

Norway



United Kingdom



Czech Republic, Estonia, Hungary, Italy, Latvia, Lithuania, Netherlands, Serbia, Slovakia, Switzerland



PHARMACY COOPERATION PROGRAMMES



Estonia



Latvia



United Kingdom



Germany



Czech Republic



Slovakia



Austria



Hungary



France



Croatia



Italy



Bosnia and Herzegovina, Bulgaria, Macedonia, Serbia



In Germany, PHOENIX Pharma-Einkauf GmbH (PPE) is responsible for the procurement of trading goods. In terms of general procurement, PPE also manages the group-wide purchasing of non-trading goods, such as capital goods and services, on behalf of the PHOENIX group and its subsidiaries. Material groups covering transport, maintenance and facility management services, materials handling, IT infrastructure, energy, and vehicles make up the highest procurement volumes in this respect.

See Glossary, page 68.

We maintain trusting and cooperative relationships with our suppliers. Our supply contracts ensure that our exacting standards are met in terms of price, quality, and availability. Furthermore, our contracts increasingly include business ethics clauses, which in some instances are even more far-reaching than the provisions of the authoritative Foreign Corrupt Practices Act (FCPA). With regard to those suppliers who are partners within our framework agreement, annual reviews take place on an ongoing basis and focus on quality assurance as well as implementation of innovations. Where necessary or required by law, we also carry out supplier audits.



The Supplier Code of Conduct can be viewed at: www.phoenixgroup.eu/en/responsibility/strategy-management/

In 2017, the PHOENIX group implemented the recommendations of a group-wide working group and incorporated a series of sustainability criteria into its strategic procurement processes. These include the adoption of the group's own Supplier Code of Conduct for the procurement of indirect goods and trading goods. Compliance with these guidelines will be an important decision-making tool in awarding contracts to our suppliers and service providers. In the Supplier Code of Conduct, we call for the recognition of the United Nations' Universal Declaration of Human Rights, which encompasses a ban on child and forced labour and all forms of discrimination, as well as the right to observe regulated working hours and the right to freedom of association for the protection of workers' rights. We strongly insist that our business partners also commit to ensure occupational health and safety for their employees, to combat corruption, to make continuous improvements to their environmental footprint, to guarantee data protection, and to observe relevant social, ethical, and environmental standards, as well as encourage the same from their suppliers. The PHOENIX group reserves the right to verify whether or not its suppliers are observing the Supplier Code of Conduct.

G4 - HR12

THE PHOENIX GROUP PROTECTS HUMAN RIGHTS

The PHOENIX group considers compliance with human rights to be an important aspect of corporate social responsibility. We rigorously abide by the United Nations' Universal Declaration of Human Rights and have also made it incumbent upon our partners along the entire supply chain that they follow our lead.

Possible human rights violations can be reported by internal and external parties via the international compliance whistle-blower system. Any such reports will be systematically investigated. In the reporting year, there were no reports of violations of this kind.

Sustainability integrated in all levels of the company

For the PHOENIX group, corporate success and social responsibility go hand in hand. We have set ourselves the goal of integrating sustainability-oriented principles in all quality management processes and in our cooperation with customers, business partners, and employees. We plan to gradually extend this process to all of our company's subsidiaries. This also applies to newly acquired businesses, which we include in all social and environmental sustainability objectives.

G4-16

It is the internationalisation of our markets and varying conditions in the countries in particular that represent a significant challenge in this regard – a challenge we are meeting with a management structure established across the group, a CSR programme, and binding targets.

Since the markets we operate in are partly very diverse, we continue to deal with most issues at a local level in accordance with our slogan "Think together global – act local". It is all the more important that we continue to intensify the cooperation between our subsidiaries, exchange best practices, and learn from our colleagues at other sites. At the same time, we are pushing ahead with group-wide initiatives, which are successful examples of the centralised coordination of sustainability issues, such as the employee survey, PHOENIX Pharmacy Partnership, and the Europe-wide talent management programme.

In view of our further development in the field of sustainability, we are also benefitting from external expertise in our industry and are involved in working groups related to the European association [GIRP](#) and in national associations on the spot.

See Glossary, page 68.

Four areas of responsibility linked to management approaches

Our corporate mission statement forms the basis of our CSR strategy. Our work is carried out to the highest possible quality standards, going beyond merely satisfying applicable laws and directives, and is guided by keen cost awareness.

Value added for customers and the company

In terms of value creation, our established management systems have encompassed comprehensive quality management for a long time. This includes a regular assessment of customer satisfaction, observing guidelines for [good distribution practice \(GDP\)](#), as well as complying with statutory regulations on handling medicines. We are already working intensively to prepare for the drug safety guidelines that will need to be observed in the future. Other key areas of focus include abiding by compliance guidelines and ensuring data protection across Europe. In the past year, we launched PHOENIX Pharmacy Partnership, the largest European network for pharmacy cooperation programmes, counting more than 9,000 pharmacies in 15 countries with 12 local brands.



See page 20 ff.

See Glossary, page 68.



See page 11.

Environmental protection

We are successfully pushing ahead with our measures to reduce pharmaceutical waste and are gradually edging closer to our objective. As a result, we are not only conserving natural resources, but also significantly reducing costs for our company. In relation to all processes, we put an emphasis on high levels of [energy efficiency](#) and increase the use of renewable energies. The figures indicating our greenhouse gas emissions show us the progress we have made with regard to climate protection – and the opportunities for improvements. We particularly focus on modern, energy-efficient building technology and future-oriented transport logistics, which will reduce fuel consumption and the associated CO₂ emissions.



See page 30 ff.

See Glossary, page 67.



See page 40 ff.

Supporting employees

Our employees are the backbone of our success – and our most important resource. It is our aim to create an attractive and secure work environment for all employees of the PHOENIX group. We are investing in international programmes for further training, in talent development, and in occupational health management, through which we aim to achieve a significant reduction in the illness rate. Moreover, we are using the results of our first company-wide employee survey to work together with our employees to implement improvement measures, which contribute towards strengthening our employer brand. Through various communication measures, we are also supporting the integration of Mediq employees into the PHOENIX group.



See page 50 ff.

Commitment to society

Regarding our responsibility to society, we have been making long-term investments in charitable projects all over the world and supplement this through funding local and regional activities in the vicinity of our sites. We focus on measures relating to children's health and on promoting scientific advances in pharmaceutical research. In order to improve the coordination of these activities between countries and to consolidate them, we introduced a donation and sponsorship guidance document during the reporting year. This document will form the standard for the future activities of all companies within the PHOENIX group.

Group-wide CSR targets

To derive the specific measures to be taken within these areas of responsibility, the PHOENIX group has extended its group-wide targets in 2016/17:

Target	Due	Status	Comments
Reduce costs of pharmaceutical waste by 10% compared to 2014/15 ¹⁾	2018/19	■	Page 31 ff.
Reduce group-wide sickness rate from 4.47% (2014/15) by 1 percentage point ²⁾	2018/19	■	Page 48 f.
Improve employee loyalty by implementing a group-wide employee survey ²⁾	2015/16	■	Page 47
Training of employees within the focus group (approx. 10% of staff) on compliance guidelines	2016/17	■	Page 18
Training of employees on data protection guidelines in Germany	2017/18	■	Page 28 f.
Introduction of group-wide data protection guidelines	05/2018	■	Page 28 f.
Group-wide training of employees on data protection, in particular on the new European General Data Protection Regulation	2018/19	■	Page 28 f.

¹⁾ The target definition refers exclusively to the PHOENIX group Wholesale business.

²⁾ Employee-related targets include the entire PHOENIX group.

■ Target launched ■ On-going ■ Target fulfilled □ Target not fulfilled

The PHOENIX group has defined company-wide targets within the four areas of responsibility and reinforced these by means of concrete measures. An explanation of these targets and their current status is provided in the relevant chapters of this report. The group-wide CSR system documents the degree to which the group targets are being met. Furthermore, country-specific goals have been defined that are binding for the local companies, which have introduced appropriate measures to drive forward progress on achieving these goals. The achievement of these objectives will also be monitored at country level.

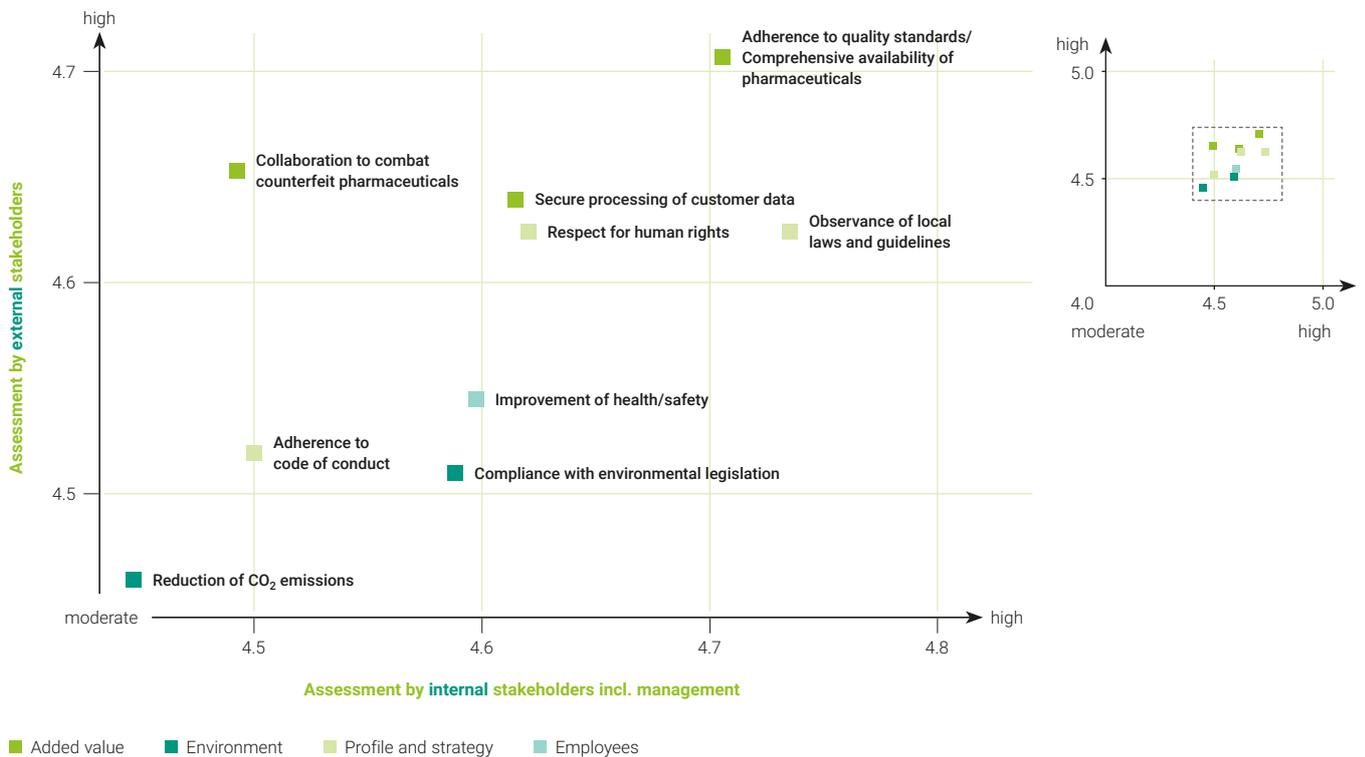
Materiality analysis establishes key action points

Corporate social responsibility (CSR) has been an integral part of the PHOENIX group’s corporate processes since 2012. To select the most important sustainability issues, we use a materiality analysis that was conducted in 2015 on the basis of the GRI G4 standard. The assessment took into account the expectations of internal and external stakeholders as well as the demands that the PHOENIX group places upon itself.

G4-18, G4-19

MATERIALITY MATRIX OF THE PHOENIX GROUP

G4-19



The ten key areas of interest illustrated in the matrix form the basis for the PHOENIX group to further develop its CSR topics. The corresponding elements of the GRI standard relate to those areas of interest for which the PHOENIX group reports at least one performance indicator.

See Glossary, page 69.

Stakeholders have a say on relevant CSR topics

G4-24, G4-25, G4-26

We are bound to our stakeholders by a dialogue-driven and cooperative partnership and their interests and expectations are amongst the key sources of information we use to establish CSR topics. When it comes to identifying key topics for CSR, we make reference to the stakeholder survey carried out across Europe in 2015, which was supported by more than 4,500 participants from amongst our employees, suppliers, customers, subcontractors, and other business partners. They were asked to rate the relevance of various sustainability issues from the four areas of responsibility. These issues were selected on the basis of the GRI guidelines, comparative studies with other companies, and our own analysis. We followed this by conducting further, separate discussions about the topics with internal managers from the PHOENIX group. The results were then evaluated in conjunction with the Executive Board.

