






SUSTAINABILITY REPORT 2023/24



CONTENTS

This interactive PDF of our Sustainability Report is optimised for use with Adobe Acrobat. Linked tables of contents make it easy to navigate. The following buttons are also available:

-  Full table of contents
-  Search the document
-  Previous page
-  Next page
-  Reference page

INTRODUCTION

- 3 **Statement from the Executive Board**
- 4 **Company profile**
- 5 **Our new corporate mission statement**

GENERAL INFORMATION

- 7 **Report profile**
- 7 Fundamentals and principles of reporting
- 7 Consolidation scope
- 7 **Sustainability management**
- 7 Sustainability Agenda
- 8 Sustainability organisation
- 8 Materiality analysis
- 9 Stakeholder dialogue

ENVIRONMENT

- 11 **Climate and energy**
- 11 Climate target and policy
- 11 Energy-saving measures
- 12 Energy consumption
- 14 Carbon footprint
- 15 **Circular economy**
- 15 Material inputs
- 16 Waste

SOCIAL

- 20 **Employees**
- 20 Human resources and policies
- 20 Dialogue and collaboration
- 21 Employee structure
- 22 Diversity and equal opportunity
- 23 Education and development
- 23 Occupational health and safety
- 24 **Supply chain management**
- 24 Human rights due diligence
- 26 Safe processes
- 26 **Corporate citizenship**
- 26 Priorities
- 27 Ensuring compliant behaviour
- 27 Lighthouse project

GOVERNANCE

- 29 **Compliance**
- 29 Policies and procedures
- 32 **Imprint**



LEON JANKELEVITSH

Member of the Executive Board Healthcare Logistics & Sustainable Supply Chain

STATEMENT FROM THE EXECUTIVE BOARD

In fiscal year 2023/24 year, we began to intensively prepare for the EU Corporate Sustainability Reporting Directive (CSRD). This included conducting a double materiality analysis, which is currently being finalised. To further drive our sustainability efforts forward, we have also introduced a Transformation Office – an overarching function for coordinating ESG initiatives across different departments.

At the beginning of 2023, the PHOENIX group set itself a binding target for the important issue of climate change: we committed ourselves to reducing our carbon emissions in our own operations by 42 per cent by 2030, as compared with 2021/22, and to becoming carbon neutral from 2030 onwards by purchasing credits for the remaining emissions. During the reporting year, a climate policy was developed which, among other things, serves to guide our actions at the national level.

It focuses on three areas: energy efficiency, self-generated energy, and the conversion of our fleet.

The reporting year was marked by the successful integration of the acquired parts of McKesson's European business activities, enabling the PHOENIX group to welcome many new employees across Europe who have brought with them not only their expertise but also cultural insights. With the help of colleagues from various areas of the PHOENIX group, we developed a new mission statement in 2023 that brings together all that we stand for as the PHOENIX group. Our mission – “We deliver health” – remains at the core. In addition, we developed a new vision alongside our wePHOENIX commitments to guide us in our daily interactions. To find out more, see the [Company profile](#) section.

COMPANY PROFILE

The PHOENIX group, headquartered in Mannheim, Germany, is the European leader in pharmaceutical wholesale, pharmacy retail, and services for the pharmaceutical industry. With a presence in 29 healthcare markets, the company offers unique geographical coverage throughout Europe, making a vital contribution to comprehensive healthcare with more than 48,000 employees.

In 2022, we strengthened the PHOENIX group's market position significantly by completing the acquisition of parts of McKesson Europe, the largest acquisition in our company's history.

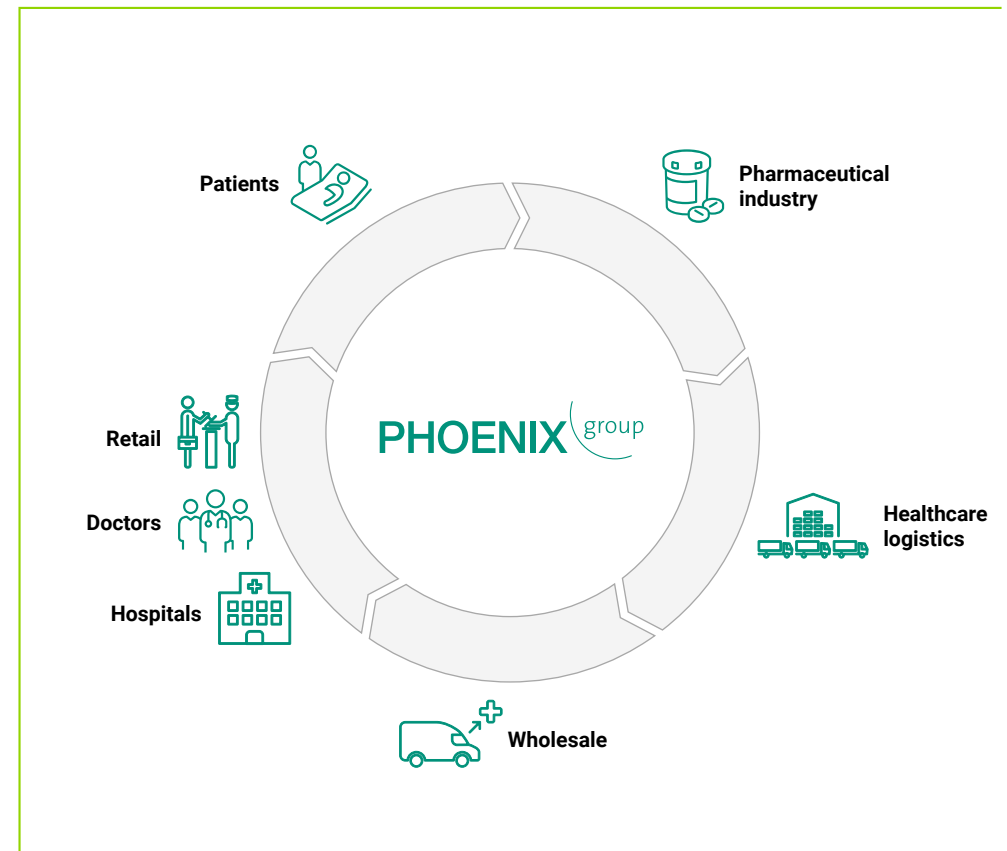
The PHOENIX group is active in 29 European countries. As part of our core business, we operate 214 distribution centres and almost 3,300 of our own pharmacies. The group therefore has a highly diversified country portfolio. Group revenue in fiscal year 2023/24 lay at around €47.1 billion (previous year: €36.3 billion), an increase of 29.6 per cent. At the same time, the total operating performance increased by 24.6 per cent to approximately €57.2 billion (previous year: €45.9 billion).

In the pharmaceutical wholesale area, the PHOENIX group ranks number one in 16 countries (previous year: 15). Our pharmacy retail business is mainly active in Belgium, Bosnia, the Czech Republic, Hungary, Ireland, Italy, Latvia, Lithuania, Montenegro, the Netherlands, Norway, Romania, Serbia, Slovakia, Switzerland, and the United Kingdom. The PHOENIX group also offers its services along the value chain to companies in the pharmaceutical industry. Further information can be found in our » [Annual Report 2023/24](#).

As at the end of the reporting year, the PHOENIX group Supervisory Board consisted of seven male members; there are no employee representatives on the Supervisory Board.

INTEGRATED HEALTHCARE PROVIDER

THE LINK BETWEEN THE PHARMACEUTICAL INDUSTRY AND PATIENTS



OUR NEW CORPORATE MISSION STATEMENT

In the reporting year, we introduced a new corporate mission statement across the group. It was developed with the help of colleagues from various areas of the PHOENIX group. It reflects who we are today and where we want to go in the future. Our new vision provides direction and expresses our purpose and the value proposition we offer our customers. It is complemented by our mission and our wePHOENIX commitments, which guide us in the way we do business.

OUR MISSION



OUR VISION

We are the partner of choice for simple and direct access to healthcare products and services across Europe.

wePHOENIX COMMITMENTS

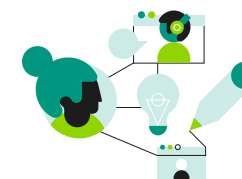
We focus on the **customer**

We operate in markets with diverse customers and serve all their current and future needs with our tailored portfolio of products and services.



We embrace **collaboration**

We support each other by sharing knowledge, competences, and best practices across the entire the company.



We operate **efficiently**

We strive for excellence in everything we do, continuously optimise our operations to get better every day, and use resources efficiently to become more sustainable.



We create **value**

We are a family-owned company and pursue a long-term strategy, ensuring that our growth continues to create value for generations to come.



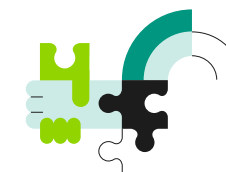
We think **forward**

We drive innovation and play an active role in the digital transformation of the healthcare sector in Europe to improve our customers' lives.



We are **one team**

We are bound together by our shared vision for the company, welcome anyone who is willing to make this vision a reality, and foster their personal and professional development in an inclusive environment.



GENERAL INFORMATION

REPORT PROFILE

Fundamentals and principles of reporting

The PHOENIX group is committed to transparent communication and direct dialogue with its stakeholders. With this sustainability report for fiscal year 2023/24, we seek to provide comprehensive information about our company's sustainability activities.

This report covers the fiscal year from 1 February 2023 to 31 January 2024 and, wherever possible, also includes comparative data for the previous year or years. In the report, we describe the development and results of the sustainability activities of our group and all its subsidiaries. Figures in the text and in some of the charts have been rounded, which means that totals do not always add up exactly. The sustainability report has been reviewed and approved by the Executive Board of the PHOENIX group.

Consolidation scope

The consolidation scope is the same as in the financial statements. The name PHOENIX group refers to the entire PHOENIX group as presented in the Annual Report 2023/24.

