

RELIABLE PROCESS MANAGEMENT

Corporate Social
Responsibility Report 2015/16



PHOENIX group in figures

Key figures of the PHOENIX group		2011/12	2012/13	2013/14 ⁵⁾	2014/15	2015/16
Revenue	in EUR k	21,660,649	21,218,687	21,791,268	22,567,998	23,247,428
Total operating performance ¹⁾	in EUR k	25,479,749	25,251,336	25,916,290	27,278,243	28,484,595
Total income ²⁾	in EUR k	2,249,687	2,319,147	2,217,379	2,277,295	2,416,548
Profit before tax	in EUR k	294,775 ³⁾	230,723 ³⁾	143,092	361,278	318,985
Adjusted profit before tax ⁴⁾	in EUR k	294,775	329,156	253,094	296,558	339,628
Equity	in EUR k	1,935,623	2,103,800	2,161,841	2,481,491	2,726,468
Equity ratio	in %	26.1	28.7	29.4	32.1	35.1
Net debt	in EUR k	1,855,743	1,611,518	1,330,855	1,068,749	1,121,561
Company rating (Standard & Poor's)		BB-	BB	BB	BB	BB+
Employees (total)		29,038	28,698	28,555	28,922	29,745
Employees (full-time)		23,850	23,932	23,850	24,153	24,842

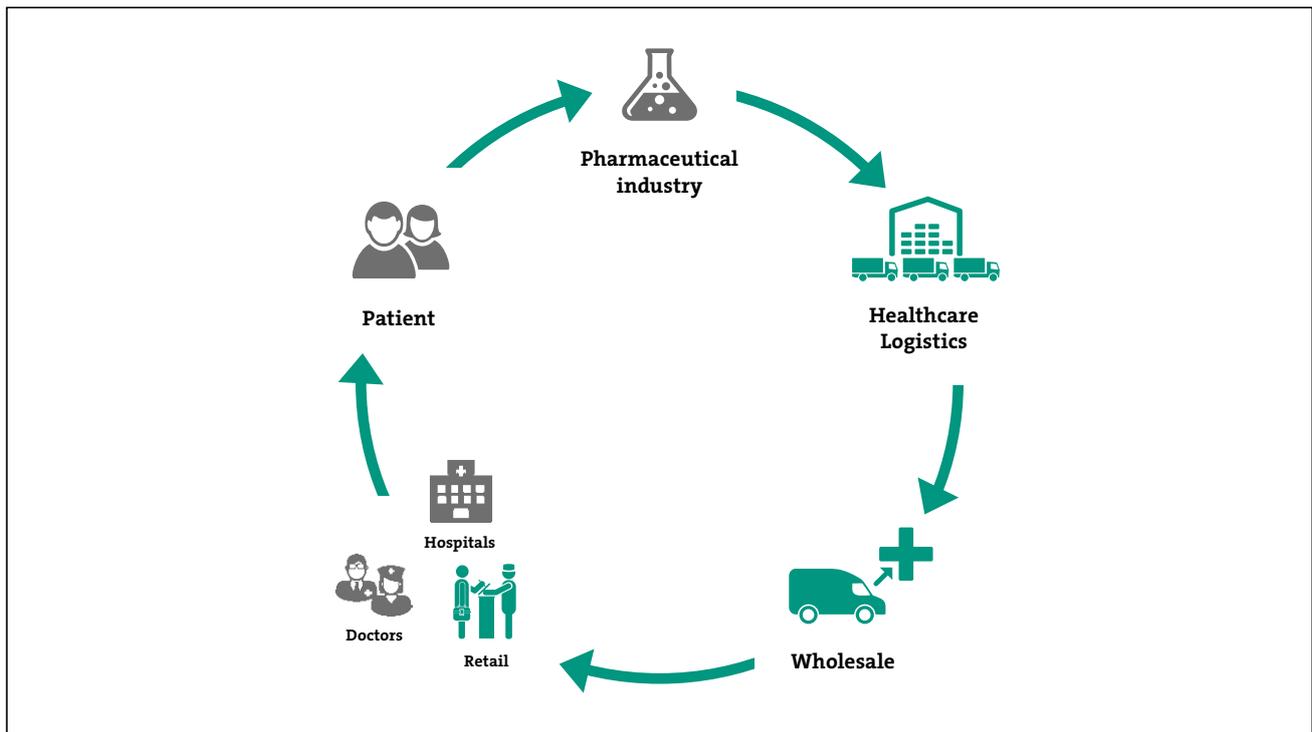
¹⁾ Total operating performance = revenue + handled volume (handling for service charge).
²⁾ Total income = gross income + other operating income (previous years 2011/12 up to 2012/13 adjusted due to changes in reporting).
³⁾ Adjusted due to the application of IAS 19R.
⁴⁾ Adjusted for impairment losses 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, IT project costs 2014/15 and 2015/16 as well as expenditures associated with the minimum wage in Germany 2015/16.
⁵⁾ Adjusted due to the first-time application of IFRS 11.

G4-EC1

Economic value retained of the PHOENIX group in EUR k	2014/15	2015/16	Deviation from previous year in %
Net turnover	22,567,998	23,247,428	3.01
Community investments	2,031	1,759	-13.39
Personnel expenses	1,034,353	1,158,714	12.02
Operating costs	21,119,765	21,725,836	2.87
Payments to government	73,364	95,031	29.53
Payments to providers of capital	99,225	78,025	-21.37
Economic value retained	239,260	188,063	-21.40

Reliable process management: Quality relates to all of our processes. From the receipt of goods to their delivery, our employees are trained to examine products carefully. Mobile data entry (MDE scanners) is used to support this process, resulting in an error rate reduction of around 50 per cent since its introduction.

PHOENIX group: 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 help pharmaceutical manufacturers to make better business 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.

We deliver health.

Each and every day. Across Europe.



> **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 30,000 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 153 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.

> **In pharmacy retail**, the PHOENIX group is active in 12 countries with around 1,800 of its own pharmacies – around 862 of which operate under the new 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. The more than 13,000 pharmacy employees have around 120 million customer contacts each year. They dispense around 260 million drug packages to patients and advise them on issues concerning pharmaceuticals and general health.

> **Pharma Services** provides services across the whole 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 with business intelligence offers a first-class basis for decision making.

RELIABLE PROCESS MANAGEMENT

THE PHOENIX GROUP ENSURES HIGH QUALITY
WITH RESPECT TO VALUE CREATION, ENVIRONMENT,
EMPLOYEES, AND SOCIETY THROUGH THE
EFFICIENT USE OF ITS RESOURCES.

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Letter from the Executive Board



Oliver Windholz
Chief Executive Officer



Helmut Fischer
Finance

Dear readers,

The PHOENIX group is publishing its fourth sustainability report under the motto “Reliable process management”. It presents PHOENIX as an important link within the pharmaceutical supply chain and demonstrates the quality with which the relevant processes are being implemented and improved. Furthermore, the report clearly reveals the progress being made within the company on the subject of sustainability.

In the fiscal year 2015/16, we worked intensively on our CSR goals across the group. We carried out the first group-wide employee survey. Now it's time to identify specific measures for the individual areas of activity and introduce them in all countries. Our second objective was to reduce the illness rate, for which a slight decline was already recorded in the reporting year. The new occupational health management system is helping us to put even greater focus on the health of our employees. We are doing everything we can to achieve our ambitious target of reducing the illness rate by one percentage point by 2018/19. Our third objective was to cut the costs associated with pharmaceutical waste, which we did by 3 per cent compared with the previous year. The specific actions we have taken to optimise our CSR processes are described in the Environment section, using the best practice example of our Danish subsidiary.

For the first time, this report contains our performance indicators across all regions in a two-year comparison. To this end, we have further developed our CSR processes and optimised data quality. This was an important topic at our first international meeting of CSR managers in February 2016.

Our stakeholder questionnaire enabled us to define fundamental CSR issues from the perspective of our stakeholders and to add three further CSR goals to our target programme for the fiscal year 2016/17. We are going to give the relevant employees throughout Europe online and in-person training on the compliance guidelines. In Germany, we are expanding our online training programme to include data protection until 2017/18, and employees at all our sites will be invited to participate. Furthermore, we will draw up group-wide data protection guidelines by mid-2018.