Clear accountability in CSR management

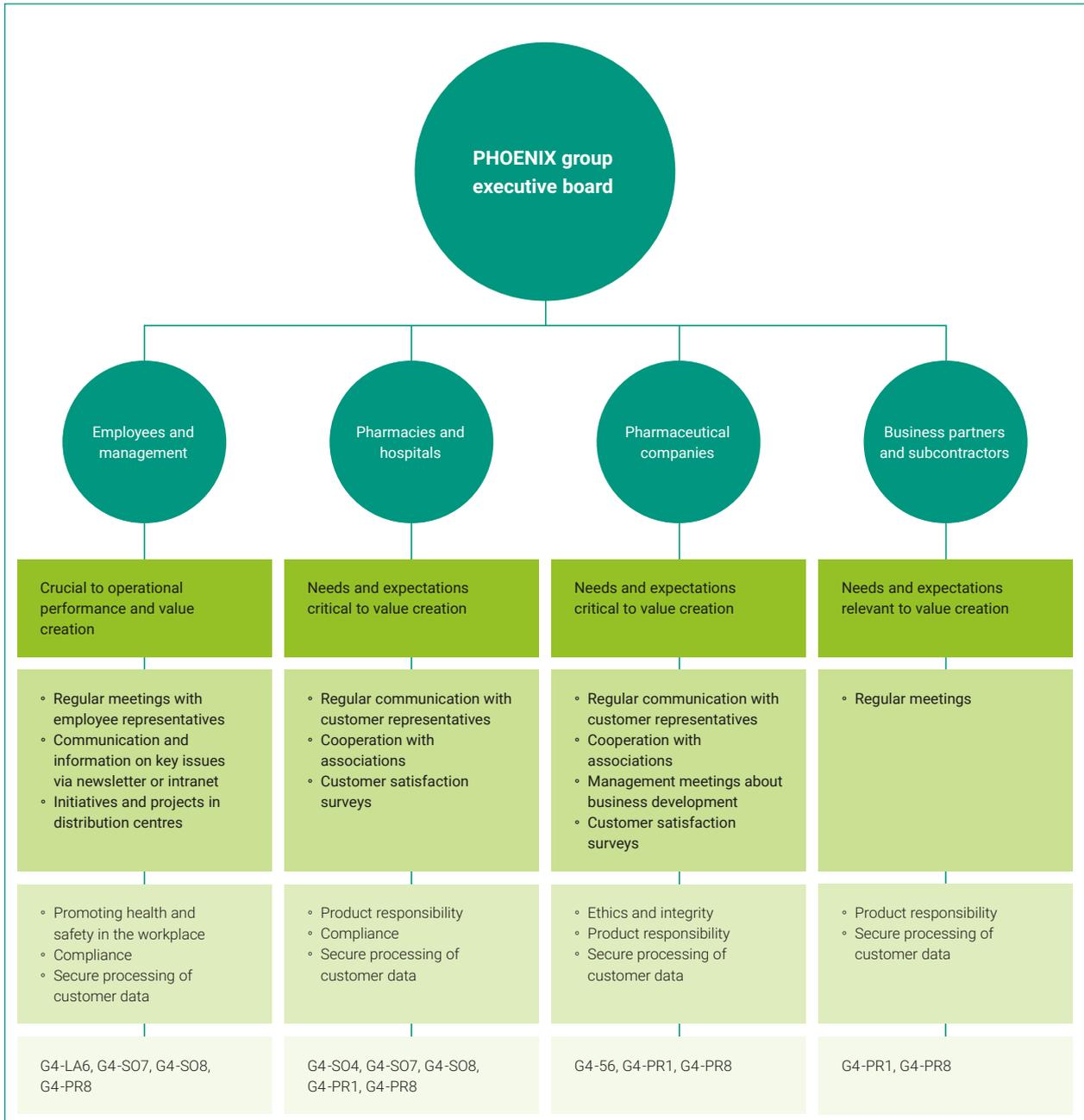
G4-31

The Chief Executive Officer of the PHOENIX group assumes the overall responsibility for CSR. It is his task to implement and manage CSR across the whole group. The group's CSR team, which is part of the Group Communications department, reports to him. The team acts as the central contact on all issues relating to corporate responsibility and is authorised to integrate them into the operational processes of the PHOENIX group.

Data relevant to CSR is compiled by local employees responsible for CSR in the subsidiaries. The PHOENIX group's CSR team checks the data for completeness, reliability, accuracy, and clarity before it is published. Thanks to the coordination by the group CSR team, those employees responsible for CSR regularly discuss important issues affecting the whole group and thus promote knowledge sharing across the company. So far, the main focus has been on optimising data collection and standardising the reporting processes.

STAKEHOLDER MANAGEMENT OF THE PHOENIX GROUP

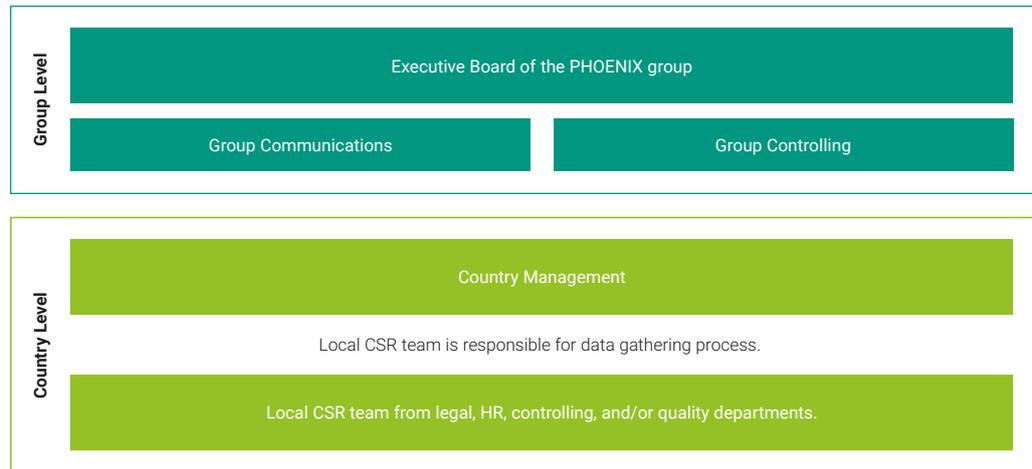
G4-27



- Basis for stakeholder selection
- PHOENIX group's approach to stakeholder engagement
- Key topics for stakeholder groups
- GRI indicators (This is relevant to indicators that are already reported this year and should be reported in the future).

If you have any questions, please contact :
 Stefanie Göndöcs,
 CSR Manager
 s.goendoecs@phoenixgroup.eu
 Phone: +49 621 8505 8503

CSR ORGANISATION WITHIN THE PHOENIX GROUP



Compliance supports business activities conforming to the rules

G4-56, G4-57

Compliance is an important element of the PHOENIX group’s corporate culture. Responsible and compliant behaviour are of great significance to us – both for our corporate success and for our relationship with customers, business partners, and other stakeholders.



Further information:
www.phoenixgroup.eu/en/company/compliance/

Compliance at the PHOENIX group rests on three pillars: our anti-corruption guidelines, competition compliance policy, and code of conduct. This is substantiated by the corresponding management system with its organisational and procedural elements. A further pillar – sanctions compliance – is currently being added to the PHOENIX group’s compliance system. It includes, amongst other elements, an appropriate automated testing system for checking PHOENIX business partners based on sanctions lists.

G4-S04

To put these steps into operation, the PHOENIX group has established a group-wide compliance organisation, complete with the necessary processes, and has appointed local compliance managers in all countries.

Focus group has undergone compliance training

G4-58

By providing transparent communication and regularly training our employees, we are establishing the compliance guidelines throughout the entire organisation and in its business processes. Through e-learning modules and in-person training sessions, the relevant employees learn about issues relating to anti-corruption, competition compliance, and the code of conduct.

See Glossary, page 67.

Employees who are in contact with customers or suppliers, or who have the authority to make business deals, as well as all managers are additionally receiving in-person training on compliance. Our objective to train all those employees in the 2016/17 reporting year has been achieved. From June 2017, we will provide advanced training, which will also cover the new area of sanction compliance. In addition, the PHOENIX group has access to an external, web-based whistle-blower system that is intended to facilitate anonymous reporting of possible risks or specific rule violations and is in active use.

CSR HIGHLIGHTS 2016/17

9,000

Network In the past year, we created the largest umbrella for pharmacy cooperation programmes in Europe. Today, more than 9,000 pharmacies and a large number of pharmaceutical manufacturers are already benefitting from the association. Further information can be found on page 25.

CODE

Supply chain In future, we will require that our suppliers and service providers comply with a Supplier Code of Conduct for the procurement of indirect and trading goods. This code is based on internationally recognised social, ethical, and environmental standards. Further information: <https://www.phoenixgroup.eu/en/responsibility/strategy-management/>

-8%

Cost reduction As a result of training measures and the exchange of best practices, we have succeeded in reducing costs for pharmaceutical waste by more than 8 per cent over the last two years. This means that we are well on our way to reaching our company-wide CSR goal of achieving a 10 per cent cut by 2018/19.

INTEGRATED

Acquisition strategy With the acquisition of Mediq, we have become one of the leading players in the Dutch healthcare market – and are thus a model for integrated supply chains. Further acquisitions in Montenegro and Hungary are also strengthening our company.

Involvement

Employees After our first company-wide survey on employee satisfaction, we initiated more than 140 follow-up projects, the majority of which we have already implemented. Our focus has been on issues relating to leadership, communication, change management, and further training.

Research

PHOENIX Pharmaceuticals Science Award For the twentieth time, we have awarded total prize money of €40,000 to outstanding projects in the field of pharmaceutical research. The award is one of the most prestigious prizes for pharmaceutical researchers in the German-speaking world. Further information: www.phoenixgroup.eu/en/company/science-award/

Quality, safety, availability, service. We are just as familiar with these key elements of our industry as we are with the markets in which we operate. This has made us a leading pharmaceutical trader in Europe.





01

VALUE CREATION

SUSTAINABLE GROWTH STRATEGY SUPPORTS OUR GOAL OF BECOMING THE BEST INTEGRATED HEALTHCARE PROVIDER

- Strong customer focus and quality provide a sound basis
- PHOENIX Pharmacy Partnership: Europe's largest network
- Quality management system aims for a high level of drug safety
- Greater focus on data protection

Our markets are subject to constant change. It is therefore all the more important that our company remains highly stable and flexible at the same time. The PHOENIX group is enhancing its approach to economic responsibility by continuously expanding its portfolio and accelerating the process of group-wide cooperation. In doing so, the company is working against the current driving forces in our business: further cutbacks resulting from the changing political environment in many healthcare systems as well as the increasing pressure on margins in wholesale and retail.

The essential issues for our own value creation are, in particular, adherence to quality standards, comprehensive availability of drugs, secure processing of customer data, and combatting counterfeit pharmaceuticals. We take these points into account in a number of ways. Through our strict quality management system, we ensure the high level of quality and safety for our products and services. We comply with legal requirements – especially the guidelines for good distribution practice (GDP) – and are involved in the field of drug safety. Moreover, we continue to expand our data protection activities.

G4-14

See Glossary, page 68.

The PHOENIX group bears special responsibility, primarily due to its size and economic strength. It is now one of the top 30 companies in Germany and one of the top 100 in Europe. In the German federal state of Baden-Wuerttemberg, where our group headquarters are located, our company ranks fifth in the 2015 list of the 50 companies with the highest revenue. Furthermore, in October 2016, the Foundation for Family Businesses named the PHOENIX group as one of the ten most important family businesses in Germany. When weighted according to revenue, we are ranked third in Baden-Wuerttemberg and sixth in Germany.

A strategy focussed on growth and cost efficiency

A customer-oriented corporate culture, strict cost management, and profit-oriented growth – these are the pillars on which the PHOENIX group's growth strategy is built. Our ultimate goal is to create value for our company and our stakeholders on a sustainable basis. Market leadership and efficiency are therefore top priorities. We want to grow organically as well as through acquisitions, and aim to consistently strengthen our position in pharmaceutical wholesale, pharmacies, and complementary services. We are also making targeted investments in technology and automation, thereby increasing efficiency and productivity.

See Glossary, page 67.

In the process, we are continuously implementing best practices across Europe in all business units. In addition to group-wide initiatives, we are most notably benefitting from process optimisation measures carried out successfully on a local basis, which then serve as a starting point for improvement measures in other countries. The local expertise within the PHOENIX group allows us to take better account of the national and regional differences that exist in the European pharmaceutical markets.

Consolidation of leading position

In the fiscal year 2016/17, the PHOENIX group was able to further expand its market position as a leading pharmaceutical trader in Europe and successfully develop its business. Although conditions remained challenging, we succeeded in growing significantly more strongly than the market as a whole. Revenue in the reporting year increased by 5.1 per cent to €24.4 billion and total operating performance, the key figure relevant for pharmaceutical wholesalers, rose by 6.1 per cent to €30.2 billion. The acquisition of Mediq Apotheken Nederland B.V. made a large contribution to these figures. In contrast, earnings before interest, taxes, depreciation, and amortisation (EBITDA) decreased in the past year from €495.4 million to €417.8 million. This is mainly owing to the great pressure on wholesale margins in Germany and in the United Kingdom and to negative foreign exchange rate effects.