At the end of October of fiscal year 2022/23, the PHOENIX group successfully completed the acquisition of several subsidiaries from McKesson Europe. In the Sustainability Report 2022/23, most of these companies were not yet included in the non-financial data collection (with the exception of the financial key figures and the statements in the Leadership and responsibility chapter, where they were included). In this year's sustainability report, however, the acquired McKesson companies are included in the key figures. The Irish subsidiary is an exception – its key figures are not yet included in the Climate and energy section or the Circular economy section. Historical data has not yet been integrated; for example, GHG emissions for the fiscal year 2022/23 do not include any McKesson companies.

Any deviations from the reporting boundaries are explained in the footnotes.

SUSTAINABILITY MANAGEMENT

Sustainability Agenda

Since 2021, the PHOENIX group has had a group-wide Sustainability Agenda. We have developed a group-wide climate target and begun establishing a human rights due diligence process in our supply chain. In the future, we intend to use a group-wide process to develop targets for each pillar of the agenda, as well as performance indicators and a monitoring process.

Our Sustainability Agenda focuses on the following topics:

- **Climate protection**
Developing and implementing a climate strategy
- **Circular management of resources**
Reusing, reducing, and recycling wherever possible
- **Responsible supply chains**
Continuously developing processes to integrate human rights and environmental due diligence along our value chain
- **Diversity, equal opportunity, and inclusion**
Promoting social diversity among employees
- **Social engagement**
Linking donation activities more closely with our core business

Sustainability organisation

Overall responsibility for sustainability lies with the PHOENIX group's Executive Board member for Healthcare Logistics & Sustainable Supply Chain. The PHOENIX group's Corporate Sustainability team reports directly to the Executive Board and acts as a point of contact for all sustainability issues in an ongoing exchange with specialist departments. Monthly meetings take place between the Group Sustainability Manager and the Executive Board member to discuss current topics. Workshops on strategic topics are held as required.

Within the area of sustainability, we have an established group-wide network. Due to the varying framework conditions in the European markets, we continue to take a decentralised approach to many sustainability issues. Each subsidiary has at least one sustainability manager, supported in some cases by interdisciplinary committees. Non-financial data is collected by local sustainability officers in the subsidiaries. This process is coordinated by the Corporate Sustainability team.

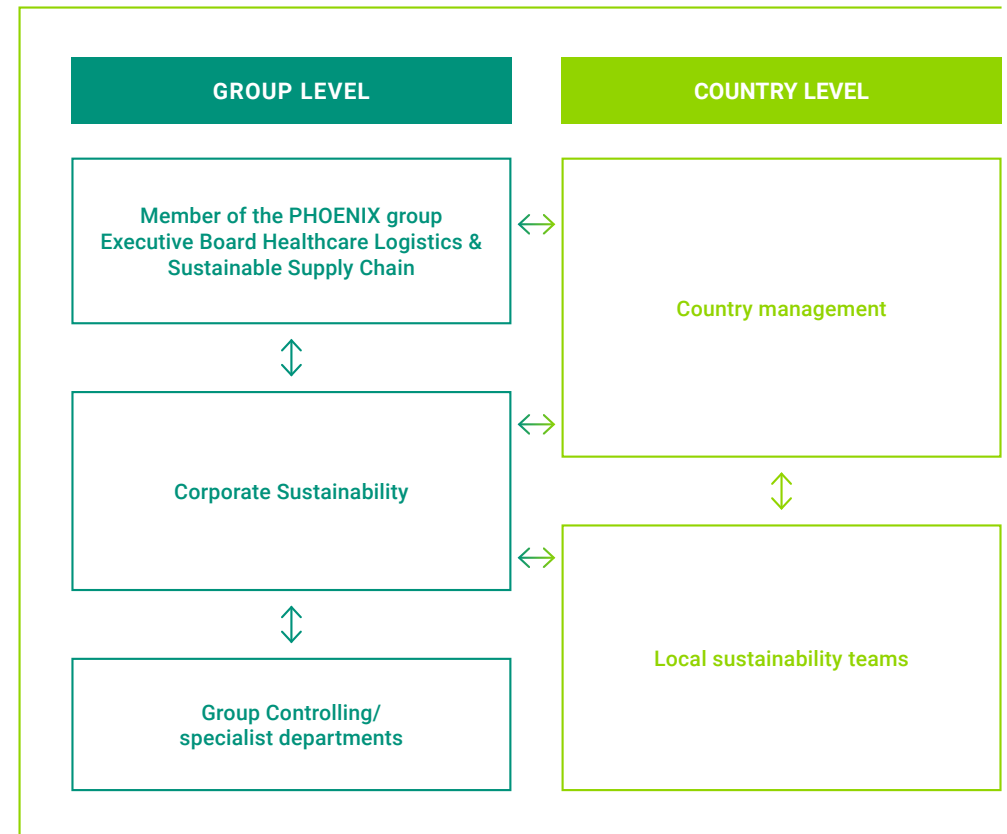
The PHOENIX group's sustainability framework supports the subsidiaries as they implement the group's sustainability management. Among other things, this framework describes responsibilities, roles, and operational tasks. It also provides an overview of the activities taking place in the company as part of the Sustainability Agenda, policies, and reporting as well as in terms of dialogue with stakeholders.

Materiality analysis

The EU Corporate Sustainability Reporting Directive (CSRD) requires companies to carry out a double materiality analysis. In future, companies will have to report not only on their impact on people and the environment but also on risks and opportunities of sustainability matters on the company.

During the reporting year, we began conducting a double materiality analysis and are in the process of completing it. This will form the basis for defining the material topics and content for future sustainability reporting. In the long term, this will be done together with our financial reporting.

SUSTAINABILITY ORGANISATION



Stakeholder dialogue

We value a partnership-based dialogue with our stakeholders, who are an important source of inspiration for our Sustainability Agenda.

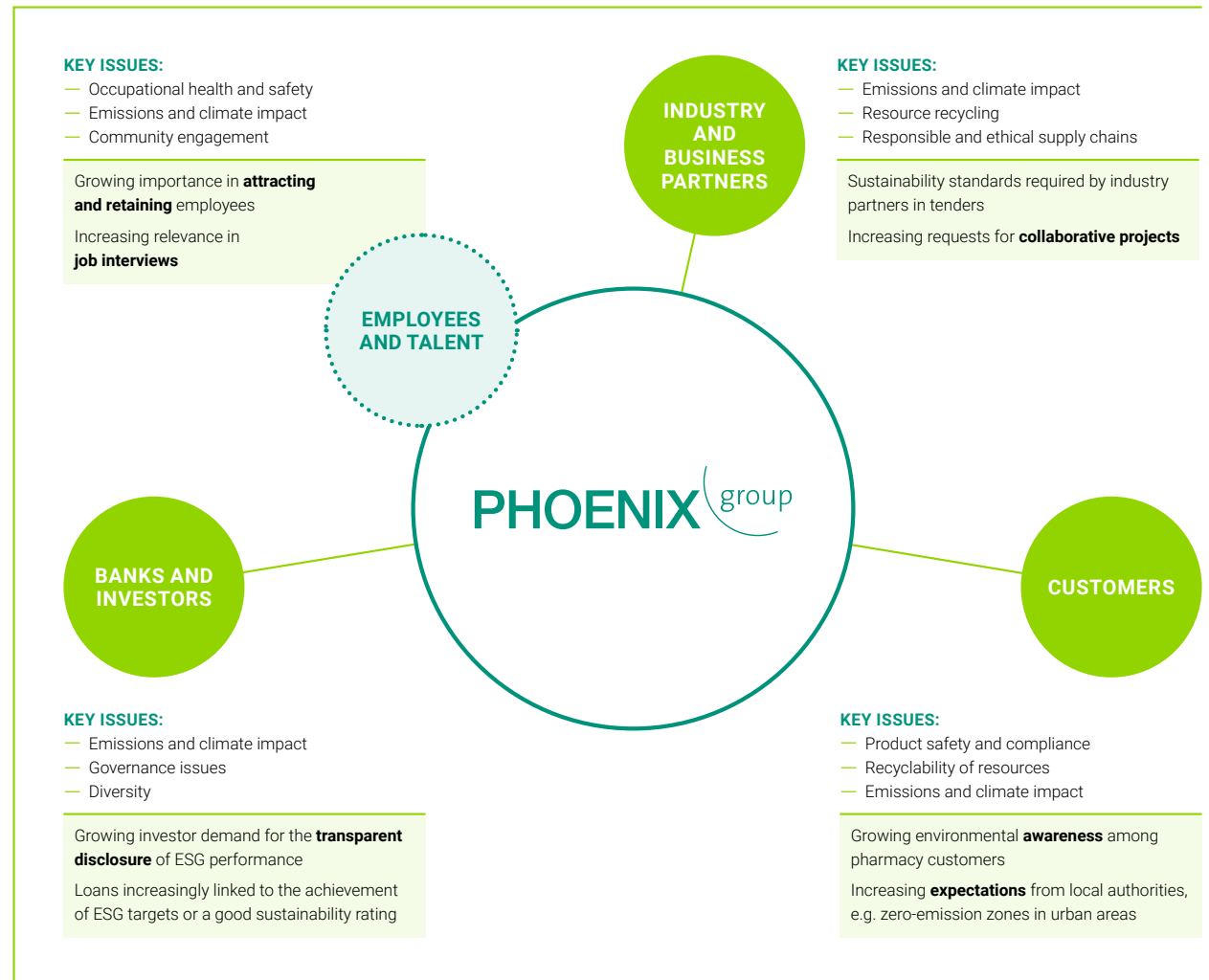
The sustainability team uses the Speakap employee app to continuously exchange information on various topics with PHOENIX group employees. In addition, we offer training sessions to raise employee awareness concerning such topics as saving energy or waste prevention and separation. Sustainability topics often play a role in our town hall meetings, too. Workshops or presentations on these topics are held at the top management's annual meetings.

Individual subsidiaries have launched various initiatives to involve employees more closely in sustainability.

The PHOENIX group also works actively to promote sustainability as a member of the Association of Pharmaceutical Wholesalers in Germany (PHAGRO), and, at the European level, as a member of GIRP, the European Healthcare Distribution Association. Together with other member companies, we participate in working groups to develop relevant measures and responses to the climate protection challenges the industry is facing, as well as focusing on the implementation of the German Supply Chain Due Diligence Act (LkSG).