Frank Große-Natrop
Operations/Logistics



Stefan Herfeld
Retail

A challenging market environment, the good distribution practice (GDP) guidelines, and counterfeit pharmaceuticals have had an influence on our day-to-day activities this year. We have been a strong supporter of the securPharm initiative in its efforts to reduce counterfeit drugs by preventing them from entering the pharmaceuticals supply chain. In future, sustainable principles will be incorporated into our business processes wherever possible – including the PHOENIX group's General Procurement division. Sustainability criteria will be taken into account when selecting our suppliers and products in an effort to take more responsibility for the supply chain. This allows us to strengthen our long-standing partnerships and to reliably manage our procurement processes.

The next step will be to roll out sustainability activities to other areas of the PHOENIX group, such as our retail business. As a result, we will be able to provide a comprehensive picture of the PHOENIX group in the future.

With this CSR programme, we are successfully facing up to the challenges in the market and within the industry. We feel confident about being well-prepared for the future – from an environmental, social, and economic perspective – while also looking after the interests of our stakeholders.

Oliver Windholz
Chief Executive Officer

Helmut Fischer

Frank Große-Natrop

Stefan Herfeld

About this report

Additional information can be found in the PHOENIX group Annual Report 2015/16 and online at www.PHOENIXgroup.eu

// This report contains information on the PHOENIX group's sustainability and relates to the fiscal year 2015/16. In preparing this report, the PHOENIX group 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

This sustainability report covers the fiscal year from 1 February 2015 to 31 January 2016. It describes the development and the results of the PHOENIX group's CSR activities. This report builds on the Corporate Sustainability Report 2014/15, published in September 2015. The PHOENIX group publishes its sustainability report on an annual basis. For the second time, the current report includes the key performance indicators (KPIs) from all of the subsidiaries and their domestic affiliates. For the first time, all key figures are compared with those from the previous year. The report features company-specific indicators that are significant to pharmaceutical distribution. Through the use of examples, the report shows how the PHOENIX group supports positive developments 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 greatest relevance for the stakeholders. These topics are based on the analysis of the ecological, 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

The sustainability report presents the significant advances made in the reporting period and is divided into four core sections, consistent with the PHOENIX group's areas of responsibility:

- Added value
- Environment
- Employees
- Society

Compliance is an essential element of PHOENIX group's corporate culture and so we moved the information on compliance to the section on profile and strategy. Additional information about the PHOENIX group's sustainability strategy and management as well as how the processes are controlled and integrated within the company is explained in the same section. The "Facts and figures" chapter presents the consolidated performance indicators compared with the previous year's and provides information on the company's progress. The GRI index at the end of the report summarises the essential aspects and indicators. Related GRI aspects will be shown next to each corresponding paragraph.

KEY DEFINITIONS

G4-22, G4-23

The term PHOENIX group refers to the entire PHOENIX group as depicted in the Annual Report. There were no significant changes to the structure of the PHOENIX group in the reporting period.

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 were categorised by region.

Germany:

including all subsidiaries such as Transmed Transport GmbH and PHOENIX Pharma-Einkauf GmbH; reported separately as home market

Western Europe:

Great Britain, the Netherlands, France, Switzerland, Italy, and Austria

Eastern Europe:

Hungary, the Czech Republic, Slovakia, Croatia, Bulgaria, Macedonia, Serbia, Kosovo, Albania¹⁾, Montenegro, Bosnia and Herzegovina, and Poland

Northern Europe:

Denmark, Sweden, Finland, Norway, Estonia, Latvia, and Lithuania

Global Reporting Initiative (GRI) is an international framework for sustainability reporting. Standards for CSR reporting are divided for the purposes of sustainable development into three categories: economic, ecological, and social responsibility. The GRI aims to make sustainability reporting as prevalent and comparable as every other annual report published by companies.

¹⁾ The country was included in the data collection process for the fiscal year 2015/16 to ensure completeness. However, it is negligible in terms of key figures due to its size and its inclusion does not lead to any deviation or noticeable trends.

A leading and responsible pharmaceutical trader

Sustainable company management in all business units

// The PHOENIX group's strategic focus is on giving its customers a high level of added value, rigorous cost awareness, and profit-oriented growth. At the same time, this goal is inextricably linked to our awareness of social responsibility. The main objectives and principles are rooted in the company's CSR strategy, which is implemented across borders and assessed using key figures.//

Profile of the PHOENIX group

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

Further information
can be found in the
cover flap and in the
current annual report
on pages 27 f.

The PHOENIX group is a leading European company in pharmaceutical distribution and one of the largest family businesses in both Germany and Europe. Our 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 logistics solutions. With more than 29,700 employees, we make a vital contribution to comprehensive healthcare.

We are active in 26 European countries. As of the end of the reporting year, the PHOENIX group was operating 153 distribution centres and a total of 1,773 pharmacies as part of its core business – giving it a wide geographic portfolio. As our largest market, Germany makes up around one-third of group revenue, which amounted to approximately EUR 23.2 billion in the fiscal year 2015/16.

In pharmaceutical wholesale, the PHOENIX group is number one in ten countries. It operates its pharmacy retail business principally in the UK, Norway, the Netherlands, Switzerland, Hungary, the Czech Republic, and the Baltic countries. Moreover, we provide our expertise as a logistical service provider to companies in the pharmaceutical industry.

Our strong brand portfolio sets us apart in this respect. In wholesale including Healthcare Logistics, our brands are PHOENIX, Amedis, Brocacef, Comifar, El Pharma, Nomeco, and Tamro. Our pharmacy brands are BENU, Apotek 1, and Rowlands Pharmacy.

A STRONG BRAND PORTFOLIO

Our Wholesale Companies



Our Pharmacy Retail Brands





Corporate mission statement defines values

G4-56 Since the introduction of the new PHOENIX corporate mission statement in spring 2015, its contents have been shaping the operations and communications of our company. The corporate mission statement, which makes our corporate philosophy, vision, mission, strategy, and values transparent, provides the framework of our daily actions.

Further information:
www.PHOENIXgroup.eu/EN/PHOENIXgroup/Corporate_Mission_Statement/Pages/default.aspx

As a family business, the PHOENIX group makes its decisions independently and pursues a long-term strategy. Our vision of being the best integrated healthcare provider – wherever we are – can only be achieved with our motivated and loyal employees. They are the key to our success and the basis for living up to our responsible tasks today and in the future.

Ethical principles along the whole supply chain

The PHOENIX group's corporate responsibility spans the entire supply chain. On the one hand, we focus on our role as the link between manufacturer and patient. In other words, we focus on the reliable delivery of drugs and medical products. On the other hand, we also have a responsibility towards our direct suppliers, who provide us with products and services for our corporate processes.

G4-12, G4-14, G4-57

Further information can be found in the cover flap and in the current annual report on pages 28 ff.

Within the PHOENIX group, PHOENIX Pharma-Einkauf GmbH (PPE) is responsible for the procurement of trading goods for the whole of Germany. For General Procurement, PPE pools the group-wide requirements for non-trading goods, such as capital goods and services, on behalf of the PHOENIX group and its subsidiaries.

The highest procurement volumes in this area include indirect material groups like transport, maintenance and facility management services, materials handling, IT infrastructure, energy, and vehicles.

We have cultivated long-standing partnerships based on trust with many of our suppliers. Our supply contracts ensure the necessary standards are met in terms of price, quality, and availability. They also increasingly incorporate business ethics clauses. It is noteworthy that the standards of the PHOENIX group are even more far-reaching than those of the Foreign Corrupt Practices Act (FCPA) in some instances. Once a year we hold annual talks with our suppliers of framework agreements with a focus on quality assurance as well as on the implementation of innovations. Thus far, we have carried out audits when necessary or as required by law, but not consistently for all suppliers. In future, we want to integrate sustainability criteria to a greater degree in our strategic procurement processes, through the selection of our suppliers or the products that we purchase. On that account, we set up a working group at our last group-wide procurement meeting to develop appropriate proposals.

See Glossary, page 70.

We also observe strict ethical standards in sales: it is a basic principle of the PHOENIX group not to offer any products or services that are proscribed or even banned altogether.

Sustainability integrated in all corporate processes

For the PHOENIX group, growth and corporate success are inseparably linked to social responsibility. We want to be measured against this claim. Issues relating to employees and the environment are therefore discussed in the context of the European GIRP and the German PHAGRO associations. We have also set ourselves the goal of integrating sustainability-oriented principles in all quality management processes and our cooperation with customers, business partners, and employees. We plan to gradually extend this process to all of our company's subsidiaries. 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.

G4-16

26

We operate in 26 countries.
All countries are included
in this report.