See Glossary, page 69.

On the other hand, we have registered positive results from our Warehouse Excellence and Indirect Procurement initiatives and intend to pursue these programmes in the long term. We anticipate annual savings on the basis of the newly created Group Sourcing division. The Warehouse Excellence initiative is now established in all countries and is part of our continuous improvement process. Moreover, we work on making improvements to the quality and efficiency of our IT processes and to optimise our business processes.



See focus theme, page 25.

In the past year, we reached an important milestone with the launch of the largest network for pharmacy cooperation programmes in Europe: PHOENIX Pharmacy Partnership. Through this network, we are offering more than 9,000 pharmacies in 15 countries and pharmaceutical manufacturers across Europe customised solutions to suit their individual needs. In the retail business unit, we are also embarking on a new path with the development of a European own brand. In the course of 2017, we launch LIVSANE, our first Europe-wide category brand for all pharmacies and will continue to expand this product



Investing in the future. We are increasingly digitising processes and expanding our sites throughout Europe.

range selectively. We are reacting to the growing trend towards digitisation by opening and expanding our own online stores, such as in Norway and the Czech Republic. In Pharma Services, we expanded our Central Eastern Europe (CEE) Bridge network with the addition of a further hub in Belgrade, which was commissioned in November 2016.

Major acquisitions successfully completed

As part of our strategy of targeted acquisitions, we achieved important successes in the fiscal year 2016/17. Payments for acquisitions amounted to €328.6 million; cash received from divestments totalled €33.4 million. Major company acquisitions in the last year included the takeover of Mediq Apotheek Nederland B.V. by the Brocacef Groep NV in the Netherlands. Alongside pharmacies and the pharmaceutical wholesale business, this takeover also includes pre-wholesale activities – an important step on our path to becoming an integrated healthcare provider. The result of this acquisition is the formation of a leading player in the Dutch healthcare market. Furthermore, we are bringing together the best practices of Mediq and Brocacef and are applying them to the entire supply chain.

See Glossary, page 69.

In October 2016, we also took over the pharmaceutical wholesaler Farmegra d.o.o. and the national pharmacy chain Apoteka Lijek PZU in Montenegro. Our market position was thereby significantly expanded. In addition, the Hungarian company Novodata Zrt., a provider of goods management and till systems to pharmacies, has been part of the PHOENIX group since May 2016 and helps to strengthen our expertise and market position.

Investments in logistics

In order to remain competitive and to continue its growth, the PHOENIX group also makes future-oriented investments. We have signed off on an extensive Europe-wide investment programme to which we committed €165.2 million in the fiscal year 2016/17 alone. The projects include the largest logistics centre for pharmaceutical products in Scandinavia, two hubs, innovative picking technology, and a brand-new distribution centre. As part of the Skårer project, we have been implementing new automation technology in Norway since January 2016, which is helping us to achieve a high level of storage density and make significant improvements in productivity. The innovative system is one of the most technologically advanced in warehouse logistics and is already operating successfully at various PHOENIX group sites. A similar project is scheduled to commence in June 2017 in Gothenburg, Sweden.

In October 2016, the construction phase of project ONE got underway in Denmark. The largest and most modern logistics centre for pharmaceutical products in Scandinavia is being constructed in Koge, south of Copenhagen. This fully automated warehouse will soon provide space for more than 50,000 pallets. During the construction process, the focus is on safety, quality, and efficiency. With this new facility, we will be able to substantially reduce the risk of counterfeit pharmaceuticals entering the supply chain and make medicines available quickly. In the United Kingdom, the completion of the logistics centre in Runcorn in early 2017 means we now have three hubs available that act as central warehouses. While the site in Birmingham is responsible for the southern region, Runcorn supplies northern England, and East Kilbride is the hub for Scotland. In Gotha, Germany, a new 10,000-square metre distribution centre has been under construction since October 2016. It is the most advanced of its kind to be used by PHOENIX in Germany.

Quality management provides the foundation for corporate success

G4-15, G4-PR1

It is only with impeccable quality in the supply chain that the PHOENIX group can guarantee a safe and reliable supply of pharmaceuticals. This extends from product storage in accordance with regulations to accurate deliveries to pharmacies and hospitals through to optimal product availability for end consumers. To this end, all of the companies in the PHOENIX group follow the guidelines for good distribution practice (GDP) as published by the EU. Against this background, they must operate effective quality assurance systems to ensure that medicinal products are stored, handled, and distributed in accordance with country-specific legislation. This is regularly checked by means of internal audits and external inspections by the appropriate authorities. In accordance with GDP requirements, quality management at the PHOENIX group is based on risk. Persons responsible for the implementation of the GDP guidelines have been designated in all of the subsidiaries.

See Glossary, page 68.

All subsidiaries of the PHOENIX group comply with the European GDP guidelines and local regulations.

G4-16

In our industry, the issue of drug safety plays a particularly important role. We are therefore involved in various associations and initiatives across Europe, such as the [securPharm](#) project. In collaboration with other market partners from the industry, the wholesale sector, and pharmacies, this scheme aims to develop a functioning authentication system for prescription-only drugs by 2019. In addition, the PHOENIX group is also active on a European level via the European wholesalers' association GIRP. We are actively supporting the European Medicines Verification Organisation (EMVO) and monitoring the implementation of the [Falsified Medicine Directive \(FMD\)](#) very closely in all PHOENIX countries. The shared goal of all market participants is to protect the legal supply chain more effectively against counterfeit drugs. Training courses guarantee that quality management (QM) is assured throughout the organisation.

See Glossary, page 69.

See Glossary, page 68.

See Glossary, page 68.

Effective management systems established

One of the main challenges that we currently face in the field of quality management is the implementation of the new Falsified Medicines Directive (Regulation (EU) 2016/161), which will come into force on 2 October 2019. We have made preparations for these stricter standards in good time and have put the relevant technical groundwork in place throughout the entire group. Furthermore, official inspections result in a constant stream of new requirements that have to be taken into consideration. These include, for example, IT validation, audits of GDP-relevant external service providers, and the introduction of a strict deviation management system.

IN FOCUS

PHOENIX Pharmacy Partnership

Transnational cooperation is a recipe for success



Segrate is a community of 35,000 people in the Milan metropolitan area. The pharmacy run by Sara Zucca is located at the heart of the town centre. It boasts a rich history, having been family-owned for over a century. To allow her team to concentrate fully on looking after patients, she decided many years ago to become a member of Valore Salute, the pharmacy cooperation programme of the PHOENIX group's Italian subsidiary. The service supports the pharmacist in areas such as marketing, sales promotion, technology, and further training.

LARGEST NETWORK FOR PHARMACY COOPERATION IN EUROPE

Sara Zucca's pharmacy is just one of many examples that demonstrate how the PHOENIX group is cooperating with its customers in 15 European countries as part of PHOENIX Pharmacy Partnership. We launched the European umbrella in 2016 and today more than 9,000 pharmacies in 15 countries benefit from these synergies and exchange of knowledge. With the slogan "Access to success", PHOENIX works in close association with the 12 local brands – providing an ideal platform for the exchange of knowledge and experience across borders. Besides independent pharmacies, patients and the pharmaceutical industry benefit from Europe's largest network too:

Patients receive a better service. On account of the more than 9,000 member pharmacies belonging to PHOENIX Pharmacy Partnership, we have millions of patient contacts every year. As a result, we are in tune with the wishes and requirements of pharmacy customers. This experience provides a solid foundation for local services that are performed safely and professionally and for the development of pharmaceutical products that meet the needs of customers.

We offer **drug manufacturers** competitive advantages through effective product management, direct access to the point of sale in thousands of pharmacies, and services along the entire pharmaceutical supply chain. With this expertise on their side, manufacturers can concentrate on their core business: developing outstanding pharmaceuticals and health products.





Always there for the customer. Whether in pharmacies or on the wholesaler hotline, we provide a professional response to our customers' questions.

See Glossary, page 69.

In accordance with the DIN EN ISO 9001:2015 standard introduced in autumn 2015, we have integrated our quality management system in Germany even more closely into the organisation's strategic orientation and expanded the target groups. In Germany, we have also been awarded organic certification (EU Organic Products Regulation). This means that organic products may be traded as such and their proper usage is guaranteed.

With the Track & Trace system, the delivery quality of PHOENIX will be improved even further.

The Track & Trace system trialled in a pilot project during the previous year has been almost fully rolled out at PHOENIX Pharmahandel GmbH, allowing real-time tracking of each item being transported by the PHOENIX group. With this innovative delivery tracking system, which we are the first pharmaceutical wholesaler in Germany to implement, we are increasing the level of transparency in a logistics system that features increasingly complex processes and networks. By constantly logging goods movements with scanners that are used to read the barcodes of transported items at each key stage of the journey, we are not only improving delivery quality, but also preventing transported items from being overlooked or mixed up. Track & Trace is currently being introduced nationwide in our Swedish subsidiary.

State-of-the-art logistics from transmed

Our subsidiary responsible for transport, transmed, is also keeping up with the innovations on the market and is expanding its fleet of pharmacy vehicles to meet the demand. With "transmed GDP Solutions" – a service provided under the PHOENIX umbrella brand All-in-One – the organisation has been offering the pharmaceutical industry a wider range of GDP-compliant transport solutions since summer 2015. The service centres on the direct, timely distribution of pharmaceutical products from manufacturers to pharmacies, hospitals, and wholesale distributors.

To this end, the company first made modifications to its air conditioning systems and undertook renovation measures in its three central hubs, as well as extending the track-and-trace system already in use for overnight deliveries to also cover deliveries made during the day. In order to make sure that transportation across Germany does not adversely affect the quality of temperature-sensitive drugs, special pharmacy vehicles are utilised. These specially insulated vehicles are equipped with air conditioning in the cargo area and calibrated online temperature monitoring.

In other countries too – such as Hungary, Slovakia, and Serbia – all delivery vehicles are temperature-controlled and specially insulated to fulfil the demands of the GDP guidelines. In Sweden, the Netherlands the Czech Republic, Bosnia and Herzegovina, and Croatia, all transport vehicles have already been fitted with temperature monitoring systems. Other subsidiaries, including those in Italy and the United Kingdom, are running pilot projects to improve temperature management during transport and to introduce new vehicles.

Customer satisfaction is regularly assessed

As stated in our corporate mission, the needs of our customers are at the heart of our business. Regular customer surveys in all countries help to maintain a strong customer focus and consequently a high level of customer satisfaction.

Timely insight into the needs of our customers through regular customer surveys in all subsidiaries.

In the course of the past year, we conducted surveys of wholesale customers in countries including the Netherlands, France, Switzerland, and Hungary. Amongst the subjects covered were customer retention, distribution issues, operational processes, complaint management, and current topics such as the PHOENIX group's new pharmacy services. We have also recently added the trend barometer, which pharmacies use to assess the current and future economic situation.

Regular surveys of customer opinions in all of the countries in which we are represented in the wholesale sector reveal that the number of extremely or very satisfied customers is on the rise. Customer loyalty to PHOENIX has likewise grown in our subsidiaries.

With an exceptionally high customer satisfaction rating of 92 per cent – well above the market average – our Danish subsidiary continues to maintain a comfortable lead over the rest of Europe.

All opinion polls give us important insights regarding our strengths and weaknesses. We can use this information to derive specific recommendations and optimisation measures, the success of which is then examined in follow-up studies. Europe-wide pharmacy cooperation programmes from the PHOENIX group also provide important stimulus for improving customer retention.

Our Norwegian subsidiary has obtained encouraging survey results as well. In the Apotekbarometeret (pharmacy barometer), which is published twice a year, it ranked first in the past year. In other words, its customers were very satisfied. Moreover, in 2016, the Norsk Kundebarometer (Norwegian customer satisfaction index) revealed that Apotek 1 is not only the best pharmacy chain in the country, but also the best retailer in Norway. Every year, the survey investigates the level of customer loyalty and satisfaction enjoyed by Norway's largest companies.



Ongoing exchange. We keep our employees up to date on issues such as data protection through training and group-wide teamwork.

Data protection is increasingly important

G4-PR8

Data protection – protecting individuals from the misuse of personal data – is an issue that the PHOENIX group has been giving increased attention for a number of years. It is particularly important that we maintain a constant overview of the ever-changing parameters arising due to new laws, directives, technology, and court rulings. The PHOENIX group is represented in the German Association for Data Protection and Data Security (GDD), for instance, and regularly exchanges ideas and information with other interested parties through this forum.

Observing new legislation

One of the main challenges that we currently face is the introduction of the European General Data Protection Regulation, which will come into force in May 2018. It will standardise the rules governing how companies and public entities across the EU process personal data.