The PHOENIX group regularly engages with industry and business partners on ESG issues, for example at annual meetings or other events.

OUR STAKEHOLDERS' REQUIREMENTS – SUSTAINABILITY DRIVERS AT PHOENIX



ENVIRONMENT

Global warming and the increasing consumption of natural resources are among the greatest global challenges of our time. The PHOENIX group recognises its environmental responsibility and seeks to minimise the impact of its business activities on the environment. This includes reducing emissions, preventing waste generation, and expanding the circular management of materials. In around one-third of our subsidiaries, environmental management is conducted via a management system compliant with ISO 14001.

CLIMATE AND ENERGY

The PHOENIX group's operations require the use of energy, which results in greenhouse gas emissions. The main sources of emissions in our own operations are electricity consumption, diesel vehicles, and natural gas. With 214 distribution centres across Europe, we see efficient building technology as one of the biggest levers for saving energy in our own operations. Transport is another key area. We also plan to expand our own energy generation.

As one of Europe's leading healthcare companies, it is our duty to contribute to climate protection. We also want to meet the increasing demands of our business partners as well as the regulatory requirements in the area of climate management. Furthermore, we aim to take advantage of the cost-saving potential that often goes hand in hand with climate protection measures. We plan to carry out a climate risk analysis for the first time in 2024.

Climate target and policy

Climate protection is a focal point of our Sustainability Agenda. At the beginning of 2023, we set a climate target for the PHOENIX group: our goal is to become carbon neutral in our own operations by 2030. To achieve this, we plan to reduce our Scope 1 and 2 emissions by 42 per cent compared with fiscal year 2021/22.

In addition to reducing emissions, we will offset our remaining carbon emissions by purchasing credits that support high-quality emission reduction projects from 2030. We are also working to improve the collection of data on our supply chain emissions (Scope 3).

In 2023, we developed a climate policy for the PHOENIX group. It defines the responsibilities at the group and country levels, the climate target, and a catalogue of measures that can be used as a guide for the implementation of emission-reducing measures at the country level.

Our climate policy has three main focus areas:

- **Energy efficiency**
including measures such as building and roof insulation
- **Self-generation of energy**
in particular, the installation of solar systems
- **Conversion of transport fleets**

We have broken down our climate target by country, setting milestones for each one. We have also decided to set up a climate fund at group level to support the various countries in their decarbonisation process. The PHOENIX group climate policy was approved by the Executive Board at the end of 2023.

Part of the variable remuneration of the PHOENIX group's Executive Board member responsible for Healthcare Logistics & Sustainable Supply Chain is linked to the progress made in decarbonising the company's own operations.

Energy-saving measures

Some of our subsidiaries have implemented an ISO 50001 energy management system, while others carry out energy audits. We monitor our energy consumption and use a software solution to measure our emissions through the PHOENIX group's carbon footprint. We use temperature monitoring in the operation of our buildings.

The subsidiaries of the PHOENIX group are implementing a range of energy-saving measures and investing in modernisation throughout their distribution centres, offices, and pharmacies.

In the operational utilisation of buildings, the focus in the reporting year was on increasing energy efficiency. This was achieved through various initiatives, including the installation of modern and more efficient heating systems, the introduction of smart heating and electricity controls in various countries, and the comprehensive replacement with and use of LED lighting.

A number of subsidiaries purchase electricity from renewable energy sources or have installed new solar power systems.

In addition to all of these measures, we are also working to continuously reduce the greenhouse gas emissions from transport. Our modern vehicle fleet with its increasing number of alternative drive systems, a transparent database, continuous route optimisation, and fuel-efficient driving are important levers.

Depending on the subsidiary, the PHOENIX group's transport operations are performed by carriers and/or with our own fleets. Some of the carriers are contracted by our subsidiary transmed, from which they can also lease commercial vehicles. transmed uses vehicles compliant with the latest emission classes and evaluates the annual mileage and type of fuel used.

The PHOENIX group takes advantage of continuous route optimisation by means of various software solutions. Several subsidiaries regularly train their drivers in fuel-efficient driving.

To further reduce transport emissions, various actions have been taken. These include changes in car policies in various countries, mandating the use of electric or hybrid vehicles. Furthermore, fuel-based delivery and employee vehicles have been substituted with electric or hybrid alternatives, biogas has been utilised as a renewable fuel option, and existing e-mobility fleets have been expanded.

To increase transparency, transmed calculates the greenhouse gas emissions along the transport process as well as the average footprint per parcel in additional business (e.g. for customers in the optics or technology sectors) – including for our Health Logistics subsidiary. transmed makes the reports available to customers on request.

Energy consumption

The development of energy consumption in the reporting year was strongly influenced by our growth from integrating the acquired McKesson sites. As a result, it is difficult to compare absolute figures with those of the previous year. In absolute terms, the PHOENIX group's electricity consumption increased by 16.4 per cent in the reporting year compared with the previous year (previous year: 2.1 per cent). This increase was relatively small compared with the growth in net revenue (approximately 29 per cent) and in the number of employees (21.5 per cent). Electricity consumption by floor area decreased by 4.2 per cent (previous year: 7.3 per cent). Heating energy by floor area also decreased.

There was a significant increase of 130.5 per cent in green electricity consumption, partly due to the integration of McKesson and partly due to subsidiaries switching to green electricity. Green power consumption per square metre also increased significantly, by 89.7 per cent. Our own electricity generation from photovoltaics more than tripled from 540 to 1,872 MWh, mainly due to newly integrated sites in France and Belgium. Existing sites in Eastern Europe also started to generate energy from photovoltaics.

In addition to electricity consumption, the PHOENIX group's largest area of energy consumption is in fuel and natural gas, resulting in total energy consumption of 579,879 MWh in fiscal year 2023/24. More than two-thirds of this was still generated from fossil fuels and seven per cent from nuclear energy. The PHOENIX group's energy intensity for climate-intensive sectors was 0.0113 MWh per euro of revenue.¹⁾

ELECTRICITY CONSUMPTION

		2021/22	2022/23	2023/24	Δ 2022/23 – 2021/22	Δ 2023/24 – 2022/23
Total area	m ²	1,754,721	1,852,920 ²⁾	2,251,466	+5.6%	+21.5% ⁵⁾
Electricity	MWh	189,114	185,139 ³⁾	215,521 ⁴⁾	–2.1% ⁴⁾	+16.4% ^{4,5)}
Electricity by floor area	kWh/m ²	107.8	99.9	95.7 ⁴⁾	–7.3% ⁴⁾	–4.2% ⁴⁾

¹⁾ This value is based on the assumption that all of the PHOENIX group's economic activities fall within the climate-intensive sectors as defined by the EU Low Carbon Benchmarks Regulation. It is calculated by dividing the PHOENIX group's total energy consumption by group revenue.

²⁾ The previous year's figures for one location were adjusted retroactively.

³⁾ The previous year's figures for two locations were adjusted retroactively.

⁴⁾ No energy consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the overall figures.

⁵⁾ Increase due to the integration of the new McKesson locations.

ENERGY CONSUMPTION AND ENERGY MIX IN OWN OPERATIONS¹⁾

In MWh	2023/24
Fossil energy	
Fuel consumption from coal and coal products	–
Fuel consumption from crude oil and petroleum products ³⁾	176,058
Fuel consumption from natural gas ^{2,3)}	68,870
Fuel consumption from other fossil sources	–
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources ³⁾	180,582
Total consumption of fossil energy³⁾	425,510
Share of fossil sources in total energy consumption³⁾	73.4%
Consumption from nuclear power sources	
Consumption of nuclear energy³⁾	37,987.06
Share of total energy consumption from nuclear sources³⁾	6.6%
Renewable energy	
Fuel consumption from renewable sources, including biomass and waste of biological origin ³⁾	1,247
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources ^{3,4)}	113,262
Consumption of self-generated renewable energy without fuel	1,873
Total consumption of renewable energies³⁾	116,382
Share of renewable sources in total energy consumption³⁾	20.1%
Total	
Total energy consumption³⁾	579,879

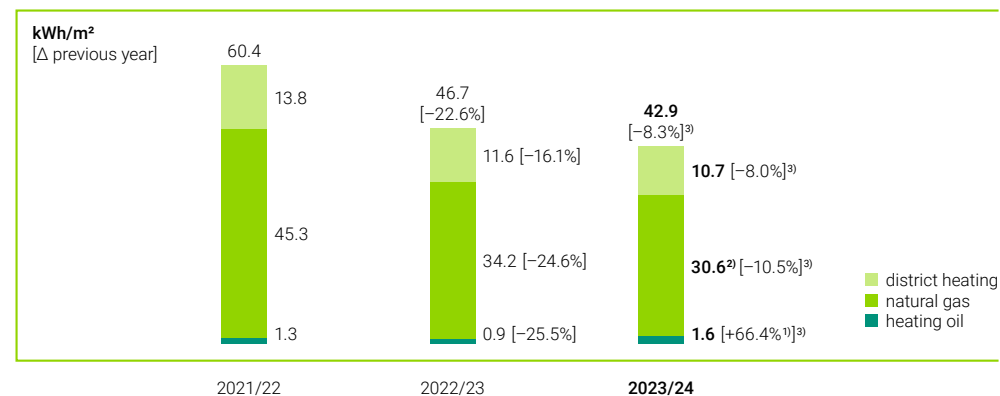
¹⁾ Unless otherwise stated, energy consumption is expressed in calorific value.

²⁾ Due to the current data collection process, it is not possible to distinguish between calorific and heating value data for natural gas energy consumption.

³⁾ No energy consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the total.

⁴⁾ Purchased or acquired renewable electricity includes certified green electricity plus the share of renewable electricity in purchased conventional electricity.