- Wholesale and Retail: due to their complexity, key environmental figures were not reported for Retail.
- Wholesale (including Healthcare Logistics)

Company-wide management approach based on central areas of responsibility

Our corporate mission statement forms the foundation 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*

The PHOENIX group ensures a reliable supply of pharmaceuticals across Europe. In terms of value creation, our established management systems therefore encompass strict quality management, which includes a regular assessment of customer satisfaction, observing guidelines for good distribution practice (GDP), as well as statutory regulations on handling medicines. In addition, we are developing the necessary structures to meet the new directives on drug safety that will have to be observed in future. We are also taking specific steps to satisfy compliance directives and data protection rules.

See Glossary, page 70.

■ *Environmental protection*

When it comes to the environment, we are also applying our quality management system in compliance with the GDP guidelines to reduce pharmaceutical waste. We are legally obliged to carry out energy audits, which form the basis for energy efficiency measures in our buildings. The transparent analysis of greenhouse gas (GHG) emissions caused by the company makes us aware of ways in which we can protect the climate and the environment. Through the efficient use of building technology and a variety of measures related to transport logistics, the PHOENIX group is striving to reduce its consumption of energy and fuel as well as the associated CO₂ emissions.

See Glossary, page 69.

■ *Supporting employees*

As a result of the new HR organisation introduced during the reporting year, it will now be possible to manage personnel issues even more efficiently across Europe. As a modern employer, it is our aim to create an attractive and secure work environment for the employees of the PHOENIX group. We are investing in international programmes for further training, talent development, and in the expansion of occupational health management. Our first company-wide employee survey is of great importance to the PHOENIX group's continuing development as an attractive employer brand. In addition to annual employee reviews, the survey has also given our corporate culture a significant, fresh impetus.

■ *Commitment to society*

With regard to our responsibility to society, we have been making long-term investments in charitable projects all over the world and supplement this through funding activities in the local areas and regions of our locations. We focus on activities relating to children's health and on promoting scientific advances in pharmaceutical research. In Germany, we are considering the introduction of a policy on donations and sponsorship.

Group-wide targets			
To derive the specific measures to be taken within these areas of responsibility, the PHOENIX group has extended its group-wide targets in 2015/16:			
Target	Due	Status	Comments
Reduce costs of pharmaceutical waste by 10 % compared to 2014/15 ¹⁾	2018/19	■	Page 32 ff.
Reduce group-wide sickness rate from 4.47 % (2014/15) by 1 percentage point ²⁾	2018/19	■	Page 51 ff.
Improve employee loyalty by implementing a group-wide employee survey ²⁾	2015/16	■	Page 44 f.
Training of employees within the focus group (approx. 10 % of staff) on compliance guidelines	2016/17	■	Page 16
Training of employees on data protection guidelines in Germany	2017/18	■	Page 30
Introduction of group-wide data protection guidelines	05/2018	■	Page 30
¹⁾ The target definition refers exclusively to the PHOENIX group Wholesale business. ²⁾ Employee-related targets include the entire PHOENIX group.			
<input type="checkbox"/> Target launched <input checked="" type="checkbox"/> On-going <input checked="" type="checkbox"/> Target fulfilled <input type="checkbox"/> Target not fulfilled			

The PHOENIX group has identified specific measures within the respective areas of responsibility and has added further group targets to the company-wide goals adopted in the previous reporting year. An explanation of these targets and their current status is provided in the relevant sections of this report.

Country-specific goals and specific measures support the achievement of objectives across the group.

In addition to the targets for the group as a whole, we have also defined country-specific goals in the past year that are binding for the local companies and will be supported by them with specific measures. Monitoring of progress towards these objectives will also take place at country level. The group-wide CSR system will, in turn, document the degree to which the group targets are being met. Since the markets we operate in are very different in part, many topics are largely dealt with on a local level in accordance with our slogan “Think together global – act local”. Our group-wide uniform employee survey is however a good example of how certain topics can also be centrally managed.

Report contents based on materiality analysis

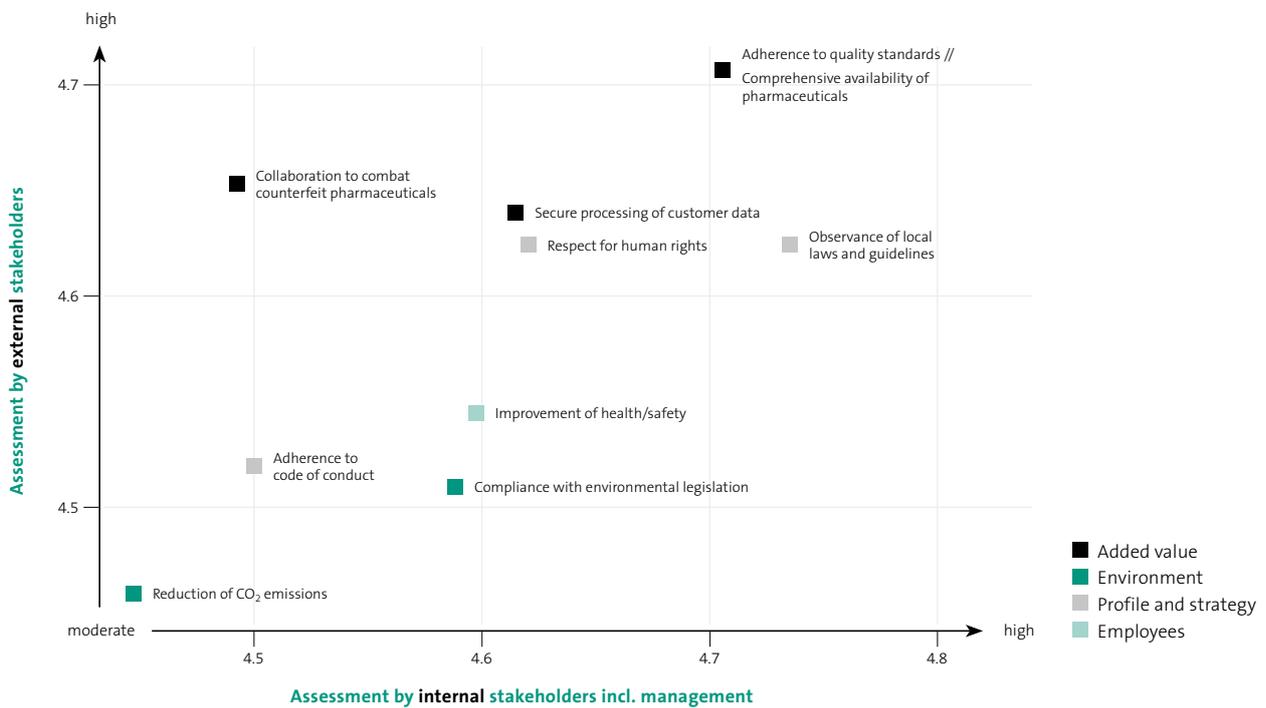
G4-18, G4-19

With its four areas of accountability – value creation, environment, employees, and society – corporate social responsibility (CSR) has been integral to the PHOENIX group management since 2012. In the course of a multi-stage materiality analysis in 2015, which was based on the GRI G4 standard, we identified CSR topics relevant to our company. The assessment took into account the expectations of internal and external stakeholders as well as the standards the PHOENIX group sets itself for long-term success. For the first time, this comprehensive materiality analysis was conducted for the entire PHOENIX group.

Key CSR topics are reflected in our corporate mission statement. The objective of adding value through long-term growth is the focus of our CSR activities. Therefore, we are giving particular attention to customer and quality focus, coupled with continuous cost awareness.

Materiality matrix of the PHOENIX group

G4-19



The ten key areas of interest illustrated in the matrix provide a foundation for the PHOENIX group to further develop its CSR topics and to align its reporting in accordance with the G4 version of the Global Reporting Initiative (GRI) standard. The corresponding GRI issues relate to these areas of interest, on which the PHOENIX group reports at least one performance indicator.

See Glossary, page 71.

Involvement of stakeholders in the selection of key topics

We carried out our second stakeholder survey in October 2015. To begin with, we took account of the issues that were seen as critical to the PHOENIX group in our last survey from 2014. An online survey was sent to more than 20,000 employees, suppliers, customers, subcontractors, and other business partners across Europe. Over a period of two weeks, more than 4,544 stakeholders participated in the survey, which equates to a response rate of 22.7 per cent.

G4-24, G4-25, G4-26

With the aim of identifying the most important fields of activity, we asked five questions about the four areas of responsibility, covering 35 sustainability issues such as working practices and conditions, products and services, as well as aspects related to the environment and the economy. The participants were asked to rate the issues in terms of their relevance to the PHOENIX group on a scale from “most relevant” (5) to “not relevant” (1).