In preparation, we are working closely and intensively with all subsidiaries to develop a Europe-wide concept for our data protection activities. Over the past fiscal year, we have thus put together a working group primarily consisting of data protection officers and employees from Group IT. We have set ourselves the goal of introducing group-wide internal data protection guidelines by May 2018 at the latest.

Cooperating closely across the group

The PHOENIX group has strengthened its transnational organisation in the field of data protection. The Group Data Protection Officer thus took on the additional function of Head of Group Data Protection in June 2016. In her role as a data protection officer, she acts independently, reports directly to the Executive Board, and is primarily responsible for ensuring the compliance with all regulations relating to data protection. In Germany, this includes adherence to the German Federal Data Protection Act (BDSG).

Many of the PHOENIX group's subsidiaries have their own data protection officers, whose role is to ensure that the applicable local statutory requirements for data protection are being observed and that no data is accessible to unauthorised third parties. In all of those countries that were previously without data protection officers, contact persons for data protection were assigned in 2016. Cooperation across Europe is coordinated by the Head of Data Protection through monthly telephone conferences, annual meetings, and other measures.

For the PHOENIX group in Germany, the data protection guidelines introduced on 1 March 2016 are key to safeguarding data protection. They contain general regulations on data protection in the workplace and ensure that personal data belonging to customers, suppliers, business partners, and employees is protected.

Employees receive comprehensive training

In order to emphasise the issue of data protection throughout the entire organisation, we are training our employees. As part of this training, they are acquiring basic knowledge about the Federal Data Protection Act. To this end, an online data protection training programme was developed and has been in use since March 2017. As a parallel measure, we have prepared a short presentation based on the e-learning course, which is being used in department or works meetings to train employees without access to a computer at work. It is our express goal that all employees in Germany will have received the appropriate training by the end of the fiscal year 2017/18.

Relevant online training on the General Data Protection Regulation is planned across the group for the fiscal year 2018/2019.

Efficiency and sustainability. We bring these terms to life and give them practical meaning for people and the environment through a variety of measures in our day-to-day work.





02

ENVIRONMENT

COMMITTED TO CONSERVING NATURAL RESOURCES

- Progress in reducing pharmaceutical waste
- Energy monitoring indicates potential for efficiency improvements
- Transparent reporting of CO₂ emissions
- transmed invests in climate-friendly logistics

Environmental protection is something the PHOENIX group takes very seriously. Our activities are focussed on effectively reducing pharmaceutical waste, a problem associated not only with ecological risks but also with high costs for our company. By implementing targeted measures, we are steadily coming closer to our company-wide CSR goal of cutting the cost of pharmaceutical waste by 10 per cent by 2018/19. These measures include staff training and information campaigns in our distribution centres as well as ideas and suggestions for improvements in line with the Warehouse Excellence programme.

We are constantly pursuing our commitment to energy efficiency and climate protection. Alongside extensive energy monitoring, figures giving an accurate measurement of the greenhouse gas (GHG) emissions we have produced show us where we can make further improvements. These areas primarily include energy-efficient building technology, resource-saving administrative processes, using energy from renewable sources, and implementing environmentally friendly logistics concepts.

G4-EN23, G4-EN27

Efficient use of resources protects the environment and cuts costs

The PHOENIX group transports and stores millions of pharmaceutical packages every day. In doing so, we are legally obliged to remove expired products or items with damaged packaging from the supply chain and to properly dispose of them as hazardous waste. For our company, the most effective way to improve this situation is to record the costs arising as a result of pharmaceutical waste.

See Glossary, page 69.



See focus theme, page 34 f.

Initiatives to reduce pharmaceutical waste

We want to prevent the production of pharmaceutical waste from the outset. Within the scope of quality management and in line with the GDP guidelines, we use standard practices and operating procedures to reduce the risk of damage to packaging as much as possible. First and foremost, this involves training of our employees in the distribution centres with special attention given to the careful handling of packages, visual inspections to check that packaging is undamaged, and the protection of products against extreme temperatures and humidity.

We regularly inform employees in team meetings about the cost of products that were damaged or had expired. As a result, we not only raise greater awareness among our staff, but can also directly compare the distribution centres on the basis of the cost analysis. The integration of this issue into the Warehouse Excellence programme is also playing an important role. In this context, we not only provide information about the causes of damage, but also encourage the application of those improvement ideas that target risk prevention. We are thereby fostering close cooperation between the subsidiaries and benefitting from best practices.

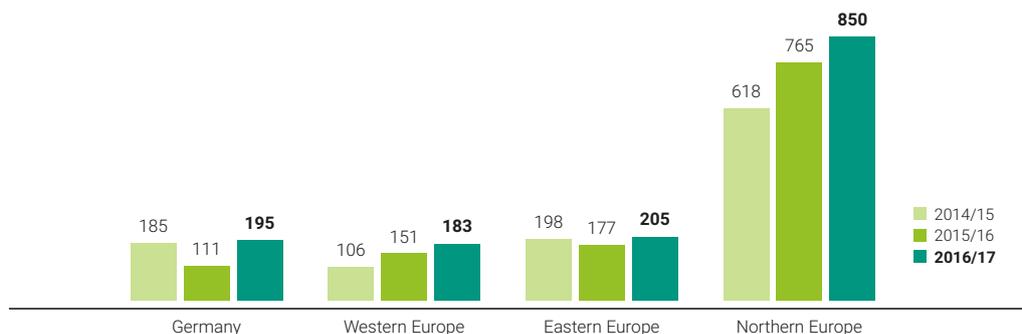
In the interest of reducing pharmaceutical waste caused by missed expiry dates, we are in constant communication with our partner suppliers in the industry. We thus aim to achieve better conditions for any reimbursement of costs and continue to minimise the number of defective deliveries.

Considerable progress made in reducing costs

We have set ourselves the target of reducing the cost of pharmaceutical waste by 10 per cent by 2018/19, in comparison with the 2014/15 figures. In the reporting year, the costs incurred amounted to €31.83 million, compared with €33.50 million in the previous year and €34.68 million in the reference year. This already equates to a cost reduction of around 8.2 per cent within two years. As a proportion of revenue, costs fell during this period from 0.15 per cent to 0.13 per cent in the reporting year. In order to maintain this positive trend, the country managers decided at their annual meeting in 2016 to cut costs by 30 per cent over the next three years.

PHARMACEUTICAL WASTE BY REGION

in tonnes



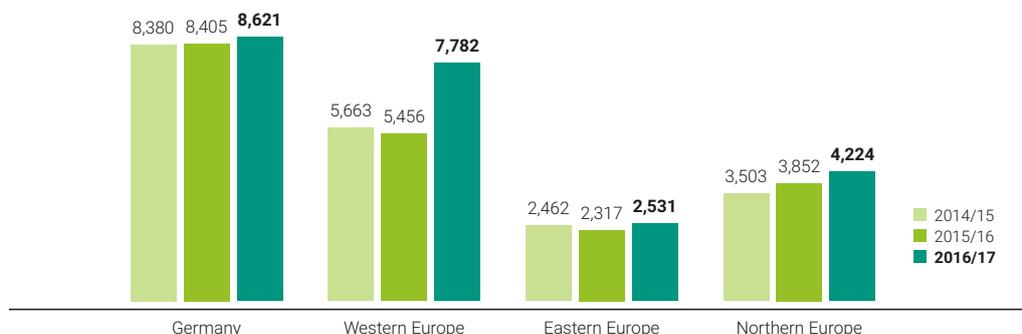
In contrast to the reduction in costs, our records show an increase in the amount of pharmaceutical waste. In the reporting period, we registered 1,432 tonnes of waste within the PHOENIX group – a rise of almost 19 per cent compared with the previous year. This is attributable to the increase in revenue as well as the integration of the Dutch company Mediq in the PHOENIX group. Consequently, the volume of transported goods has increased. Furthermore, patients in most countries return damaged and expired products to pharmacies. These products are then disposed of by wholesalers, which means that the amount of pharmaceutical waste cannot be fully controlled by our company.

High rate of recycling for non-hazardous waste

Besides hazardous waste, our company processes also generate other waste materials that are considered non-hazardous. These include plastics, paper and cardboard, waste from power generation, and mixed waste, which is properly disposed of by specialist partner companies. Overall, more than 23,100 tonnes of non-hazardous waste were produced in the reporting period. The majority of such waste is recycled in all of the subsidiaries of the PHOENIX group. As far as possible, we allow biodegradable waste to decompose naturally.

NON-HAZARDOUS WASTE BY REGION

in tonnes



IN FOCUS

Reducing waste: projects and initiatives Improving our efficiency across Europe

THE OBJECTIVE:

LOWER COSTS BY 10 PER CENT
THROUGH REDUCTION OF
PHARMACEUTICAL WASTE

HUNGARY



Intensification of measures

intended to avoid exceeding expiry dates and thus reduce the proportion of expired goods. Steps taken include:

- Ensuring that drugs are kept at the ideal refrigeration temperature when being transported and when being kept in cold storage
- Consistent tracking of batches

Regularly training employees and using a reward system as an incentive

NETHERLANDS



Raising awareness of the issue of waste prevention, for example by means of:

- Information events
- Logging the amount of waste produced by site in order to achieve specific reductions

Various modifications to warehouse organisation, including:

- Intelligent sorting and logistics processes to prevent damaged goods
- Optimised warehouse management with regard to expiry dates
- Improvements to goods picking and monitoring

FRANCE



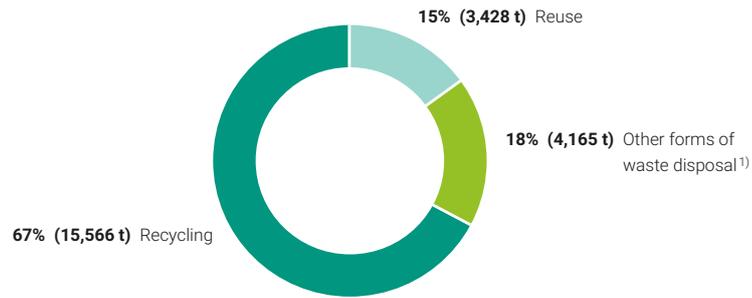
Improved communication

through various channels to raise awareness of the positive impact of waste reduction at PHOENIX

Optimisation of warehouse processes, including:

- Clear, straightforward signage
- Colour-coding of different product groups, such as fragile products, high-value goods, reusable packaging
- Organisation of waste areas
- Use of protective packaging for fragile goods

DISPOSAL METHODS FOR THE PHOENIX GROUP'S NON-HAZARDOUS WASTE



¹⁾ Including treatment plants and composting.

A step closer to the paperless office

The PHOENIX group also takes care to conserve natural resources in its administrative processes, harnessing the potential offered by digitisation, for example by reducing paper consumption. In Germany, our credit control department now mainly works with purely electronic files, which amounted to approximately 140,000 documents by the end of 2016. Before the digitisation project started in 2015, the department was still using 4,000 to 6,000 sheets of paper each month. Today, the quantity is only one-tenth of it. transmed is increasingly using an electronic document management system as well, such as for carrier records, customer files, and vehicle documents. PHOENIX Pharma Einkauf GmbH has also adopted this model and aims to introduce an electronic supplier record in 2017, which will naturally meet requirements for data protection and tamper-proof audit trails. Other business units are considering the implementation of this concept and the use of appropriate software.

WinTrip SaaS, the new travel expenses program introduced by the PHOENIX group in 2016, likewise facilitates a paperless workflow. In addition to replacing paper, it can also be used on a smartphone and allows travel expenses to be refunded efficiently.

Pressing ahead with energy efficiency and climate protection

G4-EN3, G4-EN6
See Glossary, page 67.

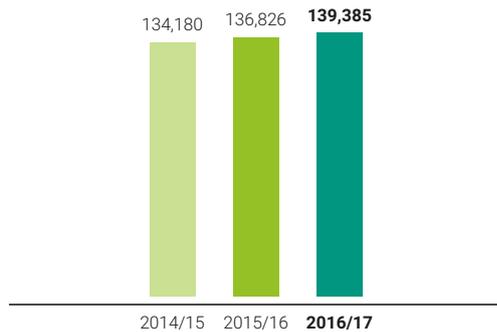
The PHOENIX group operates an extensive energy monitoring system for its buildings and is thereby following the European Union's Energy Efficiency Directive, which stipulates that energy audits must be carried out or energy management systems established. Since 2015, an energy auditor has been working in the PHOENIX group and initiating improvement processes and supporting their implementation. We are utilising these energy audits to advance suitable energy-saving measures. We are primarily concentrating on rolling out our LED modernisation programme, optimising the operation of ventilation systems, and training our employees in energy-saving behaviour.

See Glossary, page 67.

The amount of energy consumed in the form of electricity (+1.87 per cent) and district heating (+3.26 per cent) rose slightly in comparison with the previous year. While most of the PHOENIX group's subsidiaries were able to reduce their electricity consumption, the increase in our total operating performance, the integration of Mediq into our Dutch subsidiary, and the considerably higher number of newly opened pharmacies in Finland led to this growth in consumption at group level.