HEATING REQUIREMENT BY INTERNAL AREA AND GENERATION TYPE

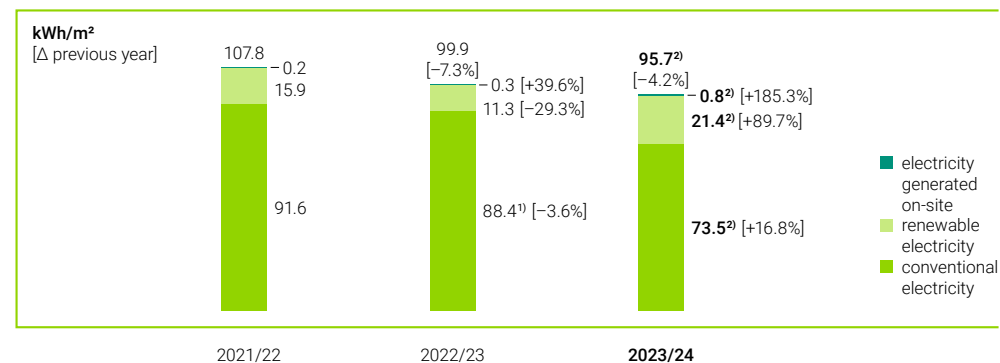


¹⁾ Data on heating oil has not been available for the retail business in Switzerland in previous years. With the inclusion of this data, Switzerland accounts for 44% of the total consumption of heating oil on group level in the current reporting year. Switzerland alone leads to an 0.55 kWh/m² increase of heating oil per floor area, making up 79% of the overall increase on group level.

²⁾ The absolute increase of 80 per cent in natural gas consumption in France is due to the more than 40 new locations. This increase is offset by reductions in other countries.

³⁾ No energy consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the overall figures.

ELECTRICITY CONSUMPTION BY INTERNAL AREA AND GENERATION TYPE



¹⁾ Minor adjustments have been made to energy consumption at two locations and to the floor area at one location.

²⁾ No electricity consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the overall figures.

Carbon footprint

In calculating our carbon footprint, we follow the Greenhouse Gas Protocol (GHG Protocol). This requires companies to include specific emissions in their calculations. During the reporting year, we further improved the database and the calculation methodology. For example, transport emissions are now recorded in a more differentiated way.

In the wholesale trade, purchased goods and services typically account for the largest share of emissions by far (Scope 3). Other significant sources of emissions include the transport of goods by our own fleet (Scope 1) and by freight forwarders (Scope 3), electricity (Scope 2), and capital goods (Scope 3).

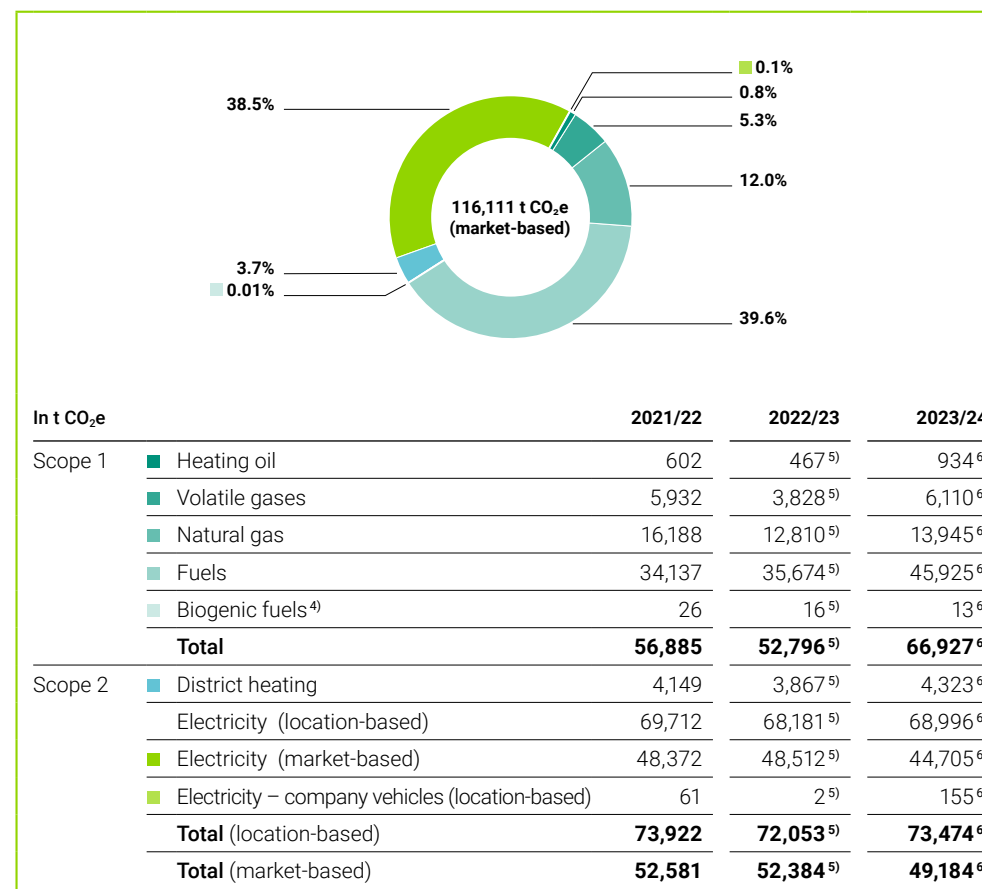
Compared to the previous year, Scope 1 emissions increased by 14,131 tonnes CO₂e (26.8 per cent), mainly due to our growth as a result of the McKesson integration.

While location-related Scope 2 emissions increased slightly, market-related Scope 2 emissions decreased by approximately 6 per cent compared with the previous year due to a significant increase in the purchase of green electricity.

Scope 3 emissions from the upstream supply chain more than doubled compared with the previous year, from 10,148,707 tonnes of CO₂e to 25,024,115 tonnes of CO₂e. The increase occurred mainly in category 3.1 "Purchased goods and services," where emissions now total 24,712,913 tonnes of CO₂e. Part of this increase is due to our growth as a result of the McKesson integration. The main reason, however, is an update to the database: an emission factor¹⁾ used to calculate emissions from "Purchased goods and services" has been adjusted and significantly corrected upwards.

¹⁾ The DBEIS category 21 (DBEIS: Department for Business, Energy & Industrial Strategy), which is used for a large proportion of 3.1 trade goods, has been significantly increased in the database update and is therefore reflected in the emission figures.

SCOPE 1 AND SCOPE 2 EMISSIONS ^{1,2,3)}



¹⁾ Sources of emission factors: DBEIS (2023), VDA (2021), Federal Environmental Agency (2019), BAFU 2020.

²⁾ The graphical representation in the pie chart includes Scope 2 emissions according to the "market-based" calculation method.

³⁾ Emissions included in carbon footprint calculations: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.

⁴⁾ "Outside of scopes" emissions from biogenic fuels: 854.6 tonnes of CO₂.

⁵⁾ Adjusted retroactively due to improvements in data collection and adjusted emission factors.

⁶⁾ No energy consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the total.

SCOPE 3 EMISSIONS ^{1,2)}



In t CO ₂ e		2021/22	2022/23	2023/24
Scope 3	■ 3.1 Purchased goods and services	9,554,987	9,882,690	24,712,913 ³⁾
	■ 3.2 Capital goods	75,341	96,846	96,588
	■ 3.3 Activities related to fuels and energy	49,097	47,394 ⁴⁾	56,419 ⁵⁾
	■ 3.4 Upstream transport and distribution ⁴⁾	90,429	85,527 ⁴⁾	110,933
	■ 3.6 Business trips	4,547	2,081 ⁴⁾	3,043
	■ 3.7 Commuting of employees	33,478	30,245	40,269
	■ 3.14 Franchises	5,365	3,924	3,949
	Total	9,813,244⁴⁾	10,148,707⁴⁾	25,024,115

¹⁾ Sources of the emission factors: DBEIS (2023).

²⁾ Emissions included in the carbon footprint calculations: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.

³⁾ The DBEIS category Manufacturing of pharmaceutical products and preparations (DBEIS: Department for Business, Energy & Industrial Strategy), which is used for a large proportion of 3.1 trade goods, has been significantly increased in the database update and is therefore reflected in the emission figures.

⁴⁾ Adjusted retroactively due to improvements in data collection.

⁵⁾ No energy consumption figures are available for the sites in Ireland or the retail sites in Italy. They are therefore not included in the total.

GREENHOUSE GAS INTENSITY BY NET REVENUE

		2022/23	2023/24	Δ 2023/24 – 2022/23
Total (location-based)	t CO ₂ e/€	7.16	6.60	–7.7%
Total (market-based)	t CO ₂ e/€	6.61	6.09	–8.0%

CIRCULAR ECONOMY

The circular economy principle is central to the EU's Green Deal, which is aimed at resource conservation, waste reduction, and cutting greenhouse gas emissions.

We have defined "reusing resources" as one of the focus areas of our Sustainability Agenda: we want to reuse, reduce, and recycle wherever possible. Targets and measures will be developed in the future.

Material inputs

The PHOENIX group uses various materials that require the use of raw materials. We focus on resource efficiency and aim to minimise usage in all our processes.

The European subsidiaries are implementing individual measures in the distribution centres, pharmacies, and administration. Digitalisation plays an important role in administrative processes: 25 subsidiaries have solutions for digital signatures. Further progress has also been made in the areas of electronic batch transfer and digital interfaces with manufacturers.

In retail, we use FSC-certified packaging for our own-brand products wherever possible. For the carrier bags used in our pharmacies, we are switching from conventional plastic to alternatives (see table on the right for the materials used). Our pharmacies in the UK, Norway, Montenegro, and the Czech Republic have either stopped using non-recyclable plastic bags or implemented incentives to drastically reduce their use, significantly contributing to a reduction of nearly 2 million bags. All in all, we used over 68 million carrier bags in the reporting year.