To identify the areas from a business perspective, we had further, separate discussions about the topics with internal managers from Human Resources, Transport, Compliance, Engineering, and Administration, as well as Sales and Quality Management. The results were then considered with the Executive Board.

Stakeholder management of the PHOENIX group G4-27

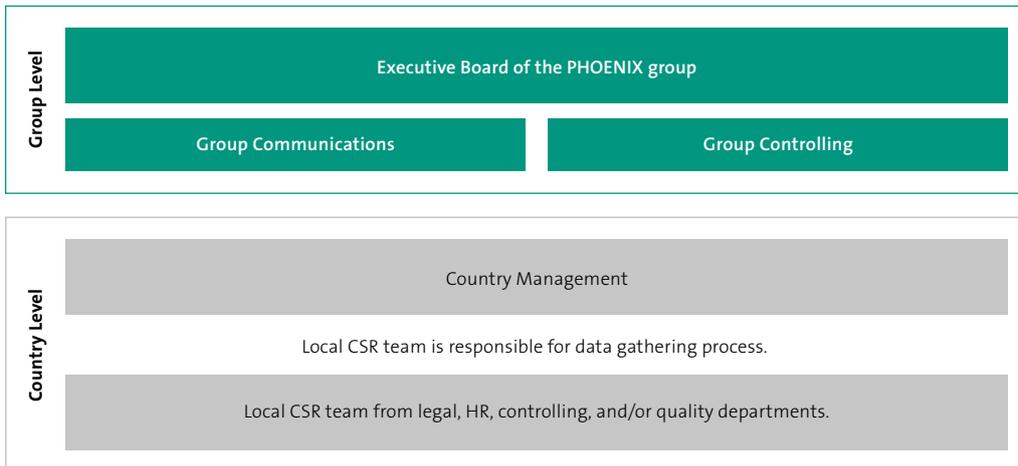
Key stakeholder groups	Basis for stakeholder selection	PHOENIX group's approach to stakeholder engagement	Key topics for stakeholder groups	GRI indicators ¹⁾
Employees and management	<ul style="list-style-type: none"> Crucial to operational performance and value creation 	<ul style="list-style-type: none"> Regular meetings with employee representatives Communication and information on key issues via newsletter or intranet Initiatives and projects in distribution centres 	<ul style="list-style-type: none"> Promoting health and safety in the workplace Compliance Secure processing of customer data 	<ul style="list-style-type: none"> G4-LA6 G4-SO7 G4-SO8 G4-PR8
Pharmacies and hospitals	<ul style="list-style-type: none"> Needs and expectations critical to value creation 	<ul style="list-style-type: none"> Regular communication with customer representatives Cooperation with associations Customer satisfaction surveys 	<ul style="list-style-type: none"> Product responsibility Compliance Secure processing of customer data 	<ul style="list-style-type: none"> G4-SO4 G4-SO7 G4-SO8 G4-PR1 G4-PR8
Pharmaceutical companies	<ul style="list-style-type: none"> Needs and expectations critical to value creation 	<ul style="list-style-type: none"> Regular communication with customer representatives Cooperation with associations Management meetings about business development Customer satisfaction surveys 	<ul style="list-style-type: none"> Ethics and integrity Product responsibility Secure processing of customer data 	<ul style="list-style-type: none"> G4-S6 G4-PR1 G4-PR8
Business partners and subcontractors	<ul style="list-style-type: none"> Needs and expectations critical to value creation 	<ul style="list-style-type: none"> Regular meetings 	<ul style="list-style-type: none"> Product responsibility Secure processing of customer data 	<ul style="list-style-type: none"> G4-PR1 G4-PR8

¹⁾ This is relevant to indicators that are already reported this year and should be reported in the future.

Development and structure of CSR management

G4-31 CSR management is a top-level responsibility at the PHOENIX group. The Chief Executive Officer 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 responsible for integrating them into the operational processes of the PHOENIX group.

CSR organisation within the PHOENIX group



If you have any questions, please contact Jennifer Opitz, CSR Manager: j.opitz@PHOENIXgroup.eu Phone: +49 621 8505-8503

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.

The first group-wide meeting of CSR managers was held in 2016 and was attended by representatives from almost all of the subsidiaries. The main focus was on optimising data collection and standardising the reporting processes. In line with our corporate culture, we also promoted the sharing of best practices. This allows the exchange of successful ideas and their use across borders.

Compliance guides daily activities

For the PHOENIX group, operating responsibly and according to the rules is a matter of course – in reaching our operational and financial goals as well as in maintaining the trust of our customers, business partners, and other stakeholders. The PHOENIX group expects its employees not only to follow the applicable laws and regulations to ensure the legal basis of our business operations. It also demands respect for fundamental ethical standards. We uphold a zero-tolerance policy with regard to any possible infringements.

G4-56, G4-57

The code of conduct of the PHOENIX group defines the standards of behaviour expected of all employees. It outlines the principles for interaction with customers, suppliers, competitors, and colleagues, as well as other business partners in the social environment. The code of conduct thus establishes the parameters for positive and ethical coexistence – not just internally, but also outside the company.

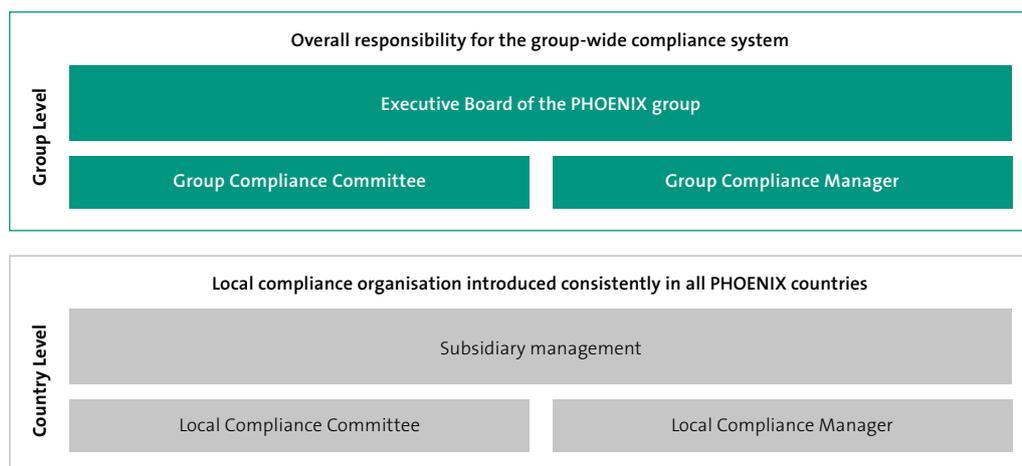
Further information: www.PHOENIXgroup.eu/EN/PHOENIXgroup/Compliance/Pages/default.aspx

By implementing compliance-specific frameworks, rules are defined in a clear and transparent manner. Our compliance guidelines are based on globally recognised standards as well as on applicable laws and regulations such as the UK Bribery Act or the EU anti-trust law. The PHOENIX group’s central compliance documentation consists of anti-corruption guidelines, the competition compliance policy, and the code of conduct. The guidelines are reviewed on an annual basis and updated as necessary.

See Glossary, pages 69 and 71.

Implementation of compliance organisation

G4-SO4 We have set up a group-wide compliance organisation to protect our company from the negative consequences of corruption, bribery, and breaches of competition rules. The structure of this organisation is as follows:



G4-58, G4-EN29, G4-SO8

See Glossary, page 69.

Communication and training are essential for compliance

Regular communication and training are prerequisites for a functioning compliance system. Through e-learning modules and in-person training sessions, the respective employees learn about the topics anti-corruption, competition compliance, and code of conduct. All employees of the PHOENIX group had completed the e-learning courses by the end of the reporting year.

Focus groups – which include all employees in contact with customers or suppliers, or those with the authority to make business deals, as well as all managers – are additionally receiving in-person training on compliance. Overall, around 10 per cent of all PHOENIX group employees are involved. In the past fiscal year, 60 per cent of those employees received in-person training, and the remaining number should follow suit by the end of the current fiscal year.

Introduced on 1 June 2014 and considered by the PHOENIX group as a valuable source of information about possible risks and specific rule violations, the web-based whistle-blower system is in active use. No fines or government sanctions were imposed on any companies of the PHOENIX group in the reporting period as a result of violations of legal regulations.