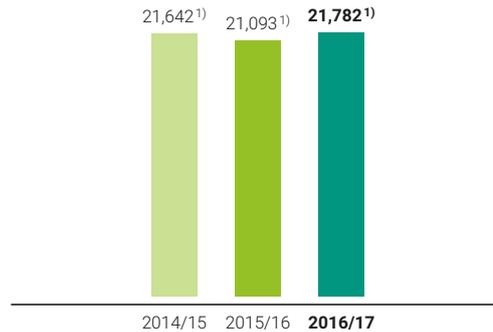
CONSUMPTION OF ELECTRICITY OF THE PHOENIX GROUP

in MWh



CONSUMPTION OF DISTRICT HEATING OF THE PHOENIX GROUP

in MWh



In Western European countries, heating gas and electricity are predominantly used instead of district heating.

¹⁾ Explanation of the deviating reported values in previous years: the Czech Republic used a different reporting unit in previous years' reports (GJ instead of MWh).

The PHOENIX group is constantly reviewing the benefits of renewable energy sources with the aim of improving climate protection. Some of our subsidiaries are already using photovoltaic equipment to generate electricity (e.g. in the Czech Republic) or biomass-fuelled heating systems (e.g. in Macedonia). Our Scandinavian business units have been obtaining their electricity exclusively from green sources since 2010.

We are also offering our employees new ways in which to make their very own contributions to climate protection. For example, employees in Germany have been able to lease bicycles in collaboration with the company JobRad since September 2016, thus avoiding emissions from transport. Promotional days were organised in the distribution centres which subsequently led to around 120 employees accepting the offer. The bikes can also be used for leisure and purchased after the end of the lease term at a price specified in the contract.

INNOVATION IMPROVES ENERGY EFFICIENCY AND SECURITY IN CONTAINER TRANSPORT

Before they are dispatched, all transport containers used by the PHOENIX group are fitted with a vacuum-sealed lid. Even if the container is not filled, the lid remains tightly in place. We have optimised this process such that the gripper arm goes into idle mode after ten minutes. The process of attaching the lid only starts once a container has reached a set point. Moreover, once the lid is attached, a securing strap is pulled around the box for the container to stay closed during transport. In

the past, two plates were used to heat-weld the ends of this strap together. The hot wedge required in this process needed a constant supply of energy in order to maintain the requisite high temperature. By contrast, the new technique employs ultrasound, meaning that contact heat is only generated for a very short time. This results in a substantial reduction in energy consumption. Overall, up to 88,000 kWh per year are saved with this new technical solution.

Decrease in CO₂ emissions

See Glossary, page 68.
G4-EN15, G4-EN16,
G4-EN17

The PHOENIX group keeps an annual record of the greenhouse gas (GHG) emissions produced by the company and this year's figures show a decrease of 5,3 per cent in comparison with the previous year. The reduction of CO₂ emissions could be achieved in scope 3. Despite increasing sales, some countries were able to reduce their transport emissions through environmentally friendly logistics concepts. In Sweden, for example, the partial use of biofuels contributes to this. The growth in Scope 1 and 2 is based on the effects of our overall energy consumption, as previously described, as well as from a slight modification to the energy mix, favouring the use of natural gas. In regional terms, the largest amount of harmful emissions was registered in Western Europe (including Germany), followed by Northern Europe and Eastern Europe.

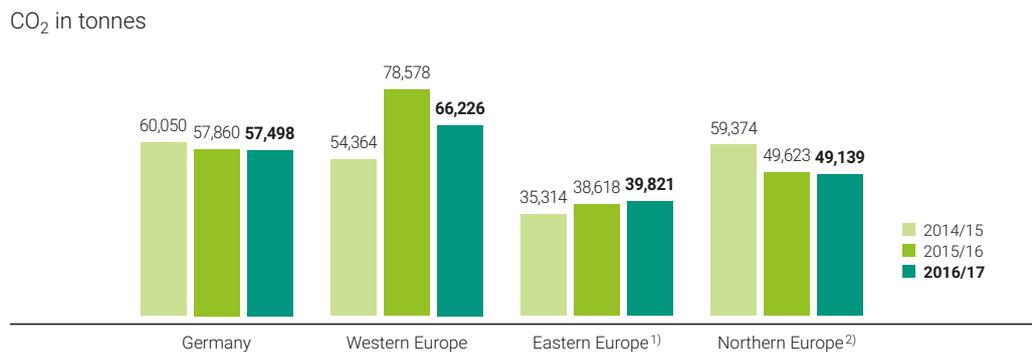
See Glossary, page 69.

Total GHG emissions (Scope 1 – 3)

CO ₂ in tonnes	2014/15	2015/16	2016/17
Scope 1 total	20,501	22,908	25,844
Scope 2 total ¹⁾	47,693	49,168	49,830
Scope 3 total ²⁾	140,907	152,603	137,009
Total GHG emissions of the PHOENIX group	209,101	224,679	212,683

¹⁾ Data adjusted for different reporting unit (see note under Consumption of district heating).
²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection.

TOTAL GHG EMISSIONS BY REGION (SCOPE 1 – 3)



¹⁾ Data adjusted for different reporting unit (see note under Consumption of district heating).
²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection.

Implementation of environmentally friendly logistics concepts

G4-EN30

As transport is responsible for a large proportion of the CO₂ emissions produced by the PHOENIX group, we are pushing ahead with our efforts to make our logistics efficient and environmentally friendly. Our focus is on maintaining a modern vehicle fleet and a transparent database, as well as an eco-efficient driving style.

On a daily basis, our subsidiary transmed makes around 7,000 trips with roughly 2,400 vehicles. It also offers transport vehicles for lease to its carriers. Thanks to short lease terms of less than 36 months on average, transmed has a modern fleet with fuel-efficient vehicles at its disposal.

COMPARISON OF OTHER EMISSIONS TO TRANSPORT EMISSIONS ¹⁾ OF THE PHOENIX GROUP



¹⁾ Own transports and transports by subcontractors.

Detailed vehicle database

transmed maintains a complete overview of its vehicles, including their features and consumption data. The company has been evaluating the annual mileage per branch since 2012, as well as information about the categories and types of vehicles, the engine and fuel types, and CO₂ emissions per kilometre.

Recently, the organisation has been receiving occasional requests from customers to provide information about CO₂ emissions per package. transmed will respond to these changing requirements and, in the reporting period, has already been working on ways of calculating the emissions data according to the mix of the fleet and routes as a function of the vehicle utilisation. First results from the project are expected at the end of 2017.

Raising awareness about eco-efficient driving style

transmed regularly informs its employees about fuel-efficient driving. Some of the most effective measures include switching off the engine when making a delivery, carrying out regular checks on tyre pressures and on the ignition system, using fuel-efficient engine oils and low-resistance tyres, ensuring optimal loading, and using air conditioning and heated seats sparingly.

Pilot projects for alternative fuels and drives

Tamro, the Swedish subsidiary of the PHOENIX group, has been involved in trialling eco-friendly fuels in conjunction with its logistics partners. This collaboration has focussed on the use of HVO100, a type of biodiesel that is extracted from waste materials such as used grease or cooking oils as well as vegetable oils from oil-bearing crops. HVO100 is thus obtained from renewable energy sources. Furthermore, the exhaust fumes do not contain sulphur or aromatics and no ash is produced in the combustion process. After the launch of the joint initiative, 18 per cent of all trips to pharmacies on behalf of the company in 2016 were made with vehicles using HVO100 fuel.

See Glossary, page 69.

The transmed branch in Hanover, Germany, participated in a pilot project to test whether or not electrically powered vehicles are able to cope with the practical requirements of pharmaceutical wholesale. Even though it appears that this is not yet the case due to intensive charging cycles, e-mobility is a subject that the company will return to in the future and one which will be regularly investigated.



Numbering over 34,000 across Europe, our employees are both the backbone and the future of the PHOENIX group. As a good employer, we value their commitment and offer targeted support for their individual strengths.



03

EMPLOYEES

CORPORATE CULTURE BASED ON DIALOGUE AND TRUST

- Forward-looking system of education and further training
- Talent management programme substantially expanded
- Active follow-up of the employee survey results
- Signs of success in reducing the illness rate

Motivated and committed employees are the backbone of the PHOENIX group's success. It is especially important to us that we systematically develop the potential of our employees and offer them the appropriate opportunities for education and further training. Through talent management and group-wide succession planning, we open up international career opportunities to our managers, because it is our aim to fill management positions primarily from within the ranks of the PHOENIX group.

Our corporate culture is shaped by the values enshrined in our corporate mission and our group-wide leadership guidelines. These values form the basis for personnel management and strengthen the common bond across the group. Open dialogue and regular feedback between managers and employees are amongst the key elements of our corporate culture.

The first group-wide employee survey conducted in 2015 gave us valuable ideas for a future-oriented HR strategy and inspired us to strengthen our employer brand. In the reporting year, our main focus has been on the systematic, internationally coordinated follow-up process alongside the definition of areas of activity and measures to be implemented in conjunction with our employees.

At group level and within each country, our company can rely on an effective HR organisation, which fulfils its role as a business partner with interfaces to all relevant business processes and is thus able to rise to the growing challenges. These include the shortage of skilled personnel, demographic change, and supporting work-life balance. The establishment of an occupational health management system is and will continue to be one of our most important objectives. With this initiative, we are taking another step closer to reaching our overarching CSR goal of reducing the illness rate in the company.

Positive development in employee numbers

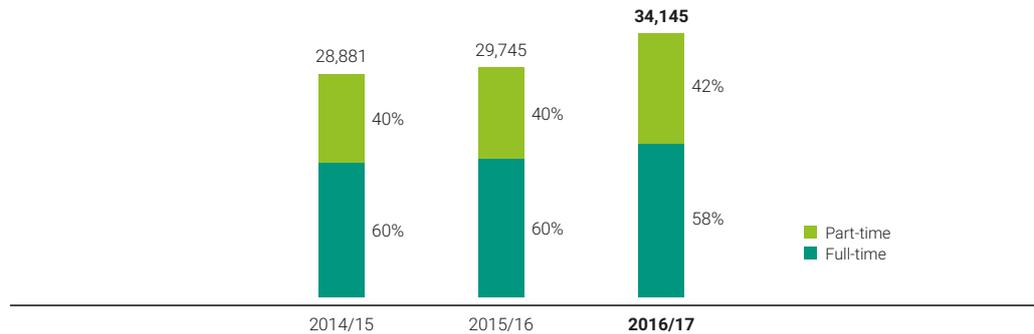
G4-10, G4-LA1

G4-LA12

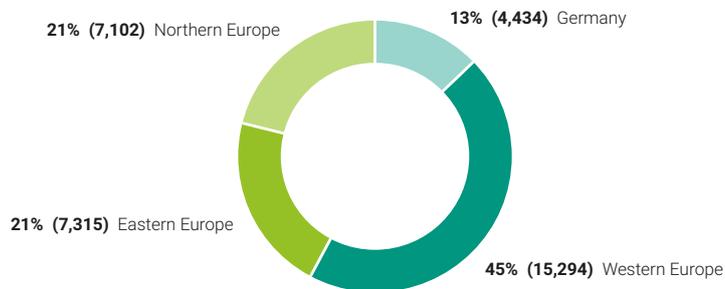
At the end of the fiscal year 2016/17, there were 34,145 employees (27,664 full-time equivalents) working for the PHOENIX group across a total of 26 countries in Europe. This equates to an increase of around 9.6 per cent in full-time equivalents. At more than 6,500, the largest number of employees is registered in the United Kingdom, followed by the Netherlands (4,665) and Germany (4,434). On average, the proportion of female employees is around 70 per cent, and 42 per cent of employees work part-time.

EMPLOYEES BROKEN DOWN INTO FULL-TIME/PART-TIME

as of 31 January



REGIONAL DISTRIBUTION OF EMPLOYEES WITHIN THE PHOENIX GROUP 2016/17



Education and further training secure future expertise

We want to attract committed young people to embark upon a career in our company, in order to meet our need for skilled workers in the future. Recruitment fairs, career and student information days, as well as training fairs are used to raise awareness of our company as a modern employer and to enter into a dialogue with school and university graduates as well as with experienced candidates. In many cases, we conduct actual interviews on the spot.

In Germany, we offer a wide range of apprenticeships and dual study programmes. These include business administration apprenticeships in wholesale and retail, training as warehouse logistics specialists, or bachelor's degrees in business management or business information systems. In the 2016 training year, the PHOENIX group employed 130 apprentices and 17 students of dual study courses in our home market Germany. At 76 per cent, the overwhelming majority of the apprentices were employed in permanent positions after they completed their training.

Three quarters of our apprentices were permanently employed.