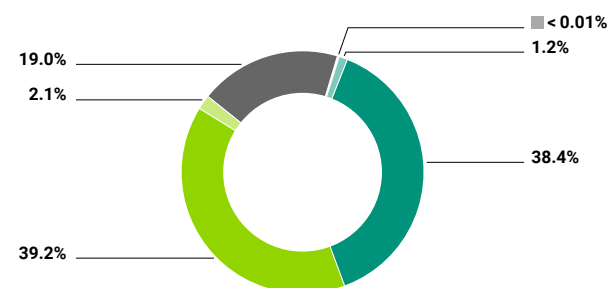
We also take care to conserve resources in our distribution centres. We use a reusable system with returnable plastic tubs for deliveries to pharmacies. Several subsidiaries have also switched to thinner material or recycled film for pallet packaging, while others ship using cardboard boxes that they have received from the incoming goods department.

Waste

The PHOENIX group's operations generate various types of waste. Hazardous waste poses environmental risks and also results in high costs. We are therefore constantly striving to reduce hazardous waste to a minimum. In addition to oil sludge and chemicals, hazardous waste includes, above all, pharmaceutical waste. We are required by law to remove expired products and products with damaged packaging from the goods cycle and to have them professionally disposed of as hazardous waste.

In addition to hazardous waste, the PHOENIX group's processes also generate non-hazardous waste. This includes organic waste, paper and cardboard, electronic scrap, metal, wood, plastics, glass, and textiles. All of these are recycled wherever possible. During the reporting year, several subsidiaries introduced measures to improve waste separation.

CARRIER BAGS BY MATERIAL



Quantity ¹⁾	2021/22	2022/23	2023/24
Paper	16,826,730	28,447,524	27,190,148⁴⁾
■ of which recycled	1,833,850	1,608,100	848,629 ³⁾
■ of which not recycled	14,992,880	26,839,424 ²⁾	26,341,519 ⁴⁾
Plastic	27,758,948	31,299,041	28,331,003
■ of which recycled	26,061,746	27,904,178	26,900,951
■ of which not recycled	1,697,202	3,394,863	1,430,052
■ Bio-based materials	7,466,802	7,383,285⁵⁾	13,026,195⁶⁾
■ Other materials	6,338	2,005,827	1,400⁷⁾
Total	52,058,818	69,135,677²⁾	68,548,746⁸⁾

¹⁾ The quantities shown represent the number of carrier bags purchased and therefore do not correspond to the actual use of carrier bags in the reporting years.

²⁾ Adjusted retroactively for Romania and the UK. Romania retroactively reported 10.8 million paper bags for the previous fiscal year. In the UK, there were only minor adjustments.

³⁾ Romania stopped using recycled paper bags (-0.9 million bags).

⁴⁾ Due to difficulties in data collection, the previous year's figure was used for the Netherlands (12.4 million bags).

⁵⁾ For Latvia, the figure for the previous fiscal year has been adjusted slightly.

⁶⁾ The increase is due to the integration of retail locations in Italy (+5.8 million bags).

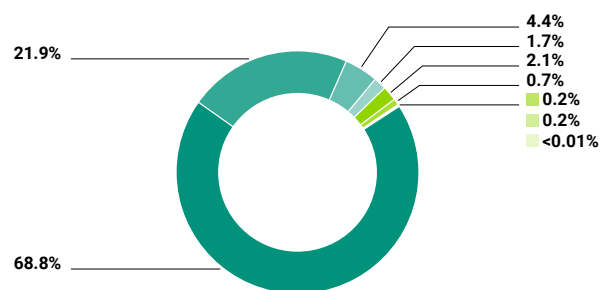
⁷⁾ Montenegro, previously accounting for over 99% of bags from other materials, stopped using these bags in the reporting year.

⁸⁾ No carrier bag figures are available for the sites in Ireland. They are therefore not included in the overall figures.

Non-hazardous waste

The amount of non-hazardous waste generated during the reporting period was approximately 31,747 tonnes (previous year: 25,892 tonnes). The increase is mainly due to our growth as a result of the integration of the McKesson locations.

NON-HAZARDOUS WASTE BY TYPE



In tonnes	2021/22	2022/23	2023/24
■ Paper and cardboard	17,443.15	17,677.57	21,872.23
■ Mixed waste	5,982.77	6,166.00	6,938.72
■ Plastics	944.07	875.49	1,393.42
■ Organic waste	509.23	524.84	533.59
■ Wood	557.18	335.03	653.63
■ Metals and scrap	397.01	202.90 ¹⁾	231.25
■ Electronic scrap	68.40	42.18	54.67 ²⁾
■ Glass	34.09	68.48	69.27
■ Textiles	0	0	0.07
Total	25,935.90	25,892.48¹⁾	31,746.86³⁾

¹⁾ Minor retroactive adjustment of waste for metals and scrap at one site in Finland.

²⁾ In the UK, this figure has only been collected since the reporting year and has therefore seen a rise of around 9,000 kg.

³⁾ Non-hazardous waste figures are not available for retail sites in Italy. They are therefore not included in the overall figures.

The majority of waste is recycled or composted. In the reporting year, 75.6 per cent (previous year: 73.3 per cent) of non-hazardous waste was recycled, representing a slight increase in the percentage of waste recycled. The remaining waste, such as from energy generation or mixed waste, is disposed of in an environmentally friendly manner by specialist companies.

NON-HAZARDOUS WASTE BY DISPOSAL METHOD



In tonnes	2021/22	2022/23	2023/24
■ Recycling	19,049.4	18,982.2	24,039.8
Incineration without energy/heat regeneration	2,097.7	2,063.4	1,711.9
Incineration with energy/heat regeneration	1,782.4	2,243.0	4,344.4 ¹⁾
Composting	475.7	443.4	477.4
Landfill	574.9	681.8	988.0
Other disposal methods	1,955.9	1,478.8	185.4 ²⁾
■ Total (without recycling)	6,886.5	6,910.4	7,707.1
Total	25,935.9	25,892.6	31,746.9³⁾

¹⁾ The increase in incineration with energy/heat recovery is due to the increase in mixed waste resulting from the increase in new sites as well as an improved data situation.

²⁾ The decrease in other types of disposal is due to a general reduction and a shift between the types of disposal.

³⁾ Non-hazardous waste figures are not available for retail sites in Italy. They are therefore not included in the overall figures.

Hazardous waste

To minimise the generation of hazardous waste in the form of damaged or expired medicines, the PHOENIX group subsidiaries make use of their individual scope for action and implement a wide range of measures. These include the application of standard practices and procedures in the context of quality management, as well as compliance with the Good Distribution Practice (GDP) guidelines. Employee training in our distribution centres plays an important role in this, covering, for example, the careful handling of packages and how to ensure optimal temperatures in cold storage.

HAZARDOUS WASTE

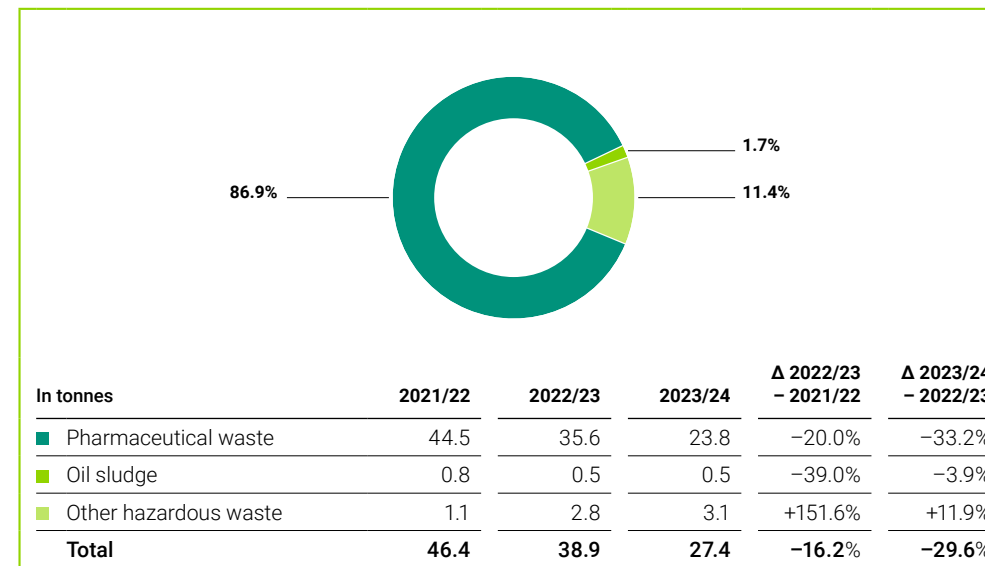
In tonnes	2021/22	2022/23	2023/24	Δ 2022/23 – 2021/22	Δ 2023/24 – 2022/23
Pharmaceutical waste	1,372	1,195	1,135	–12.9%	–5.0%
Oil sludge	24	16	22	–33.5%	+36.7%
Other hazardous waste	34	93	149	+173.9%	+59.1%
Total	1,430	1,305	1,306	–8.8%	+0.1%

HAZARDOUS WASTE BY REGION

In tonnes	Germany	Western Europe	Eastern Europe	Northern Europe	PHOENIX group
Pharmaceutical waste	110	433	305	286	1,135
Oil sludge	0	0	3	19	22
Other hazardous waste	1	33	9	106	149
Total	111	466	318	411	1,306

A total of 1,306 tonnes of hazardous waste were generated in the reporting year, a slight increase of 0.1 per cent (previous year: 8.8 per cent). Pharmaceutical waste decreased by 5 per cent (previous year: 12.9 per cent). The slight increase in hazardous waste is due to a 36.7 per cent increase in oil sludge and a 59.1 per cent increase in the “Other hazardous waste” category. The former is due to the additional cleaning of a canteen, while the increase in other hazardous waste is due to the removal of many hand sanitisers from the product range and their disposal at a subsidiary. Specific hazardous waste decreased by 29.6 per cent compared with the previous year (previous year: –16.2 per cent). Hazardous waste data from retail sites in Italy is not available.

HAZARDOUS WASTE IN PROPORTION TO REVENUE



SOCIAL

The PHOENIX group can only be successful as a company if our employees are motivated and have the right qualifications. We want to offer our employees attractive working conditions and career opportunities as well as a healthy working environment. With regard to our supply chain, we implement due-diligence obligations in accordance with legal requirements.