PHOENIX group takes human rights into consideration in its processes

G4-HR12

Human rights are an important topic for the internal and external stakeholders, as well as the PHOENIX group itself. The PHOENIX group confirms that it adheres to the principles of the United Nations' Universal Declaration on Human Rights in the context of its corporate activities. PHOENIX rejects all forms of child or forced labour. Violations of any kind can be reported through the international whistle-blower system for compliance and will be rigorously followed up. There were no reports of this kind in the reporting year. Among other activities, we are currently undertaking an analysis in Purchasing to integrate compliance with social standards in tendering processes. The issue of human rights in the supply chain is one of those factors.

CSR highlights 2015/16

Expansion of CSR target programme

In this reporting year, we have added to the existing group targets for social responsibility and are currently pursuing six specific, measurable targets in various fields of activity.

First group-wide stakeholder survey

The Europe-wide survey was aimed at customers, employees, suppliers, and business partners, and gave them the opportunity to voice their opinion on the most important sustainability issues. The results are providing us with valuable feedback for the selection of future areas of activity.

First meeting of CSR managers in Mannheim

In February 2016, almost all of the CSR managers of the entire PHOENIX group met for the first time. The meeting focused on developing a common understanding of CSR and on supporting the transnational exchange of ideas.

Future-oriented HR agenda

The first international survey on employee satisfaction was conducted in 2015. The HR organisation has been adapted to meet new challenges in further training, talent development, and occupational health management.

Investments in logistics

Through comprehensive investments in logistics, the PHOENIX group is targeting significant quality improvements. In the reporting year the implementation of state-of-the-art warehouse logistics has begun.

Energy audit as basis for efficiency increase

In Germany (and in other countries), the PHOENIX group has implemented the provisions of the European Energy Efficiency Directive. In the course of this process, the company carried out standard energy audits, which will provide the basis for further increases in efficiency.

Acting responsibly as a building block of corporate strategy



Oliver Windholz Chief Executive Officer

Interview with Oliver Windholz on sustainability at the PHOENIX group

// Responsible conduct as a central component of the corporate strategy. Oliver Windholz, Chief Executive Officer, discusses the challenges of heavily regulated markets, counterfeit pharmaceuticals, and the sustainability programme of the PHOENIX group. //

The new corporate mission statement represents a further milestone in the development of the PHOENIX group. What role does sustainability play in this context?

Oliver Windholz: Sustainable and responsible conduct are part of our daily work and an aspect of our values, enshrined in our corporate mission. Cooperation between employees and business partners is based on a respectful, trustworthy, and proactive relationship. Through the efficient use of our resources, we ensure quality with respect to the environment, employees, and society. We are conscious of our responsibility in these areas of activity. In the past fiscal year, we set ourselves the goal of conducting the first group-wide employee survey, which we carried out successfully. We have also set ourselves two additional objectives: to reduce our pharmaceutical waste and the illness rate by the end of 2018/19.

Sustainable conduct requires economic strength and competitiveness. What is your corporate strategy for commercial success?

Oliver Windholz: As a family business, we want to grow profitably and organically through targeted acquisitions in wholesale and retail. Our business model is focused on the customer and quality, but also conscious of costs. We incorporate newly acquired businesses in all social and environmental aspects of sustainability. When investing in logistics, we consider energy-efficient measures. With the building of the largest Northern European logistics centre in Denmark, we are not only taking an environmentally friendly approach to construction, but are also expanding our services in Pre-wholesale and Pharma Services.

How does the PHOENIX group consistently manage to satisfy the strict legal requirements in heavily regulated markets?

Oliver Windholz: Laws and standards must be observed. There is no question about that. The guidelines of good distribution practice (GDP), in particular, are our top priority. We base the handling of up to 100,000 medical products and pharmaceuticals on these guidelines. Our compliance structures apply to the whole PHOENIX group and serve to make all employees aware of specific issues and to train our focus group. We are also playing a role in the fight against counterfeiting of pharmaceuticals. Several years ago, we joined the securPharm partnership programme in Germany. This system will help to verify the authenticity of drugs and identify individual packages.

People are at the heart of your business. In competing for the best ones, what is the PHOENIX group doing to be an attractive employer?

Oliver Windholz: In the past year, we restructured our HR organisation. The new structure will assist the PHOENIX group in improving our position as an attractive employer. The first employee survey marked an important step for PHOENIX in this process. We asked all employees of the group about their job satisfaction. The feedback was mostly positive, but there are also areas in which we must improve. To this effect, we decided on specific measures at a local level in consultation with our employees across the group. These will now have to be implemented. I am pleased that so many of our employees offered their constructive feedback.

Is that enough to satisfy your demand for skilled personnel?

Oliver Windholz: No. We have also initiated further important projects, such as extending our talent management programme across the entire PHOENIX group. To the extent possible, we want to fill our management positions from within our own ranks. In Germany, a company-wide framework agreement on occupational health management was concluded for the first time with the Central Works Council. On the one hand, we made a commitment to promoting the health of our employees as well as a positive working atmosphere. On the other hand, we also aim to make the workplace even safer and conducive to health. Our objective to lower the illness rate by one percentage point will provide us with extra impetus.

How are you managing to strengthen the company's unity across 26 European countries and apply this group-wide?

Oliver Windholz: Our focus is on further strengthening the cooperation between the subsidiaries so that we can learn from each other. For this reason, we launched the Warehouse Excellence initiative two years ago, for example. Through this initiative, we have made it possible for our employees to make continuous improvements to processes and exchange information across the different sites. These efforts have been received very positively by the employees. Our new global intranet COIN improves communication and cooperation between departments and beyond borders. In addition, international meetings for all specialist departments contribute to the personal exchange of know-how, which makes it easier to transfer best practices between countries. As a result, the PHOENIX group is becoming more efficient and a culture of close cooperation is developing.



What role will responsible environmental and social conduct play in our day-to-day activities in the future?

Oliver Windholz: In 2015, we conducted our first group-wide sustainability survey. More than 70 per cent of our stakeholders and management agreed that responsible conduct is an essential component of our corporate strategy. As we grow, we try to make energy-efficient investments wherever possible. The introduction of LED technology at our distribution centres, for instance, demonstrates that while we are significantly reducing our consumption of energy, our employees are working under more pleasant lighting conditions at the same time. The new group data protection division is overseeing PHOENIX's compliance with all data protection requirements to protect both our customers and our employees. Our compliance guidelines provide us with a framework for action and thus security in a heavily regulated market.

What are the company's specific objectives in the next few years?

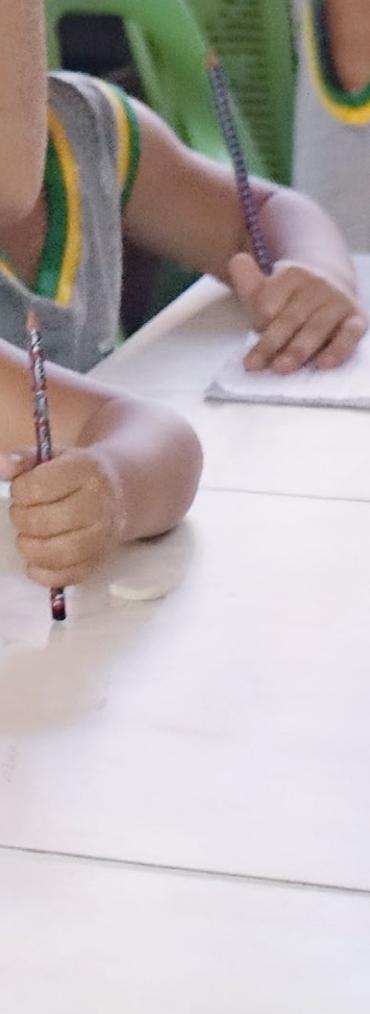
Oliver Windholz: We have added two new areas of activity to our sustainability programme. By the end of the current fiscal year, we will have trained all employees who need to be aware of certain compliance guidelines in their daily work. We are also expanding our data protection training programme. By the end of 2017/18, all employees in Germany will be given appropriate training. We have set ourselves the goal of adopting group-wide data protection guidelines by May 2018. The successful integration of our acquisitions will be another feature of the coming fiscal year. As you can see, we have a lot planned in 2016 to keep the PHOENIX group on the road to success during this fiscal year and to make further steps towards becoming the best integrated healthcare provider. Together with our management, our employees, and the Advisory Board, we are working as one: experienced, motivated, dedicated, and committed to achieving results.