The PHOENIX group encourages group-wide, cross-border communication right from the start of their professional careers with us and offers students of dual courses the opportunity to spend time abroad, for example in Croatia, Hungary, Italy, and the Netherlands.

Professional qualifications in all areas

We have established an efficient system for further training across the company, which allows employees to enhance their professional skills and can give their personal development a significant boost.

At the start of their employment, new employees take part in induction seminars that are tailored to their individual needs and the requirements of the respective PHOENIX group countries. In this context, our new employees completed around 10,250 hours of training in the reporting year. As a result of the stringent requirements for good distribution practice (GDP), the emphasis of these training measures was on handling drugs. In the fiscal year 2016/17, we spent 3,120 hours of further training on this topic.

G4-LA9

All employees complete induction programmes and training courses that suit their particular area of responsibility. Training courses on GDP, the code of conduct, the anti-corruption policy, and the competition compliance policy are all part of the mandatory programme. Occupational health and safety – with a particular focus on conversations about returning to or absence from work, corporate integration management, addiction prevention and addiction support, as well as stress management – is also given high priority, as are personnel management, legal considerations, quality, data protection, IT, and languages. Our employees also have the possibility of using e-learning systems to gain professional qualifications in the workplace.

At the same time, the PHOENIX group is intensifying the cross-European exchange of best practices for the implementation of training concepts so that we may learn from our colleagues in other countries. The pharmacy retail business was one of the most recent areas of focus in the reporting year. Our subsidiaries are making this a special priority: For example, our subsidiary in the United Kingdom is concentrating on developing the expertise of young professionals in its pharmacies. Within the scope of the Rowlands Pharmacy Foundation Programme, employees who have recently completed their training as pharmacists are supported to gain management skills through training courses and mentoring programmes. In the reporting period, 26 members of staff also benefited from vocational training opportunities that were offered in various divisions of the company.

IN FOCUS

Mediq becomes Brocacef Achieving more together

Entitled “Samen meer” in Dutch – or “Better together” in English – the integration campaign is under way. Following the takeover of Mediq Apotheken by Brocacef, the PHOENIX group’s subsidiary in the Netherlands, the process of combining the two companies’ teams has begun.

The PHOENIX group first announced its interest in acquiring Mediq in December 2014 and the Dutch competition authorities, ACM, gave the green light about 18 months later. The largest single acquisition in the history of the PHOENIX group became official in June 2016. We have thereby taken a further decisive step towards achieving our vision of being the best integrated healthcare provider in Europe – wherever we are.

Mediq pharmacies are gradually being rebranded as BENU Apotheek, the trading name of the Brocacef pharmacy chain. The acquisition also includes the company’s pharmaceutical wholesale and pre-wholesale activities – in other words, its logistics services for pharmaceutical manufacturers. Consequently, Brocacef now offers a nationwide pharmacy network as well as products and services along the entire pharmaceutical supply chain. The newly restructured company is the clear market leader in the Netherlands.



Vera Evers
Key Account Manager
at Brocacef,
previously employed at Mediq

» The best of both worlds «

Naturally, it takes time to merge two companies, each with its own culture. Even though this entails many changes, especially for longstanding employees, it is clear that everyone is working with each other to combine the best of both worlds and create something great together. People are the most important element in all of this. And Brocacef really does put people first – that's what I like the most.

» Increased level of expertise and competitiveness «

At first, I was unsure how we would be affected by the takeover – a sentiment shared by many of my colleagues. But we have been kept well informed at every stage through newsletters, staff meetings attended by management, and the intranet site for the "Samen meer" campaign. As a consequence of the takeover, not only do we now have more colleagues and sites, but we have also increased our level of expertise, experience, and competitiveness. As a result, we can continue to improve the quality of our health services.



Nora Akaliri
Area Manager at Brocacef,
previously employed at Mediq

Talent management successfully established on an international level

We aim to fill our management positions primarily from within the ranks of our own company and implement a policy of transnational succession planning for top positions. The PHOENIX group's talent management scheme, established in 2016, forms the basis for this approach and uses a competency model to determine key positions in the company, identify the top performers, and provide optimal opportunities for promotion.

Having successfully integrated subsidiary management and senior management in Germany into the programme, it is now being rolled out to additional management levels and will be combined with our own development programme from 2017. At present, the talent management programme includes more than 250 managers.

When it comes to the development of skills within the scope of the talent management scheme, we are already able to build upon a multitude of development programmes aimed at those managers and employees who are seeking leadership positions. Younger employees with leadership potential complete the Junior Development Programme (JDP), through which they gain the essential basic skills needed in their everyday professional lives. A fifth group began the programme in 2016.

See Glossary, page 69.

See Glossary, page 69.

See Glossary, page 68.

(Junior) managers with prior experience participate in the Management Development Programme (MDP), which was successfully completed with a sixth group in autumn 2016. In 2016/17, the PHOENIX group conducted the European Management Development Programme (EMDP) for the third time. It is run jointly by the Mannheim Business School in Germany and the Malik Management Centre in St Gallen, Switzerland, for junior managers in all countries. At group level, a development programme for top and senior management is being established, the first module of which will begin at the end of 2017.

In the fiscal year 2016/17, around 300 employees across Europe participated in the ongoing rounds of these programmes.

Leadership role and dialogue with our employees

G4-56 Leadership guidelines applicable to the entire group serve as the foundation of our personnel management and support as close a bond as possible throughout the group. On the basis of six core topics, the leadership guidelines lay down principles for the relationship between managers and employees, as well as providing information on their incorporation into daily working practice.

G4-LA11 The annual employee review, with its opportunity for discussion between managers and employees, is an integral component of our dialogue-driven corporate culture. Reviews are conducted in different ways in the respective subsidiaries. As part of this process, employees receive structured feedback based on standardised criteria, which helps them to identify areas where they can make improvements and opportunities to further develop their strengths. The annual employee review is now also conducted in all distribution centres. The implementation rate in Germany was already above 90 per cent in the reporting year in the Netherlands even at 100 per cent.



Learning from colleagues. Internal knowledge transfer and talent development are important principles within the PHOENIX group.

Efficient follow-up to the employee survey

With the aim of finding out more about our employees' level of satisfaction and their needs, and in order to derive specific improvement measures, we conducted a group-wide employee survey at the end of 2015. It boasted a response rate of 64 per cent and indicated a strong commitment to the company, a positive assessment of leadership performance, as well as valuable opportunities for solidifying the PHOENIX group as an attractive employer. In 2016, the results were communicated simultaneously to all employees in an open and consistent manner.

Managers defined action points for their respective areas of responsibility and developed measures in conjunction with their employees. The focus lies on the issues our employees were less satisfied with, but which have a considerable impact on motivation and commitment. These include aspects of leadership, communication, change management, the feedback culture, and further training at all levels.

In the numerous workshops held in all divisions of the company, more than 140 improvement measures were defined, three-quarters of which had already been implemented by the end of April 2017. The majority of these measures related to issues of communication and information sharing, which were made significantly more efficient with tools such as newsletters or the intranet that was enhanced as a digital platform. The creation of information points in the distribution centres has also played an important role. They can be used by employees who do not have a PC or access to the Internet to view company information. Other projects concentrated on the improved definition of responsibilities within work processes, an enhanced feedback culture, and on establishing a healthy, motivating, and respectful working environment.

The continued consistent implementation of measures, a standardised process, and the achievement of objectives will be closely monitored by subsidiary management and the Executive Board of the PHOENIX group. The company is planning to conduct another international employee survey in 2018.

G4-11

In 2016/17, around 38 per cent of employees in Europe and 94 per cent of employees in Germany were covered by collective agreements.

Close cooperation with employee representatives

The PHOENIX group maintains a cooperative, constructive, and open relationship with the employee representatives in accordance with internationally recognised standards as well as the legal framework of each individual country. The European Works Council (EWC) supports the education of employee representatives in our subsidiaries and assumes an important coordinating function when key measures have an impact on two or more countries. For example, this affects the employee survey, occupational health management – taking account of demographic factors – as well as work-life balance and further training. The EWC therefore plays a role in significant aspects of corporate sustainability and encourages employees to support particularly those CSR projects that positively influence the attractiveness as an employer.

Supporting a healthy and safe work environment

The PHOENIX group pays attention to the health of its employees and ensures safe working practices. With its clearly defined structures and processes that are designed for strict compliance with the relevant laws and regulations of the individual countries and of the European Union (EU), our quality management system provides an important foundation. It includes systematic risk assessments for each workplace and organising appropriate preventative measures. We also have employees on duty at all of our sites who have been trained as first aiders and as health and safety officers.

G4-LA6

Moreover, we give our employees regular training on all issues of occupational health and safety including fire protection, workplace ergonomics, healthy screen use, nutritional issues, and handling work-related stress. Our employees in the distribution centres additionally receive specific training in the safe operation of machinery and other technical equipment.

Accidents at work are reported by us to the appropriate local authorities and documented in the same way as work-related illnesses. Within the PHOENIX group, 562 lost-time injuries were recorded during the reporting period. With a total of around 49.24 million actual working hours, this equates to a company-wide accident rate of 11.41 accidents per one million working hours. In addition to a long time sick leave, the increase is due to the inclusion of all subsidiaries in the statistics for the first time.

Total recordable injury frequency (TRIF) ¹⁾

per one million working hours	2014/15	2015/16 ²⁾	2016/17
Injuries with lost time	341	358	562
Actual working hours	42,464,505	43,786,889	49,244,449
Total recordable injury frequency (TRIF)	8.03	8.18	11.41

¹⁾ Reporting based on local regulations and includes work-related and travel accidents.

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Active occupational health management to reduce the illness rate

For the PHOENIX group, promoting health and safety is one of the most crucial areas of activity related to sustainability, which has motivated its strategic objective of reducing the illness rate. We aim to reduce this rate from 4.47 per cent (in the reference year 2014/15) to 3.47 per cent by the fiscal year 2018/19. The PHOENIX group is making progress towards achieving this goal. In the reporting year, the illness rate fell to 4.12 per cent, from 4.38 in the previous year.

Various activities in the individual countries have contributed to this success. These include, for instance, an active occupational health management system in Germany, which was established as a binding commitment in 2016 with a framework agreement that included defined targets. One of the most important projects in this connection included measures taken in the distribution centres to support early cancer diagnosis, spinal health, and first aider training. Since September 2016, employees have also had the opportunity to lease bicycles in collaboration with the company JobRad, thereby not only doing something positive for their own health, but also supporting climate protection.

In the context of occupational health management, the company launched a health campaign focusing on exercise ("Daily exercise throughout the year") in 2017. Tips for exercises to strengthen the musculoskeletal system can be found in the employee magazine, at the information points in the distribution centres, and in COIN on the intranet.

Effective and respectful conversations between managers and employees about returning to or absence from work, as well as corporate integration management, are also expected to contribute to a decreasing illness rate. A corresponding works agreement has been adopted in Germany for this purpose.

Featured amongst the activities given priority in our subsidiaries is an initiative in the United Kingdom to offer mental health support and training to management, which includes a hotline offering advice in the event of personal or professional conflict situations. In Italy, our subsidiary invested in the analysis of and the protection of employees from electromagnetic fields. In Austria, PHOENIX employees can claim medical massages and health checks, while in the Czech Republic, staff are being offered a free flu vaccination. In Denmark and the Netherlands, our employees can purchase health insurance cover at a discount. Norway and Estonia are focussing on funding sports activities for their staff.



Figures 2015/16 were adjusted due to improved reporting (See table on page 61).



For more information, see Chapter "Environment" on page 37.



Providing sponsorship, support, motivation, and training, or simply being there for those in need – our social commitment is varied and knows no geographical boundaries.



04

SOCIETY

INTERNATIONAL COMMITMENT TO THE COMMON GOOD

- Various activities relating to our mission “We deliver health across Europe”
- 20 years of PHOENIX Pharmaceuticals Science Award
- Group-wide guidance document for donations and sponsoring
- Investments in the common good totalled €0.9 million

As a healthcare provider, the PHOENIX group plays an active role in society. For us, responsibility involves using our skills and resources to make a positive contribution to the common good, beyond the scope of our core business. In doing so, we always aim to produce a long-term, sustainable benefit. Our commitment is further strengthened by funding local and regional projects in the vicinity of our sites.

Our mission is: “We deliver health across Europe”. It guides our choice of areas to support as part of our social commitment. Above all, these include:

- Promoting pharmaceutical research, such as with the PHOENIX Pharmaceuticals Science Award
- Deepening our local social commitment by funding charitable organisations, including hospitals and day-care centres, as well as regional institutions
- Group-wide charitable projects, such as support for KULTURBRAS e.V. in Fortaleza, Brazil
- Assisting schools and universities to ensure future generations of qualified personnel



The main contents of the guideline can be found here: www.phoenixgroup.eu/en/responsibility/donations-and-sponsorships/

PHOENIX anti-corruption guidelines are strictly adhered to when organising fundraising and sponsorship activities. Furthermore, we adopted a group-wide guidance document for donation and sponsorship requests in March 2017, which primarily contains criteria and helpful information for the selection of suitable projects. The document also specifies which activities will not be supported. These include events held by political parties or branches of government, projects that may be related to the corporate activities of PHOENIX, and organisations that are opposed to our interests or could damage our company's reputation. Decisions about local funding measures will continue to be made locally within each country or by the respective subsidiaries.