We also take responsibility beyond our core business and aim to contribute to the common good through our corporate citizenship activities.

EMPLOYEES

The success of the PHOENIX group is dependent on the commitment of its employees. At the same time, we face significant challenges in terms of demographic change and skills shortages – to which we must find answers through a coherent personnel strategy. This falls under the responsibility of Corporate HR, which reports directly to the Executive Board.

Human resources and policies

One of the focus areas of our WINGS strategic agenda relates to people, with an emphasis on “employer of choice” and “talent pool.” We aim to be the employer of choice in our industry and attach great importance to developing our internal talent.

The goal of these two strategy modules is to make the PHOENIX group an even better known and more attractive employer and to counteract brain drain.

Our Corporate HR strategy focuses on bundling all required measures to support a highly efficient organisation. Group-wide HR measures, such as the standardised implementation of employee surveys and the introduction of a uniform management policy, are defined, prioritised, and implemented by the Executive Board together with Corporate HR. We are in the process of developing specific objectives with corresponding measures as well as an HR reporting system with defined KPIs. This system will be introduced with the first KPIs in the next fiscal year.

The PHOENIX group’s » [Code of Conduct](#) sets out the principles of trusting and appropriate interaction with colleagues, customers, suppliers, and competitors. We are committed to complying with labour laws and regulations in all countries. We respect the principles of freedom of expression, the right to information, the independence of the media, and the protection of privacy. Our Code of Conduct, which applies to all employees working for a PHOENIX group company, is currently being revised. In addition to the Code of Conduct, our compliance system includes further policies on various topics (see [Compliance](#)).

Our » [Policy Statement on Human Rights](#) complements the Code of Conduct and applies to all employees and subsidiaries throughout Europe. We actively oppose modern slavery and human trafficking, including forced and child labour, as well as all forms of discrimination. For more details on this declaration and information on our risk management, see the [Supply chain management](#) section.

Risks, specific incidents, or suspected violations of PHOENIX group policies or laws can be reported confidentially through various complaint channels, which can be found in the [Compliance](#) section. New and existing employees are regularly reminded of the reporting structures through various communication campaigns and e-learning sessions. Information is also provided in the Code of Conduct.

Dialogue and collaboration

The PHOENIX group cultivates a corporate culture based on dialogue and shaped by our values and group-wide management policies. We also use direct surveys to measure employee job satisfaction levels. We also attach great importance to a partnership-based relationship with employee representatives.

Employee surveys

The opinions, satisfaction, and motivation of our employees are very important to us. Our KPI is the Commitment Index, which combines satisfaction and commitment. In 2022 and 2023, we introduced a new survey concept in all our subsidiaries. To support this, we opted for a new, user-friendly, and AI-supported platform provider for our future employee surveys in the reporting year.

The Commitment Index is collated in an annual, centralised survey by Corporate HR. In addition, the subsidiaries have the option of using our external service provider’s survey tool for other, region-specific topics.



Communication

The Speakap employee app contributes to interactive and transparent internal communication. It enables our employees to share information across departments and countries. Over 26,200 employees have registered. The sustainability team also uses the app to communicate with employees on various topics.

Collaboration within the PHOENIX group is also being simplified and improved through the Digital Workplace Programme, which was driven forward in the reporting year. The goal is to create standardised digital workplaces in all subsidiaries.

Dialogue with employee representatives

We work constructively with employee representatives and trade unions in each country and at the European level, seeking a fair balance of interests. This is also set out in our Code of Conduct. In doing so, we are guided by internationally recognised standards and the legal framework of each country. We respect the right of employees to freedom of association, assembly, and collective bargaining. The SE Works Council reflects the international structure of the company and engages in dialogue with the management on transnational issues. This includes sustainability issues such as waste reduction and energy saving, as well as social issues such as promoting diversity and family-friendly working conditions.

EMPLOYEES COVERED BY COLLECTIVE AGREEMENT BY REGION

Headcount	Germany	Western Europe	Eastern Europe	Northern Europe	PHOENIX group
Total	4,380	15,469	579	6,389	26,817
Share in%	87.9	73.7	4.16	74.6	55.3

The proportion of employees covered by collective agreements varies from region to region (see table), and the content of the collective agreements is also applied to employees not covered by collective agreements.

During the reporting year, the number of employees covered by collective bargaining agreements in Western Europe increased to 15,469 from 8,799 in the previous year. The main reason for the increase was the acquisition of McKesson in 2022. In Eastern Europe, the number of employees with collective bargaining agreements decreased to 579 (previous year: 3,170). The decrease was due to the expiry of collective agreements in one subsidiary and the absence of a new agreement.

Employee structure

At the end of fiscal year 2023/24, the PHOENIX group employed 48,478 people (previous year: 39,915) in 29 European countries (previous year: 26). This represents an increase of more than 21.5 per cent compared with the previous year (previous year: +0.4 per cent) and is mainly due to the acquisition of parts of McKesson Europe in 2022, which is not reflected in the value for fiscal year 2022/23.¹⁾

With 5,201 employees (previous year: 5,045), the UK had the largest number of employees, followed by Germany with 4,984 (previous year: 4,579) and Norway with 4,913 (previous year: 4,719).

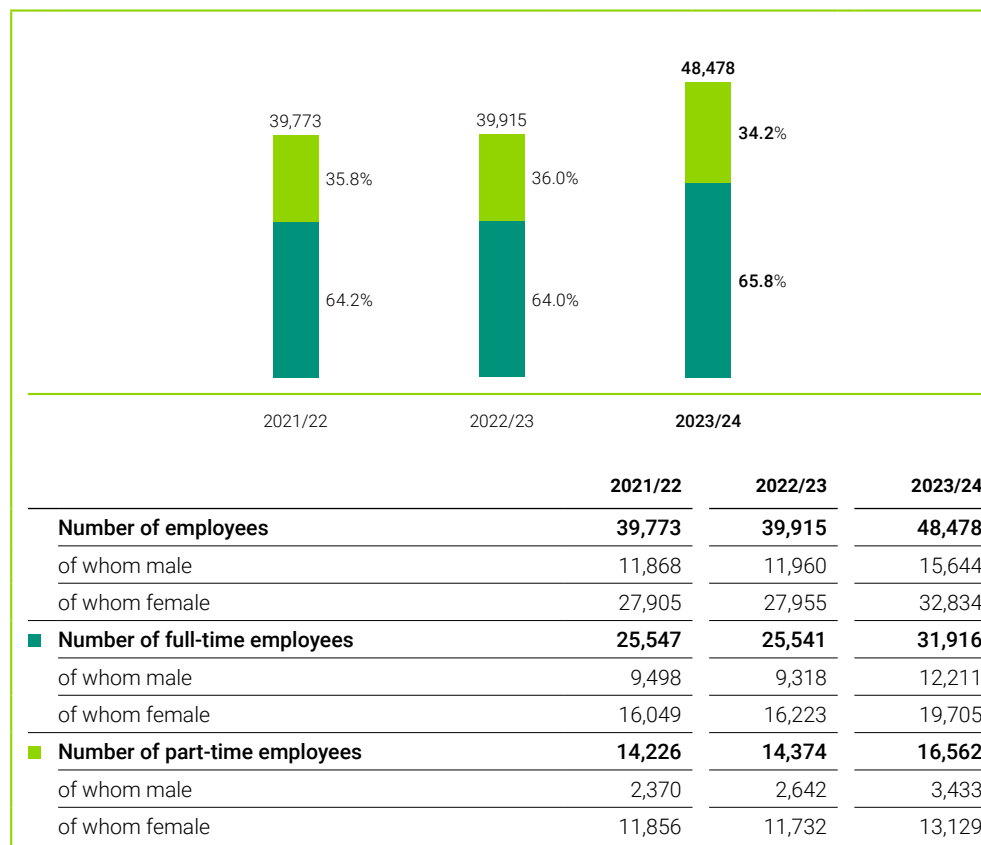
The proportion of female employees in the PHOENIX group was around 67.7 per cent in the reporting year (previous year: 70.0 per cent). Of these, 19,705 female employees (previous year: 16,223) were in full-time positions, while the number of men in full-time positions was 12,211 (previous year: 9,318). In addition, 3,433 (previous year: 2,642) male PHOENIX employees and 13,129 (previous year: 11,732) female PHOENIX employees were working part-time. The proportion of part-time employees was therefore 34.1 per cent (previous year: 36.0 per cent).

During the reporting year, 9,408 employees left the group and 9,017 were recruited, resulting in a fluctuation rate of 19.4 per cent.²⁾

¹⁾ The key figures in the previous year's report did not yet include the data from the McKesson acquisition, with the exception of the figures in the Responsible corporate governance chapter.

²⁾ Two countries had not yet reported any departures in 2023/24. The turnover rate is calculated as the number of departures divided by the average number of employees during the reporting period.

EMPLOYEES BY GENDER AND EMPLOYMENT GRADE ¹⁾



¹⁾ Headcount survey as at 31 January 2024.

EMPLOYEES PER COUNTRY WITH >10% OF THE GROUP-WIDE WORKFORCE ¹⁾

Country	Number of persons
United Kingdom	5,201
Germany	4,984
Norway	4,913
Netherlands	4,866

¹⁾ Reporting date: 31 January 2024.

Diversity and equal opportunity

Diversity, equal opportunity, and inclusion are part of our Sustainability Agenda. We want to promote social diversity among employees and managers and believe that diverse teams achieve better results. We support intercultural exchange and international collaboration, for example by focusing on global teams, especially in our centres of excellence.

Our » **Code of Conduct** commits us to the principles of equal opportunity and mutual respect. All employees are to receive the same treatment and the same opportunities in all employment situations, regardless of gender, age, religion, race, skin colour, sexual orientation, ethnic origin, national origin, or disability.

Gender diversity is also high on our agenda. In particular, we are committed to increasing the number of female managers in our talent programmes. In fiscal year 2023/24, 5 female managers (previous year: 2) took part in our LIFT Top Talent Development Initiative, bringing the total number of participants to 25 (previous year: 8).

Some subsidiaries are pursuing their own approaches to promoting equal opportunity and are implementing measures to improve the work-life balance of their employees.