RESPONSIBILITY
Society



RESPONSIBILITY
Added value



RESPONSIBILITY
Employees



RESPONSIBILITY
Environment

01

Added value



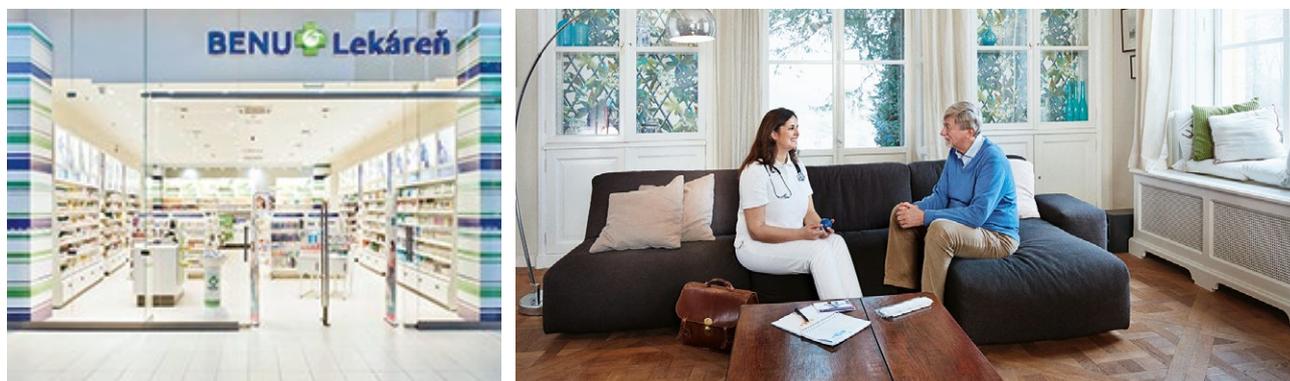
Focus on long-term profitable growth

- // Customer orientation and quality take centre stage
- // Risk-based assessment of all processes
- // Commitment to greater drug safety
- // Expansion of data protection activities

See also our
supply chain in
the front flap.

With regard to its economic responsibilities, **the PHOENIX group** is continually faced with new challenges. The political pressure on many healthcare systems requires additional savings, and it is expected that wholesale and retail margins will be further squeezed. We are therefore concentrating on expanding our own ranges and on intensifying cooperation across borders. Having local expertise at hand within the group means that we can address the regional differences prevailing in the European pharmaceutical markets.

In the course of our materiality analysis, we identified the topics that are of particular significance to our value creation. These issues include adherence to quality standards, comprehensive availability of drugs, secure processing of customer data, as well as the collaboration to combat counterfeit pharmaceuticals. Consequently, we are giving these areas more attention.



Adding value – targeted acquisitions in wholesale and retail are part of the PHOENIX group’s strategy for growth.

We are continuously increasing the high level of quality and safety of our products and services through strict quality management. In doing so, our focus is on customer satisfaction in particular, which we assess on a regular basis, and on compliance with statutory requirements. Observing the guidelines for good distribution practice (GDP) in all companies is central to these efforts. In the field of drug safety, we are involved with various organisations and initiatives across Europe and are working to develop the necessary structures to comply with stricter directives in the future. We are also continuing to develop the field of data protection and striving to apply Europe-wide regulations across the entire PHOENIX group. The appropriate structures are currently being implemented.

G4-12, G4-13, G4-14

See Glossary, page 70.

Corporate strategy targets long-term growth

We want to create value in the long term through a customer-oriented corporate culture, rigorous cost awareness, and profit-oriented growth. In addition to the successful integration of our acquisitions and the realisation of major investment projects, the expansion of the business segments Wholesale, Retail, and Pharma Services plays a key role.

Throughout all business units, the PHOENIX group continuously implements best practices across Europe. In addition to group-wide initiatives, the group particularly benefits from process optimisation measures carried out successfully on a local basis, which then serve as a starting point for improvement measures in other countries.

Acquisitions strengthen the core business

The PHOENIX group’s growth strategy comprises not only organic growth but also targeted acquisitions in wholesale and retail. In taking over SUNPHARMA pharmacies in Slovakia, we entered a new retail market in 2015. In line with the rebranding as BENU pharmacies, we will also continue our selective expansion of BENU’s market presence in Central and Eastern Europe. Our Dutch company Brocacef Groep has received approval by the relevant competition authorities to acquire the Mediq Apotheken Nederland BV. In addition to pharmacies and pharmaceutical wholesale, this acquisition also includes pre-wholesale activities. As a result, we will attain an integrated market position as a link between manufacturer and patient, and we will be able to cover the whole range of services in the Netherlands.

See Glossary, page 71.

Our takeover of Novodata, on the other hand, has already been approved by the Hungarian competition authorities. This company is the market leader for goods management and till systems for pharmacies in Hungary. The takeover strengthens the position of the PHOENIX group on the Hungarian healthcare market. The expenditure related to acquisitions in the reporting year totalled EUR 52.3 million.

Conversely, we have sold off our 60 per cent share in 21 pharmacies in Italy. In the past year, these divestments amounted to EUR 11.0 million.

Investments in logistics improve quality

See Glossary, page 69.

The PHOENIX group has once again made considerable investments that will add value. The main emphasis of these investments was on increasing productivity. Modernising buildings therefore also has positive consequences on energy efficiency. In May 2015, we began the implementation of a state-of-the-art warehouse logistics system in Skårer, Norway. Thanks to this new automation technology, the PHOENIX group is able to achieve high levels of storage density and significantly increase productivity. This innovative system is one of the leading and most technologically advanced in warehouse logistics and is already operating successfully at other PHOENIX group locations, including Eindhoven in the Netherlands. We plan to introduce this technology in Sweden in the coming reporting year. In this way, we will further improve the supply of pharmaceuticals and create an optimal network for all of our customer groups.

Profitable growth continued

Despite the challenging environment, the PHOENIX group has once again succeeded in further strengthening its position as a leading healthcare provider in Europa in the reporting year, recording stronger growth than the market overall. Revenue rose by 3.0 per cent to EUR 23.2 billion in the fiscal year 2015/16. Our total operating performance for the pharmaceutical wholesale business grew by 4.4 per cent to EUR 28.5 billion. Furthermore, we were able to increase our operating result (EBITDA), adjusted for special items, by 6.2 per cent to EUR 511.3 million. This includes the contribution made by the PHOENIX *FORWARD* programme. Some of the savings were generated through the measures we were able to implement, for example with the Warehouse Excellence and Indirect Procurement initiatives. We are continuing with both of these initiatives in the current fiscal year. Due to the successful implementation of the IT Reinvent project, we have also centralised our IT infrastructure and have thus made a further significant contribution to improving quality and efficiency.

Quality management is an on-going process

G4-15, G4-PR1

See Glossary, page 70.

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

Impeccable quality in the supply chain is the foundation for a safe and reliable supply of pharmaceuticals: from product storage in accordance with regulations to accurate deliveries to pharmacies and hospitals through to optimal product availability for end consumers. All of the companies of the PHOENIX group follow the guidelines for good distribution practice (GDP) as published by the EU. It is their duty to operate appropriate quality systems in order to ensure that medicinal products are stored, handled, and distributed in accordance with relevant local legislation. Quality management at the PHOENIX group is risk-based and performed according to GDP requirements.

Training is an important tool when it comes to the consistent implementation of quality management (QM). The PHOENIX group gave training in quality management to all relevant employees, decentralised QM representatives, as well as all affected managers during the fiscal year.

FOCUS ON DRUG SAFETY



Drug safety is essential – as part of the securPharm initiative, special matrix codes are generated to prevent the counterfeiting of pharmaceuticals.

PHOENIX group is committed to drug safety

The trade in counterfeit pharmaceuticals is booming. In 2015 alone, customs officials in Germany seized four times as many counterfeit pharmaceuticals as in 2014. The majority of the 3.9 million tablets seized across Germany came from China, India, and Thailand.

But an end is in sight. The EU Commission published the third stage of the European Falsified Medicines Directive (FMD) 2011/62/EU on 9 February 2016. Countries now have three years – until February 2019 – to make the guidelines legally effective across the whole of Europe. This represents one of the largest infrastructure projects in the supply of pharmaceuticals that has ever been put in motion. In Germany, this affects around 500 pharmaceutical companies, about 20,000 pharmacies, and all pharmaceutical wholesalers.

Over 700 million packs of prescription-only drugs a year will have to be printed with a so-called Data Matrix Code, which will incorporate a product code, the serial number, as well as

the batch number and expiration date. The data will be stored in a database by the manufacturer and verified on delivery to the pharmacy.