In the past year, the total amount of donations was halved, from approximately €1.8 million to €0.9 million. This has several reasons: Among other things, funds spent on infrastructure were previously included in this figure. For the current reporting year, this KPI has been more precisely defined in order to improve the reporting. As a result, these figures are no longer part of the disclosed donation amount.

Austria

- **PHAGO:** Our Austrian subsidiary is a member of the Association of Austrian Pharmaceutical Wholesalers, which regularly makes donations to good causes. For example, in 2016, the Initiative for the Rehabilitation of Children and Young People in Austria as well as the Papageno children's hospice was supported.

Bulgaria

- **Charitable donations in cash and kind:** Assorted IT equipment is gifted to schools and establishments for disabled people. Our employees in Bulgaria have also been collecting for the Bulgarian Charities Aid Foundation (BCAF).
- **Award winner:** In 2016, PHOENIX Pharma Bulgaria received a bronze medal for its social commitment.

Croatia

- **Putting people first:** In Croatia, we support charitable organisations and humanitarian initiatives focussing on health issues through a wide variety of fundraising activities and other measures.

Denmark

- **Commitment to health:** Nomeco supports a whole range of projects that are dedicated to combating various diseases. This past year, these causes included Pink Saturday, which contributes towards the fight against breast cancer, and a foundation for children with cancer.
- **Ad hoc initiatives:** The subsidiary also supports emergency appeals from the Red Cross.

IN FOCUS

PHOENIX Pharmaceuticals Science Award

Twenty years of innovation in pharmaceutical research

**1996**

It was in 1996 that the PHOENIX group first introduced an award for excellence in pharmaceutical research. The PHOENIX Pharmaceuticals Science Award is now one of the most prestigious science awards in the German-speaking world. Then as today, the objective is to promote the enormous potential for innovation in the pharmaceutical industry. As an integrated healthcare provider, we also want the award to strengthen the pharmaceutical supply chain in the long term.

4 CATEGORIES

4 categories are covered by the PHOENIX Science Award: pharmacology and clinical pharmacology, pharmaceutical biology, pharmaceutical chemistry, and pharmaceutical technology. Every year, the panel of independent jurors is impressed by the quality of the entries received from universities in Germany, Austria, and Switzerland. The submissions are thoroughly reviewed and evaluated before the jury of four selects the winners.

80 PRIZEWINNERS

80 prizewinners have had the honour of receiving the PHOENIX Pharmaceuticals Science Award so far. The impressive success stories show that there is more to it than an awards presentation: many of the award-winning research projects are having a significant impact on therapies and drug developments. These innovations are contributing to a healthy life.

€500,000

€500,000 is the total amount of prize money we have awarded over two decades, with pride and conviction. The brilliant projects are also honoured at length at the annual award ceremony.

Estonia

- **“Do good”:** A charity campaign with the slogan “Do good” was held in all BENU pharmacies in December 2016. More than 600 children living in poverty received pharmaceutical products including vitamins and nutritional supplements.
- **Student bursaries:** Our subsidiary in Estonia also awarded three bursaries to students at the University of Tartu.

Finland

- **Plan International:** Since 2009, Tamro Finland has sponsored three children through the Plan International child welfare organisation.
- **The Health Awards:** At a major event on 26 January 2017, our Finnish subsidiary was presented with awards in the fields of health and innovation. These awards serve to promote research and development in Finland.

France

- **Hospital teddy bear room:** After its involvement in Cannes, the French pharmacy association PharmaVie has cooperated with PHOENIX to equip France’s largest children’s hospital in Paris with a children’s lounge.
- **World AIDS day:** A large fundraising event was held in all PHOENIX pharmacies on 1 December 2016 in support of the fight against AIDS. All of the proceeds will be invested in research and development.

Germany



See focus theme, page 53.

- **PHOENIX Pharmaceuticals Science Award:** Over the past 20 years, we have used this prize to promote pharmaceutical research and development in German-speaking countries.
- **KULTURBRAS e.V.:** We have been supporting this non-profit association for 25 years, aiding disadvantaged children in Fortaleza, Brazil, providing them with regular meals and good school care.
- **“Offizin im Blick” (Focus on the dispensing pharmacy):** Pharmacists are participating in surveys as part of a panel of experts on behalf of the PHOENIX group. We are making a donation to a children’s charity for each completed survey.

Great Britain

- **NSPCC and cancer research:** In Great Britain, numerous fundraising events were held during the past fiscal year. The main recipients of the large sums collected were the NSPCC – an organisation that promotes child protection – and cancer research. Events included a sponsored cycle race, a charity ball, and participation in the World Cancer Day. The latter included the sale of wristbands in Rowlands Pharmacies in support of Cancer Research UK.

Hungary

- **Comprehensive fundraising activities:** The wide-ranging social commitment in Hungary relates to the fields of education and science as well as to health and the environment, in addition to children and sports. Managers and employees of PHOENIX and BENU came together to take part in a charity run in support of sick children. Donations were collected to grant the wishes of the children through the Csodlámpa (Magic Lamp) foundation. Activities include furthermore providing financial assistance to young pharmacists and collecting pharmaceutical waste as well as paper and cardboard in pharmacies.

Italy

- **Motorhome packed with medicines:** Over the past year, our Italian subsidiary participated in a number of events and initiatives, including activities to support the victims of the earthquake in Italy. In conjunction with disaster response teams and pharmacists, PHOENIX converted a motorhome into a mobile pharmacy and sent it straight to the area affected by the crisis.
- **Castelluccio di Norcia:** Employees in Italy have also been donating their vacation days and overtime to contribute towards reconstructing this town after it was destroyed by the earthquake.

Lithuania

- **Pink Run:** A large number of employees took part in last year's "Pink Run with BENU" in support of the rehabilitation of breast cancer patients.
- **The Order of Malta:** Tamro also participated in various Christmas campaigns and charity events, among others with The Order of Malta in Lithuania.

Macedonia

- **Charity run for a good cause:** On 8 May 2016 (Europe Day), a team from PHOENIX's subsidiary in Macedonia ran in the Wizz Air Skopje Marathon, the country's biggest sporting event. Overall, runners from 45 nations participated.

Norway

- **Doctors Without Borders:** Our subsidiary in Norway has been supporting the organisation Doctors Without Borders through donations in cash and kind for several years.

Serbia

- **BELhospice:** In Serbia, we are supporting BELhospice, the first charitable organisation in the country to provide palliative care to patients with advanced cancer. The charity also aims to build Serbia's first hospice with inpatient admission. PHOENIX contributed in a variety of ways, donating €10,000 as one of the main sponsors of the Belgrade Marathon.

Slovakia

- **Pontis Foundation:** Our Slovakian subsidiary is involved, among other initiatives, in the Pontis Foundation, which was established in 1997 to assist charitable organisations in Slovakia.

Sweden

- **The Queen Silvia Children's Hospital:** For many years, our Swedish subsidiary Tamro has funded Sweden's largest children's hospital in Gothenburg, which is also one of the largest of its kind in Europe. The foundation's chief objective is to ensure that waiting periods are made as pleasant and enjoyable as possible for the hospital's young patients.

FACTS AND FIGURES

KEY FIGURES OF THE PHOENIX GROUP

The Corporate Sustainability Report 2016/17 includes the key performance indicators (KPIs) from all of the subsidiaries and their domestic affiliates for the third time running. All data relating to economy and environment, as well as lost-time injuries, were recorded by the subsidiaries in a centralised CSR management software. The other employee indicators not mentioned are excluded. This information was provided via the PHOENIX group's central HR system.

G4-EC1 Added value

Economic value retained of the PHOENIX group in EUR k	2014/15	2015/16	2016/17
Net turnover	22,567,998	23,247,428	24,436,695
Community investments ¹⁾	2,031	1,729	913
Personnel expenses	1,034,353	1,158,714	1,289,161
Operating costs	21,119,765	21,725,836	22,844,496
Taxes and fees	73,364	95,031	118,082
Dividends and interest payments to investors	99,225	78,025	67,760
Economic value retained	239,260	188,063	116,284

¹⁾ Figures were adjusted due to a different booking assignment in Germany.

Environment

Total GHG emissions (Scope 1–3)

See Glossary, page 68.

CO ₂ in tonnes	2014/15	2015/16	2016/17
Scope 1 total	20,501	22,908	25,844
Scope 2 total ¹⁾	47,693	49,168	49,830
Scope 3 total ²⁾	140,907	152,603	137,009
Total GHG emissions of the PHOENIX group	209,101	224,679	212,683

¹⁾ Data adjusted for different reporting unit (see note under Consumption of district heating).

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection.

Total GHG emissions by region (Scope 1–3)

CO ₂ in tonnes	2014/15	2015/16	2016/17
PHOENIX group	209,101	224,679	212,683
Germany	60,050	57,860	57,498
Western Europe	54,364	78,578	66,226
Eastern Europe ¹⁾	35,314	38,618	39,821
Northern Europe ²⁾	59,374	49,623	49,139

¹⁾ Data adjusted for different reporting unit (see note under Consumption of district heating).

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection.

Emissions from direct energy consumption including own transport by region (Scope 1)

CO ₂ in tonnes	2014/15	2015/16	2016/17
PHOENIX group	20,501	22,908	25,844
Germany	2,727	2,765	2,804
Western Europe	10,182	11,990	15,377
Eastern Europe	5,718	6,321	5,737
Northern Europe	1,874	1,831	1,925

Emissions from indirect energy consumption by region (Scope 2)

CO ₂ in tonnes	2014/15	2015/16	2016/17
PHOENIX group	47,693	49,168	49,830
Germany	18,173	17,677	17,364
Western Europe	11,477	12,762	13,370
Eastern Europe ¹⁾	10,661	11,773	12,030
Northern Europe	7,382	6,955	7,066

¹⁾ Data adjusted for different reporting unit (see note under Consumption of district heating).

Emissions from subcontracted transport by region (Scope 3)

CO ₂ in tonnes	2014/15	2015/16	2016/17
PHOENIX group	140,907	152,603	137,009
Germany	39,150	37,417	37,329
Western Europe	32,705	53,825	37,479
Eastern Europe	18,935	20,524	22,054
Northern Europe ¹⁾	50,117	40,837	40,147

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection.

Consumption of district heating by region

in MWh	2014/15	2015/16	2016/17
PHOENIX group	21,642	21,093	21,782
Germany	4,113	4,174	4,507
Western Europe	0	0	0
Eastern Europe ¹⁾	3,749	3,859	3,870
Northern Europe	13,780	13,060	13,404

¹⁾ Explanation of the deviating reported values in previous years: the Czech Republic used a different reporting unit in previous years' reports (GJ instead of MWh).

Consumption of electricity by region

in MWh	2014/15	2015/16	2016/17
PHOENIX group	134,180	136,826	139,385
Germany	34,147	33,042	32,050
Western Europe	35,545	38,461	40,238
Eastern Europe	18,320	20,438	20,698
Northern Europe	46,168	44,884	46,400

Non-hazardous waste by region

in tonnes	2014/15	2015/16	2016/17
PHOENIX group	20,007	20,031	23,158
Germany	8,380	8,405	8,621
Western Europe	5,663	5,457	7,782
Eastern Europe	2,462	2,317	2,531
Northern Europe	3,502	3,852	4,224

Pharmaceutical waste by region

in tonnes	2014/15	2015/16	2016/17
PHOENIX group	1,107	1,204	1,432
Germany	185	111	195
Western Europe	106	151	183
Eastern Europe	198	177	205
Northern Europe	618	765	850

Employees

Total employees and full-time equivalents (FTEs) by region ¹⁾

	2014/15 FTE	2015/16 FTE	2016/17 FTE	2014/15 Employees	2015/16 Employees	2016/17 Employees
PHOENIX group	24,461	25,235	27,664	28,872	29,745	34,145
Germany	3,577	3,506	3,508	4,489	4,398	4,434
Western Europe	9,887	9,938	11,664	12,690	12,709	15,294
Eastern Europe	5,659	6,194	6,861	6,025	6,598	7,315
Northern Europe	5,338	5,596	5,631	5,668	6,040	7,102

¹⁾ Per due date 31 January.

Employees by gender, type of employment, and region

in figures	2016/17			
	Full-time male	Part-time male	Full-time female	Part-time female
PHOENIX group	7,936	2,254	11,816	12,139
Germany	1,449	369	942	1,674
Western Europe	3,214	1,350	3,002	7,728
Eastern Europe	1,934	105	4,574	702
Northern Europe	1,339	430	3,298	2,035

Sickness-related absenteeism ¹⁾

in hours	2014/15	2015/16	2016/17
PHOENIX group	2,258,931	2,285,216	2,395,356
Germany	464,421	541,205	540,683
Western Europe	868,108	838,678	846,403
Eastern Europe	367,549	358,564	411,840
Northern Europe ²⁾	558,853	546,769	596,429

¹⁾ Figures shown are the total of paid and unpaid sick hours.