In most cases, employees with a PC workstation can also work from home on a pro rata basis. The subsidiaries offer various flexible working time models in accordance with country-specific regulations.

At the end of reporting year 2023/24, the top management of all PHOENIX companies consisted of a total of 18 women (previous year: 12) and 101 men (previous year: 78). This is a 15.1 per cent proportion of women (previous year: 13.3 per cent). The increase compared with the previous year is mainly due to the acquisition of parts of McKesson Europe in November 2022.¹⁾ On 1 February 2023, a new member joined the PHOENIX group's Executive Board, which now consists of 7 men.

Education and development

Good development opportunities and training programmes are important factors in attracting and retaining talent. It is important for us to recognise employees' potential and systematically develop their skills.

One component of our employee development is the annual performance review. At PHOENIX Germany, employee performance reviews were suspended in 2022 and 2023. The annual employee review is currently being revised and will be resumed in a modified form. Excluding the subsidiary in Germany, 19,709 employees (previous year: 14,165) across the group received a performance review during the reporting period. This represents a rate of 40.7 per cent (previous year: 35.4 per cent).

Training courses and skills development

We use a Europe-wide learning management system to deliver onboarding programmes and training courses to our employees across the group, depending on their area of responsibility. In addition, local e-learning systems are in place in the subsidiaries to cover technical and social skills in a systematic way, with further training courses on topics such as leadership, foreign languages, and IT.

Management development programmes

The PHOENIX group aims to fill management positions primarily from within the company. To develop high-potential individuals who will strengthen our talent pipeline, we launched the LIFT Top Talent Development Initiative in 2021. This flagship programme promotes leadership and interdisciplinary skills. Since its inception, 26 participants have been supported as alumni and 30 new participants have been accepted into the programme.

In 2023, our additional RUNWAY talent initiative for middle management was introduced and launched with 46 participants. It aims to develop business acumen, leadership skills, and interdisciplinary collaboration.

¹⁾ The key figures in the previous year's report did not yet include the data from the McKesson acquisition, with the exception of the figures in the Responsible corporate governance chapter.

Traineeships and dual-study programmes

The PHOENIX group trains junior staff and offers young people a wide range of career entry opportunities: internships, traineeships, and dual-study programmes. We regularly take part in career and study information days and career fairs to draw the attention of interested applicants to our company.

In fiscal year 2023/24, the PHOENIX group employed 64 trainees (previous year: 76) and 19 students (previous year: 15) on dual-study programmes in its German subgroup. The dual-study programme offers students the opportunity to complete part of their training at one of our European subsidiaries. Typically, a high proportion of the trainees are hired by the end of their training.

Occupational health and safety

We have a special responsibility for the health of our employees. This includes preventing work-related injuries through safe working practices and a healthy working environment. As part of our quality management system, we ensure strict compliance with relevant national and EU legislation and regulations. In this context, systematic risk assessments for each workplace are mandatory, as is the implementation of appropriate preventive measures.

Responsibility for this lies with the various subsidiaries, since the regulations and their implementation – as well as the content of occupational safety and prevention – vary greatly from country to country.

Preventing accidents

Occupational safety instructions and regular employee training play a key role in accident prevention. The main topics covered are fire safety, workplace ergonomics, handling of hazardous substances, correct lifting techniques, and the safe operation of machinery and equipment in our distribution centres, especially forklift trucks. The subsidiaries also implement individual occupational safety measures.

The number of lost time injuries rose to 573 in the reporting year (previous year: 353) (see table below). In some cases, new locations have higher injury rates. Another reason for the increase is that more employees returned to work on-site in the reporting year following the Covid-19 pandemic.

Employees can report work-related hazards to their local safety officer or line manager. Local contacts are required to keep such reports anonymous. Reports on all topics can be made anonymously via the group-wide » [whistleblowing system](#).

TOTAL RATE OF WORK-RELATED INJURIES

	2021/22	2022/23	2023/24	Δ 2022/23 –2021/22	Δ 2023/24 –2022/23
Actual working hours (in million hours)	60.8	61.0	67.3 ¹⁾	+0.2%	+10.4% ¹⁾
Lost time injuries ²⁾	349.0	353.0	573.0 ¹⁾	+1.1%	+62.3% ¹⁾
Total rate of work-related injuries ²⁾	5.7	5.8	8.5 ¹⁾	+0.9%	+47.2% ¹⁾

¹⁾ No working hours are available for Portugal and Ireland. They are therefore not included in the figure.

²⁾ Reported in accordance with national legislation and may therefore include commuting accidents. Classification as an injury may differ between countries. All accidents resulting in at least one day's absence, known as lost time injuries (LTIs), are counted.

Promoting health

In the subsidiaries, a company health management system helps to promote employee health and reduce sickness rates. This includes numerous projects such as health days in the distribution centres. Several subsidiaries also offer employees free health checks, optional flu vaccinations, and other additional services.

In the reporting year, the sickness rate was 4.35 per cent (previous year: 4.57 per cent).

SUPPLY CHAIN MANAGEMENT

Companies must take responsibility for integrating sustainability into their purchasing processes. For example, if suppliers violate human rights or environmental standards, this can cause harm at the point of origin. At the same time, companies are increasingly required by law, both nationally and internationally, to exercise due diligence in their supply chains. In Germany, for example, the Supply Chain Due Diligence Act (LkSG) has been in force since the beginning of 2023, and, at EU level, the Corporate Sustainability Due Diligence Directive (CSDDD) has been adopted in 2024.

In the PHOENIX group, the procurement of trade and non-trade goods is organised on a decentralised basis: the subsidiaries have their own purchasing departments or purchasing managers for the procurement of goods. Our merchandise consists mainly of pharmaceuticals and medical products, as well as other standard pharmacy products such as cosmetics and dietary supplements.

Corporate General Procurement develops guidelines and best practices for the purchase of non-trade goods, some of which are supplemented locally. The PHOENIX group's » [General Procurement Supplier Code of Conduct](#) for non-trade goods, which has existed for some time, is currently being revised.

Human rights due diligence

The PHOENIX group is required to implement a risk management system for suppliers and in its own business operations in line with the LkSG. We began this process in 2022. The goal is to identify human rights risks and environmental risks as well as potential violations both in our own business and in the supply chain, and to implement appropriate preventive and remedial measures.

Responsibilities

The PHOENIX group Executive Board has overall responsibility for the group's due diligence obligations. The Head of Corporate Sustainability is responsible for monitoring risk management and reports regularly to a selected member of the Executive Board and at least once per year to the entire Executive Board.

Country management teams and subsidiary management teams coordinate the necessary resources and are responsible for business decisions, such as the onboarding of high-risk suppliers. A project team, consisting of people from Strategic Purchasing, Quality Management, and Corporate Sustainability, was created to implement the LkSG during the set-up phase. This team also worked closely with Corporate Compliance. A project management office was established in the Corporate Sustainability department to coordinate the group-wide implementation of the due diligence obligations. This office develops templates, process definitions, policies, and standards, and provides advice to different specialist departments on human rights and environmental risks. It also conducts the annual risk analysis in consultation with the respective departments and investigates LkSG-related complaints. Furthermore, local human rights officers are present in the subsidiaries. The Project Management Office liaises with other specialist departments that implement preventive and remedial measures in their areas, e.g. purchasing departments.

Respect for human rights

The PHOENIX group is committed to respecting human rights and has published a policy statement on human rights in accordance with legal requirements. We are guided by internationally agreed standards such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the Fundamental Principles of the International Labour Organization. We also expect all our business partners to comply with applicable laws and human rights conventions as well as with environmental protection standards in accordance with national and international requirements.

The policy complements the PHOENIX group's » [Code of Conduct](#) and applies to all employees and subsidiaries throughout Europe.

Our UK subsidiary publishes an » [annual statement on modern slavery and human trafficking](#) in accordance with the UK Modern Slavery Act. The Norwegian subsidiary published its first report on compliance with its due diligence obligations under the Transparency Act.

We want to raise awareness of human rights issues among our employees and encourage them to promote respect for human rights. This includes information and training, which we are gradually expanding.

Risk analysis

Identifying and prioritising human rights and environmental risks is central to risk management. A risk analysis of our direct suppliers was carried out in a two-step process. As a precautionary measure, the direct suppliers of all group companies under our control were analysed. First, we performed an abstract risk analysis using various risk indices to assess the nature and scope of the business activities. Business partners were then categorised into three risk levels. Suppliers with a higher risk exposure were analysed in more detail using a software tool and a questionnaire. To move from an individual to a systemic assessment, the results were analysed and weighted according to other factors, in particular the severity of a potential breach and the likelihood of it occurring in relation to specific sectors and the average country risk rating. As required by the LkSG, this process is carried out annually and on an ad hoc basis following significant changes in the supply chain or if there is substantiated knowledge of possible human rights violations. The latter also applies to indirect business partners.

Preventive measures are derived from the risk analysis, such as sending self-assessment questionnaires to medium- or high-risk business partners or including identified risk issues in supplier meetings.

Since 2023, the software-based business-partner screening process has also been used when establishing new business relationships.

Whistleblowing system

Violations of human rights and environmental law can be reported anonymously via the group-wide » [compliance whistleblowing system](#) (detailed information on this can be found in the [Compliance](#) section and in the » [rules of procedure](#). Internal and external stakeholders, such as employees in the value chain, can contact the PHOENIX group at any time and in various languages. No incidents relating to human rights in our supply chain were reported in the reporting year.

The complaints mechanism is reviewed annually for effectiveness and appropriateness.

Safe processes

Quality and reliability are top priorities for the PHOENIX group as a healthcare provider. A safe supply of pharmaceuticals is only possible if the quality of the supply chain is impeccable. This extends from product storage in compliance with regulations, to targeted delivery to pharmacies and hospitals, to optimal availability of medicines for patients.