Back in 2011, the German initiative securPharm began implementing the anti-counterfeiting guidelines, which were then put to the test from 2013. The PHOENIX group was closely involved in the wholesale perspective of this process. We are also active in other organisations on a European level, such as the European Stakeholder Model (ESM) that succeeded to European Medicines Verification Organisation (EMVO). ESM is a stakeholder initiative that aims to protect patients against counterfeit pharmaceuticals.

The PHOENIX group believes it is essential that a high level of drug safety and availability is permanently guaranteed. We have already started to make preparations for future requirements – after a thorough internal assessment, we are now laying the relevant technical foundation.



Flawless supply chain – from product storage in accordance with regulations to accurate customer deliveries, quality is the highest priority of the PHOENIX group.

Introduction of new management systems

See Glossary, page 71.

The introduction of the new DIN EN ISO 9001:2015 was a priority in the reporting year. This standard superseded the previous DIN EN ISO 9001:2008 in autumn 2015. The incorporation of the quality management system into the organisation's strategic orientation and the expansion of target groups are notable among the new features. We also introduced the Failure Mode and Effects Analysis (FMEA). This target-oriented method identifies possible failures at an early stage, evaluates subsequent risks, and then develops countermeasures to avoid them – resulting in further improvements in quality.

See Glossary, page 70.

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

In addition, a new delivery tracking system went into operation at two test locations in Germany and in Sweden at the start of January. As part of the Track & Trace System, all items being transported are scanned at various points along the supply chain, receiving a time stamp on each occasion. The location of a particular transported item can thus be traced at any time, resulting in another improvement to delivery quality. We aim to incorporate this delivery tracking system in all distribution centres in Germany and Sweden by the end of 2016.

Warehouse Excellence initiative also focuses on quality

Our Warehouse Excellence (WE) initiative, launched in 2013, has since been expanded to over 115 sites across the entire PHOENIX group. The initiative centres on making continuous improvements to quality and performance in our distribution centres. Ergonomics and safety play a major role in this. In the reporting year 2016/17, the focus will be on quality issues with the aim of increasing service levels and reducing picking errors as well as expired or damaged goods. Using a new system – IMPACT – the improvements in quality can be exactly recorded and reported.

Improved transport quality management

Our subsidiary Transmed, which is responsible for transport, also upgraded its quality management system in the past year and now fully implements the GDP guidelines. To this end, we have analysed the structure of our transport routes and have invested in temperature-controlled delivery vehicles wherever necessary. By ensuring that environmental conditions remain constant, these vehicles prevent the lasting impairment of quality, as stipulated by the EU within the GDP framework. In Austria, we meet the requirements of the code for transporting pharmaceuticals. In the Czech Republic, Hungary, Slovakia, and Serbia, all delivery vehicles are temperature-controlled and specially insulated to fulfil the demands of the GDP guidelines. In Sweden, the Czech Republic, Croatia, and Bosnia, all transport vehicles have already been converted to temperature monitoring.

See Glossary, page 70.

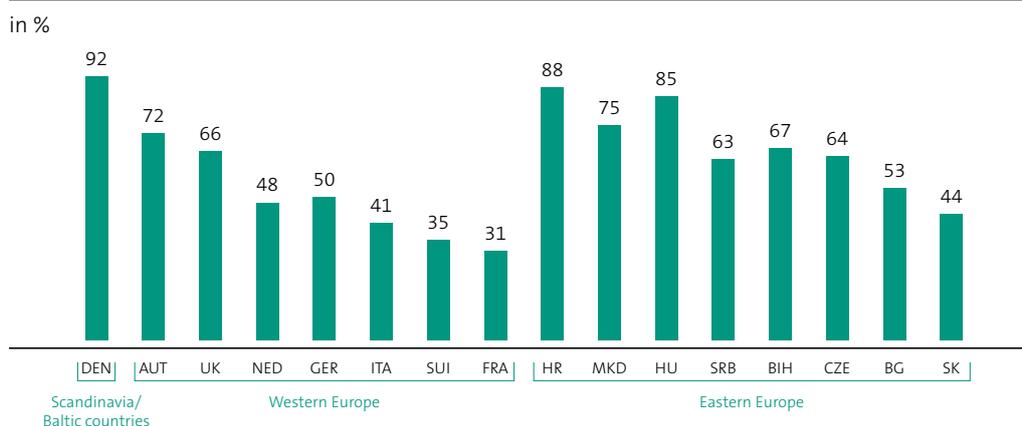
Customer satisfaction is regularly assessed

As stated in our corporate mission, the needs of our customers are central to the PHOENIX group’s activities. Regular customer surveys help to maintain a strong customer focus and therefore high levels of customer satisfaction. In the past year, numerous customer surveys were once again conducted in various countries, including Denmark, Italy, Austria, Germany, Macedonia, Serbia, Bosnia, and Herzegovina, as well as the Czech Republic and the United Kingdom. Questions of the surveys covered a variety of topics, such as customer retention, items relating to distribution and operations, complaint management, as well as current issues like the PHOENIX group’s new pharmacy services. Our Danish subsidiary performed particularly well when compared with other European countries. At a level of 92 per cent, customer satisfaction in Denmark was very high and significantly above the market average.

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

The results obtained from the surveys are being used to develop specific recommended actions and improvement measures. In the coming reporting year, we plan to carry out additional surveys and implement steps to improve our services in various countries.

Customer satisfaction¹⁾ across countries



¹⁾ Percentage of extremely satisfied customers within the PHOENIX group.

Data protection gains more importance

G4-PR8 In their feedback to the surveys, stakeholders also identified the subject of data protection – protecting individuals from the misuse of personal data – as being particularly important to the PHOENIX group. One of the biggest challenges in this respect is maintaining a clear overview of the ever-changing parameters due to new laws, directives, technology, and court rulings. Alongside our involvement in other organisations, the PHOENIX group is represented in the German Association for Data Protection and Data Security (GDD) and regularly exchanges ideas and information with other interested parties through this forum.

Data protection systems optimised

The new data protection officer monitors our compliance with all data protection guidelines.

To reflect the increasing importance of this subject, the PHOENIX group appointed a data protection officer for the group in September 2014, who also heads the Data Protection division of the group as of June 2016. In her role as data protection officer, she acts independently, reports directly to the Executive Board, and is particularly responsible for ensuring that all data protection guidelines are being met. In Germany, this principally entails adherence to the German Federal Data Protection Act (BDSG).

Across the group, we also have data protection officers working in many countries to ensure that the applicable national statutory requirements for data protection are being observed and that no data is accessible to unauthorised third parties. There were no reports of customer complaints relating to privacy protection in the reporting year, nor any data protection infringements.

With the goal of continuously improving data security, new guidelines for PHOENIX in Germany were introduced on 1 March 2016, replacing our existing data protection guidelines from 2008. These new guidelines include general regulations on data protection in the workplace in order to protect data belonging to the PHOENIX group.

Employees will be trained on the topic of data protection in the future. Data protection will also be coordinated across Europe.

To raise more awareness among our employees, we will offer them specific data protection training. As part of the training measures, they will acquire basic knowledge about the broader application of the Federal Data Protection Act and about data protection at their workplace. We are also planning online training for all employees in Germany who have access to computers at work. As stated within our CSR objectives, all employees in Germany are asked to complete this online training by the end of the fiscal year 2017/18.

Standardisation of data protection across Europe

In May 2018, the European General Data Protection Regulation will come into force. It will standardise the rules governing how companies and public entities across the EU process personal data. On the one hand, this is to ensure the protection of personal data within the EU. On the other hand, it will allow for the free flow of data within the European single market. In future, the PHOENIX group will therefore coordinate its existing activities in the field of data protection on a Europe-wide basis. The PHOENIX group is thus setting itself the additional goal of adopting a set of internal guidelines that will be valid across the group by the indicated time at the latest.

Tips for data protection at work

Let's get it right!

- 1. Never give another person your user IDs and passwords!** Not even your colleagues and supervisors.

- 2. Use secure passwords!** Do not use names of spouses, children, pets, or your date of birth. Use at least eight characters, including upper- and lower-case letters, numbers, and special characters (*, #, \$, %, &).

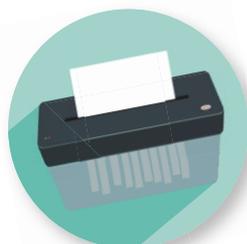


- 3. Always lock your computer and your door when you are away from your desk!** Never leave files and documents lying around!