²⁾ Figures were adjusted due to improved reporting and higher data quality in Norway.

Total recordable injury frequency (TRIF) ¹⁾

per one million working hours	2014/15	2015/16 ²⁾	2016/17
Injuries with lost time	341	358	562
Actual working hours	42,464,505	43,786,889	49,244,669
Total recordable injury frequency (TRIF)	8.03	8.18	11.41

¹⁾ Reporting based on local regulations and includes work-related and travel accidents.

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2015/16 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

GRI G4 CONTENT INDEX



A GRI Materiality Disclosures Service was performed by the Global Reporting Initiative for this report. This service confirms that the Standard Disclosures G4-17 to G4-27 are correctly set out in the table of contents (GRI G4 Content Index) and in the text of this PHOENIX group Corporate Social Responsibility Report 2016/17.

The following GRI Index includes Standard Disclosures from the GRI G4 Guidelines – Core option. It indicates the degree to which we are addressing the principal aspects and indicators and where they can be found in this report. A third-party audit was not carried out in 2016/17. To simplify the presentation, a column for third-party audits was therefore not included.

General Standard Disclosures		Page
STRATEGY AND ANALYSIS		
G4-1	CEO's statement	p. 4 f.
ORGANISATIONAL PROFILE		
G4-3	Name of the organisation	Introductory pages, p. 9
G4-4	Primary brands, products, and services	Introductory pages, p. 9 ff.
G4-5	Location of organisation's headquarters	p. 9, Imprint
G4-6	Number of countries in which operations are located	p. 9 f.
G4-7	Nature of ownership and legal form	Imprint, Annual Report 2016/17 www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201617/
G4-8	Markets served	p. 9 f.
G4-9	Scale of the organisation	Introductory pages, p. 9
G4-10	Size and breakdown of workforce	Introductory pages, p. 9, p. 42, p. 60
G4-11	Employees covered by collective bargaining agreements	p. 48
G4-12	Description of supply chain	p. 9 ff.
G4-13	Significant changes during the reporting period in terms of size, structure, and ownership	p. 8
G4-14	Precautionary approach or principle	p. 9 ff., p. 21
G4-15	External charters, principles, and initiatives	p. 24
G4-16	Memberships in associations	p. 13, p. 24

General Standard Disclosures		Page
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Organisational structure	p. 8, p. 9, Annual Report 2016/17, p. 39 ff., www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201617/
G4-18	Definition of report content	p. 15 f.
G4-19	Material aspects	p. 15 f.
G4-20	Material aspects within the organisation	p. 8
G4-21	Material aspects outside the organisation	p. 8
G4-22	Report restatements of information	p. 8
G4-23	Changes in report parameters	p. 8
STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder groups involved	p. 16
G4-25	Identification and selection of stakeholders	p. 16
G4-26	Approaches to stakeholder engagement	p. 16
G4-27	Key topics and issues of stakeholders	p. 17
REPORT PROFILE		
G4-28	Reporting period	p. 8
G4-29	Date of most recent previous report	Last report was published on 2016/07/31
G4-30	Reporting cycle	p. 8
G4-31	Contact person for questions regarding the report or its contents	p. 18, Imprint
G4-32	"In accordance" option in the GRI Index	p. 8
G4-33	Third-party audit of the report	A third-party audit was not performed in 2016/17.
GOVERNANCE		
G4-34	Governance structure	Annual Report 2016/17 www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201617/
ETHICS AND INTEGRITY		
G4-56	Values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	p. 9, p. 18
G4-57	Mechanisms for finding advice on ethical and lawful behaviour, and matters related to organisational integrity	p. 18
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity	p. 18

Specific Standard Disclosures	Omissions	Page
ECONOMIC		
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	Introductory pages, p. 56
ENVIRONMENTAL		
Aspect: Energy		
G4-EN3	Energy consumption within the organisation	p. 36 f., p. 58 f.
G4-EN6	Reduction of energy consumption	p. 36 f.
Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p. 38, p. 57 f.
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	p. 38, p. 57 f.
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	p. 38, p. 57 f.
Aspect: Effluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	p. 32 ff., p. 59
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	p. 32 ff.
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	We are not aware of any incidents.
Aspect: Transport		
G4-EN30	Significant environmental impacts of transportation	p. 38 f.

Specific Standard Disclosures	Omissions	Page	
SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover	The rates of rates of newly hired employees and employee turnover are not currently available. Standardised reporting of this key figure will be approved.	Introductory pages, p. 42, p. 60
Aspect: Occupational Health and Safety			
G4-LA6	Type of injury and rates of injury, lost days, and absenteeism		p. 48, p. 61
Aspect: Training and Education			
G4-LA9	Average hours of training per year per employee by gender and employee category	The average hours of training per year per employee is currently not available. Available training hours will be explained in the respective chapter.	p. 43
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	Personnel development appraisal meetings were held in almost all PHOENIX group companies. An up-to-date percentage is currently not available. Due to differences in local data protection rules no information on gender or employee categories can be disclosed.	p. 46
Aspect: Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	A breakdown of employees according to age is currently not available. Standardised reporting of this key figure will be approved. No minorities are known to the PHOENIX group.	p. 42, p. 60, Annual Report 2016/17: www.phoenixgroup.eu/en/investor-relations/publications/annual-report-201617/

Specific Standard Disclosures	Omissions	Page
Human Rights		
Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	p. 12
Society		
Aspect: Anti-corruption		
G4-S04	Communication and training on anti-corruption policies and procedures	p. 18
Aspect: Anti-competitive Behaviour		
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	We are not aware of any incidents.
Aspect: Compliance		
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	We are not aware of any incidents.
Product Responsibility		
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	A percentage of this aspect is currently unavailable. The existing processes, however, are explained in the respective chapter.
Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	p. 28 f.

GLOSSARY

Abbreviations

BDSG	German Federal Data Protection Act
CEE	Central Eastern Europe
CO₂	carbon dioxide
EMVO	European Medicines Verification Organisation
ESM	European Stakeholder Model
EWC	European Works Council
FCPA	Foreign Corrupt Practices Act
FMD	Falsified Medicines Directive 2011/62/EU
FMEA	failure modes and effects analysis
FTE	full-time equivalent
GDD	German Association for Data Protection and Data Security
GDP	good distribution practice
GRI	Global Reporting Initiative (organisation for sustainability reporting)
HC	headcount
HR	human resources
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
M&A	mergers and acquisitions
NSPCC	National Society of the Prevention of Cruelty to Children
OHM	occupational health management
QM	quality management
TRIF	total recordable injury frequency

Best Practices

An organisation's proven and exemplary methods and procedures. For example, this means that process optimisation measures carried out successfully on a local basis can subsequently serve as a starting point for improvement measures in other countries.

District heating

System for distributing heat. District heating is a system of pure, hot water that is led from electricity- and heat-producing power plants and heating plants in a closed district heating network to the customer's heat exchangers and back. After the building's heating system and hot water tanks have been heated, the cooled-off district heating water returns to the starting point.

e-learning

e-learning stands for digital learning, facilitated by the Internet, for example.

Energy audit

This investigation procedure is a systematic inspection and analysis of an organisation's energy use and energy consumption with the aim of identifying opportunities to improve energy efficiency.

Energy efficiency

Energy efficiency means that products are manufactured with the least possible energy consumption. The term energy efficiency is also used in connection with machines and equipment with low power consumption.

European Healthcare Distribution Association (GIRP)

GIRP is the umbrella organisation for pharmaceutical wholesalers in Europe. It is a non-profit body that represents the national associations of more than 750 pharmaceutical wholesalers serving 33 European countries, including major pharmaceutical distribution companies.

European Management Development Programme (EMDP)

The European Management Development Programme is a European training and development programme for (junior) managers in all countries of the PHOENIX group.

European Medicines Verification Organisation (EMVO)

The EMVO is a non-profit organisation headquartered in Luxembourg. Its primary goals are to prevent counterfeit pharmaceuticals from entering the EU supply chain and to improve patient safety.

Falsified Medicines Directive (FMD) 2011/62/EU

This directive from the European Parliament and European Council comprises, among other things, the regulations for manufacturing and importing pharmaceuticals, placing them on the market, and their wholesale distribution in the European Union. It also lays down provisions concerning active substances.

Foreign Corrupt Practices Act (FCPA)

US federal legislation enforced since 1977 that prohibits giving payments and valuable gifts to foreign government officials for the purpose of securing business contracts or maintaining business relationships.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an international framework for sustainability reporting. It comprises standards for CSR reporting for the purposes of sustainable development, which are divided into the three categories of economic, environmental, and social responsibility. The GRI aims to make sustainability reports as widespread and comparable as every other annual report published by companies.

Good Distribution Practice (GDP)

Standard for the proper distribution and handling of pharmaceuticals.

Greenhouse gas (GHG) emissions

The main natural greenhouse gases are water vapour (H₂O), carbon dioxide (CO₂), methane (CH₄), ozone (O₃), and nitrous oxide (N₂O). In addition, human activities have released other substances classed as greenhouse gases, such as halocarbons (CFC, HCFC, HFC, and PCF) and sulphur hexafluoride. The use of the above-mentioned substances is either partly or wholly prohibited or restricted. They are classified as GHG emissions. Emissions are categorised as Scope 1, Scope 2, or Scope 3, depending on their impact. Scope 1 includes all direct emissions. Indirect emissions from the consumption of electricity or district heat are covered by Scope 2. Scope 3 relates to all other indirect emissions, such as the transport of a company's goods by subcontractors.

HVO100

Biodiesel that is extracted from waste materials such as used grease or cooking oils as well as vegetable oils from oil-bearing crops.

Initiative securPharm

securPharm is an initiative set up by various stakeholders from the pharmaceutical industry whose aim is to protect the sale of German pharmaceuticals against counterfeit drugs.

ISO

International Organisation for Standardisation. ISO standards include ISO 9000 for quality management systems and ISO 14001 for environmental management systems.

Junior Development Programme (JDP)

The Junior Development Programme is aimed at employees in Germany with noticeable development potential who are just starting their professional careers.

Management Development Programme (MDP)

The Management Development Programme is a training and development programme for (junior) managers of all divisions at PHOENIX in Germany.

Materiality matrix

The materiality matrix enables a company to decide which CSR activities to invest in. The materiality matrix is a two-dimensional representation of CSR issues: the importance or attractiveness of the topic to stakeholders, and the importance of the issue to the company in terms of the likely impact of the initiatives on business success.

PHAGRO (Bundesverband des pharmazeutischen Großhandels e. V.)

German federal association bringing together all 11 full-range pharmaceutical wholesale businesses with a total of 113 branches.

Pharmaceutical waste

Pharmaceutical products that expired or were damaged during packing or distribution. Pharmaceutical waste must be handled with care and disposed of at hazardous waste treatment facilities.

Pre-wholesale

Pre-wholesale activities relate to logistics services for pharmaceutical manufacturers.

Warehouse Excellence Initiative

An initiative that was launched in 2013 and centres on making continuous improvements to quality and performance in our distribution centres. In initial workshops, local warehouse employees learn the basics of lean management.

IMPRINT

Publisher

Ingo Schnaitmann
Head of Corporate Communications
Stefanie Göndöcs
CSR Manager
PHOENIX group

PHOENIX Pharmahandel GmbH & Co KG
Group Communications
Pfungstweidstrasse 10–12
68199 Mannheim
Germany
Phone +49 (0)621 8505 8503
Fax +49 (0)621 8505 8501
media@phoenixgroup.eu
www.phoenixgroup.eu

Concept, text, design, and realisation

Group Communications PHOENIX group
HGB Hamburger Geschäftsberichte GmbH & Co. KG,
Hamburg, Germany

Photographs

Brocacef (p. 26, 44, 45)
Thomas Gasparini (Cover, p. 6, 7, 20, 23, 25, 30, 34, 35, 40, 47)
Hans-Georg Merkel (p. 26, 28, 44, 45, 47, 53)
PHOENIX group (p. 28)
plainpicture/Cultura/Phil Boorman (Cover, p. 50)
Jacob Schröter (p. 23)

© PHOENIX Pharmahandel GmbH & Co KG,
Mannheim, Germany
Printed in Germany. All rights reserved.

Translation of the German version.
The German version is binding.
Translation: Target Languages GmbH,
Dossenheim, Germany

Data for this report have been gathered
Europe-wide, consolidated, and prepared by
means of CSR management software by



PHOENIX Pharmahandel GmbH & Co KG

Pfingstweidstrasse 10-12

68199 Mannheim

Germany

www.phoenixgroup.eu/de

PHOENIX group