Quality management

All companies in the PHOENIX group follow the EU Guidelines on Good Distribution Practice (GDP). Our quality assurance systems are monitored through internal audits and external regulatory inspections. The PHOENIX group's quality management is risk-based and process-orientated in accordance with ISO 9001. Approximately 80 per cent of the companies in the PHOENIX group are certified to this standard. This ensures that the products are not exposed to any negative influences and that their quality remains the same as long as they are within PHOENIX's area of responsibility.

The PHOENIX group initiates many projects and policies centrally, and the subsidiaries are responsible for implementing them. Quality management targets are set at the country level and metrics are recorded, such as the number of training sessions, management reviews, complaints, recalls, and audits.

In addition, various European project groups work on current GxP (good working practice) issues, which are incorporated into the development of group-wide best practices. The goal is to create a common understanding within the group and to consolidate and harmonise the quality management systems in the various countries. For example, a group-wide introduction of a standardised electronic document management system has begun.

The PHOENIX group duly implements all EU legal requirements on medical devices and on combating the counterfeiting of medicines and has established the respective processes.

Recalls and product information

In the event of side effects, malfunctions, or counterfeits, the end consumer will typically first contact a doctor or pharmacist, who may then contact the PHOENIX group, the manufacturer, or the authorities. In the event of a market recall, we support manufacturers by ensuring the full traceability of the products supplied and can therefore provide pharmacies with precise information on the batch concerned. However, the decision to recall a product is the responsibility of the manufacturer. Product-related information, such as package leaflets or instructions for use, is developed and provided exclusively by the manufacturers.

CORPORATE CITIZENSHIP

The PHOENIX group is committed to assuming responsibility beyond its core business and contributing to the common good. This is integral to our corporate philosophy.

Priorities

“We deliver health across Europe” – that is our mission. The areas of support for our corporate citizenship are derived from this and from our core business: above all, we support pharmaceutical research, projects for the common good, non-profit organisations such as hospitals and daycare centres, as well as schools and universities. Both group-wide and local measures in the various countries make important contributions. We support selected long-term lighthouse projects as well as smaller social initiatives.

Our employees are also engaged for the common good in multiple ways. We support them in their endeavours such as by topping up the donations they collect. The total donations of the entire PHOENIX group in fiscal year 2023/24 amounted to €1,263,305 (previous year: €1,594,934).

Our European subsidiaries implement individual measures for social engagement. Last year we developed a framework to provide guidance for those subsidiaries. It gives a structure and a method for measuring the impact of the activities. At least 80 per cent of our international subsidiaries' engagement should take into account the following factors:

- **Alignment with our core business**
- **Focus on a specific issue, target group (e.g. children), strong partner, and long-term partnership**
- **Monetary donation**
- **Implementation of projects at the local level**

Ensuring compliant behaviour

The PHOENIX group takes great care to ensure that all donations and sponsorship activities are in accordance with legal requirements. When we organise projects, the » [PHOENIX Anti-Corruption Guideline](#), which applies to the entire group, must therefore always be complied with. We also have a standard operating procedure with provisions on donations, grants, and sponsorship. In particular, it sets out criteria to enable our subsidiaries and partners to make suitable project choices. The most relevant points are summarised in our publicly accessible » [donation and sponsorship policy](#).

Lighthouse project

One of our flagship projects is the PHOENIX Pharmaceutical Science Award. With this award, PHOENIX promotes outstanding pharmaceutical research in Germany, Austria, and Switzerland, thereby strengthening the pharmaceutical value chain for the long term. Four research projects were honoured in 2023. The prize is a total of €40,000.

GOVERNANCE

Responsible and compliant behaviour is the cornerstone of the PHOENIX group's success. Naturally, this includes compliance with the law and the group's internal policies. The PHOENIX group continuously promotes the communication of compliance content and organises regular training sessions on the subject.

COMPLIANCE

Compliance breaches are associated with negative consequences and risks for both society and companies. Responsible and compliant behaviour is the basis for good corporate governance – and a natural part of the PHOENIX group's corporate culture. Corruption, unfair competition, and misconduct have no place either within the PHOENIX group or in our collaboration with customers and business partners. The objective is to permanently reduce compliance risks and avoid breaches. One of our most important measures that aims to enable our employees to behave lawfully and with integrity and optimise our business processes is the group-wide » [compliance system](#). This system is continuously improved and was certified at the end of fiscal year 2023/24 (IDW Assurance Standard 980).

The overall responsibility for compliance lies with the Executive Board, while the Group Compliance Manager is responsible for the ongoing enforcement and further development of compliance requirements. There are also local compliance managers in each country.

Policies and procedures

Our compliance system is based on the following policies:

- » [Code of Conduct](#)
- Compliance Policy and Reporting and Investigations Policy
- » [Anti-Corruption Guideline](#)
- » [Competition Compliance Guideline](#)
- Sanctions and Embargoes Compliance Policy
- Anti-Money Laundering Policy

These policies lay out the principles of trustworthy and correct dealings with colleagues, customers, suppliers and competitors. Corporate Compliance conducts regular self-assessments as well as risk assessments to review the implementation of compliance management and to identify emerging risks.

Code of Conduct

Our » [Code of Conduct](#) sets out the expected standards of behaviour for all employees working for a PHOENIX group company. It also provides a framework for positive and ethical behaviour.

Complaints handling

PHOENIX group employees can contact their local compliance manager or the Group Compliance Manager by phone or email if they suspect a compliance risk or violation. General contact details are published on the intranet and, in the case of our Group Compliance Manager, on our website.

In addition, employees, business partners, or other third parties can report compliance risks or violations anonymously through our web-based » [whistleblowing system](#), which is hosted by an external service provider. The identity of the whistleblower cannot be traced if the report is made anonymously.

The PHOENIX group will treat any report of a violation confidentially. We will protect whistleblowers who make a report in good faith in accordance with the EU Whistleblower Directive (2019/1937). Any form of retaliation is prohibited and will be prosecuted. We ensure that employees who report a violation do not suffer any adverse consequences. Negative comments about employees who have reported a violation are treated as a violation of our Code of Conduct. This protection applies to all individuals, both to PHOENIX group employees during or after their employment with PHOENIX and to external parties.

We consistently follow up on information received. Each case is recorded according to standardised criteria across the group and is categorised and followed up on in accordance with the PHOENIX group's » [Rules of Procedure](#). If an internal compliance incident is confirmed by an investigation, various measures may be taken depending on the severity of the employee's misconduct. These can range from a warning to, in exceptional cases, the termination of the employment contract and the assertion of claims for damages. Serious cases are subject to a follow-up process. This ensures that any corrective action is implemented appropriately.

Violations by external parties, such as business partners, may also result in contract termination, reports to regulatory authorities or the police, and, where appropriate, civil action.

All stakeholders who have access to the whistleblowing system are trained carefully and regularly in its use and the relevant internal processes. On a regular basis, employees are reminded of the reporting structures and systems through various communication campaigns and e-learning sessions. Information is also provided in our Code of Conduct, which is available on both the intranet and the internet. Information on the complaints procedure is described in our [» Rules Of Procedure](#).

Corruption prevention

The PHOENIX group's compliance system defines measures to prevent, detect, and combat corruption and bribery. Our group's main rules and principles on this topic are laid down in our [» Anti-Corruption Guideline](#). In addition to our policies, procedures, and monitoring activities, we have established the possibility to report compliance incidents through the whistleblowing system or directly to the Compliance department. Cases are then investigated according to defined processes. Compliance incidents are reported to the Group Compliance Committee (GCC) and the Executive Board on a regular basis.

All reported compliance cases, including allegations of corruption and bribery in particular, are systematically investigated, followed up on, and sanctioned. Where appropriate, we take the necessary steps to minimise risk. There were no convictions or regulatory fines related to corruption and bribery during the reporting year.

Training

We support our employees in acting with integrity and in avoiding potential violations from the outset. Our goal is to create and promote a culture of compliance and a safe environment for employees.

The PHOENIX group continuously promotes the communication of compliance content to raise awareness of the whistleblowing system. We conduct regular group-wide training sessions in the form of mandatory e-learning courses, with the explicit goal of communicating the content of the compliance system and ensuring that all employees act in accordance with the law.

We also provide face-to-face compliance training in focus groups, especially for employees who have significant contact with customers or suppliers, or who are authorised to conclude transactions, as well as for all managers. Approximately 28 per cent of employees in the e-learning focus group receive this type of compliance classroom training. This ensures that all areas identified as "high-risk functions" are adequately trained in compliance content.

During the reporting year and the previous year combined, a total of 13,715 employees were trained via compliance e-learning (of which 9,844 in the reporting year) and 3,889 via compliance classroom training (of which 1,315 in the reporting year). New employees receive training as part of their onboarding and employees who have been with the PHOENIX group for some time receive training every two years. This includes members of the Executive Board.

Data protection

The PHOENIX group takes very seriously the handling of the data of our customers, business partners, and employees in a legally compliant and trustworthy manner. The group therefore has a group-wide data protection organisation: all PHOENIX group companies and subsidiaries have officially appointed data protection officers or data protection contact persons. These individuals are responsible for advising the organisation and employees on data protection issues and for monitoring compliance with data protection legislation.

The Corporate Data Protection department is the central point of contact for all data protection matters affecting the group. The PHOENIX group's data protection policy applies to all employees and is intended to ensure that personal data is processed exclusively in accordance with the applicable data protection regulations and in compliance with the principles of the GDPR. Among other things, it also defines and regulates the reporting and management of data breaches. The regular data protection policy update was carried out during the reporting year.

In the past fiscal year, Corporate Data Protection developed a tool for recording processing activities in an effort to optimise the documentation and communication processes with colleagues from the operational business area. This is an important step towards an integrated data protection management system. Other modules of the system are currently being developed.

The PHOENIX group attaches particular importance to raising employees' awareness around data protection issues. In addition to general online training on the GDPR, Corporate Data Protection also offers customised training for experts or specialist departments. Employees are provided with simple instructions or detailed guidance on day-to-day issues.

The PHOENIX group uses its whistleblowing system to report data protection violations.

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Editorial note

The editorial deadline for this Sustainability Report 2023/24 was 23 August 2024. The report is also available in German and can be downloaded from our [» website](#).