- 4. Exercise caution with visitors or third parties!** Ask for their names and who they are looking for. Escort the person to the requested colleague. Ensure privacy protection for your desk and position your screen accordingly.

- 5. Dispose of or destroy documents properly!** Important documents that are no longer needed (including unwanted printouts/photocopies) should not end up in the bin. Instead, they should be disposed of in secure waste paper containers or destroyed with a document shredder.



- 6. Address internal post envelopes correctly!** For confidential information (e.g. payslips), use windowless envelopes and mark them as "personal/confidential".

- 7. Do not send unsecured confidential information by e-mail or fax!** Do not send any confidential information to third parties (e.g. staff or customer data) without additional security measures (e.g. password, encryption, etc.). Send documents as PDF files.

- 8. Do not activate automatic read receipts for e-mails!** This encourages spam.

- 9. Do not use open mailing lists!** Address e-mails to recipients outside of PHOENIX to yourself and enter all recipients as "BCC" so as not to reveal any e-mail addresses of customers, etc.

- 10. Avoid saving any data on the local hard drive!** If the hard drive is destroyed, all of the data saved on it will be lost. Please save data onto the server via the network.



- 11. Hold confidential conversations in private!** Whether with customers, colleagues, or employees, and whether in person or over the phone, please find a quiet place for confidential conversations.

- 12. Data economy. Process only personalised data needed for your work!** Delete data that you don't need any more (and that no longer has to be stored).



02

Environment



Effectively protecting the environment and climate

- // Objective: reduce pharmaceutical waste
- // Energy audit sheds light on opportunities for optimisation
- // Green energy initiatives launched
- // Efficient transport concepts implemented

The PHOENIX group is fully committed to its responsibility for environmental protection. Reducing pharmaceutical waste is one of the most important fields of action, since it not only comes at a high cost to the company, but also poses an ecological threat.

Our employees receive regular training in the application of the GDP guidelines for handling pharmaceuticals, both at our distribution centres and during transportation. These efforts also help to avoid damage to packaging and will get us closer to achieving our goal of cutting the cost of pharmaceutical waste by 10 per cent by 2018/19.

We are increasing our investment in effective energy monitoring. At the end of 2015, we successfully carried out the energy audit as required by the European Energy Efficiency Directive and the German Law on Energy Services and Other Energy Efficiency Measures. The results of this audit have revealed detailed information about appropriate optimisation measures, some of which we are already implementing, such as the use of LED lighting technology.

See Glossary, page 69.

The PHOENIX group is also engaged in various efforts to protect the climate, for example through the increased use of renewable energy sources to supply power as well as an economical and efficient transport logistics system.

Significantly reducing pharmaceutical waste

The PHOENIX group transports and stores around ten million pharmaceutical packages every day. Due to technical problems and human error in our processes, it is not always possible to avoid damage. To preclude risks to health and the environment, pharmaceuticals with damaged packaging are categorised as hazardous waste by law. They must be withdrawn from the supply chain and disposed of in accordance with regulations.

G4-EN23, G4-EN27

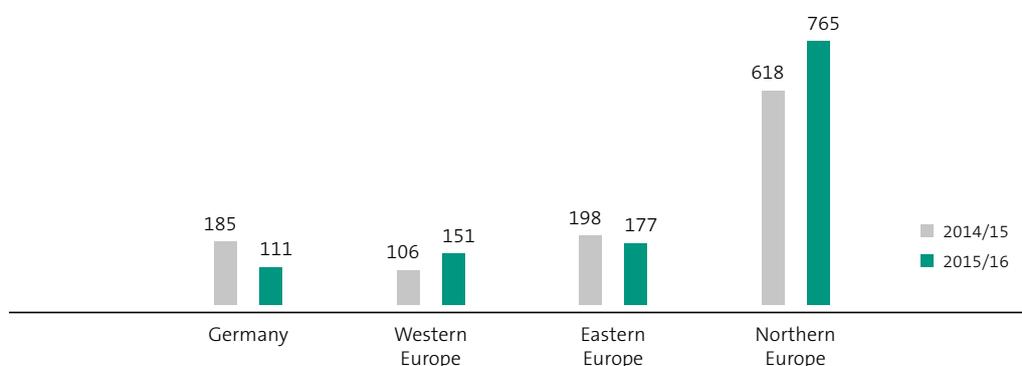
Within the PHOENIX group, we registered 1,203.55 tonnes of pharmaceutical waste in the reporting period, an increase of almost 9 per cent in comparison with the previous year. This is due, on the one hand, to the 3 per cent increase in revenue. On the other hand, patients in most countries, especially in Northern Europe, return damaged and expired products to the pharmacies. These products are then disposed of by wholesalers, which means that the amount of pharmaceutical waste cannot be fully controlled by our company.

Nevertheless, the PHOENIX group wants to avoid pharmaceutical waste from the outset. We have set ourselves the target to reduce 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 EUR 33.5 million, which is the equivalent of 0.14 per cent of our total revenue. In the previous year, the costs amounted to 0.15 per cent of revenue, which indicates a reduction in relative terms.

The PHOENIX group wants to reduce the cost related to pharmaceutical waste by 10 % by 2018/19.

Pharmaceutical waste by region

in tonnes





Continuous waste prevention – employees receive regular training in avoiding defective goods in their day-to-day work, from incoming goods to transport.

Further information about the Danish initiative can be found on page 36.

Set of measures to minimise risks

Within the scope of quality management, we use standard practices and operating procedures to reduce the risk of damage to packaging as much as possible. This primarily entails training employees at our distribution centres, including special information campaigns as have been successfully developed by our Danish subsidiary Nomeco, for instance.

In particular, employees in all our subsidiaries must observe and implement the rules in accordance with the GDP guidelines. The most important requirements in the distribution centres include:

- Handling packages with care
- Visual inspection that packaging is undamaged
- Verifying identification on address label
- Protecting products from excessive heat, cold, and humidity

In some countries, employees are regularly informed in meetings about the cost of products that were damaged or expired in the previous weeks. Employees are thus more aware and sensitised. Furthermore, it is possible to compare the distribution centres on the basis of the cost analysis.

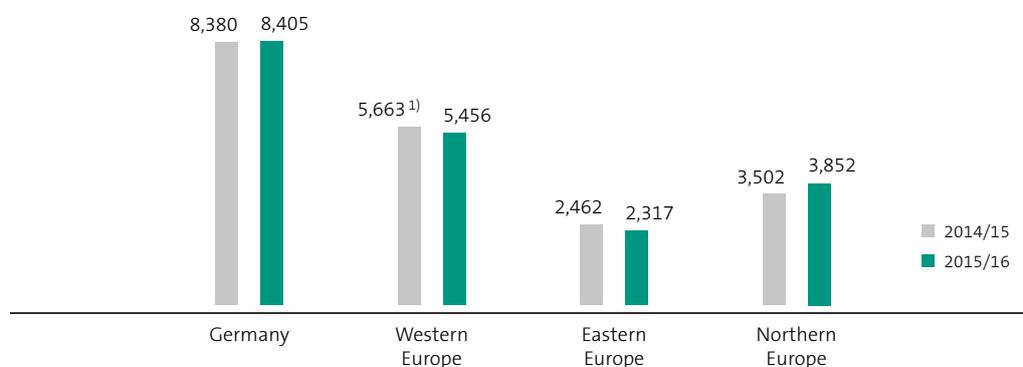
Transmed drivers must also take care that packages are not damaged during transportation. Packages therefore have to be carried with both hands and should never be loaded onto vehicles on end or tilted. Likewise, containers must be stored upright to prevent liquids from leaking out. Strapping around transport crates should not be removed. Packages also need to be secured with tensioning straps, for example, to avoid shifting during transportation.

Proper handling of non-hazardous waste

Besides hazardous waste, company processes also generate other waste materials that are not classified as hazardous. These include plastics, paper and cardboard, waste from power generation, and mixed waste that is consigned to special waste facilities for proper handling. Biodegradable waste is allowed to decompose naturally wherever possible. In total, over 20,000 tonnes of non-hazardous waste is generated annually, which is mostly recycled at all of the subsidiaries of the PHOENIX group.

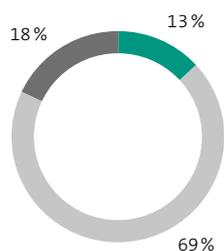
Non-hazardous waste by region

in tonnes



¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Disposal methods for the PHOENIX group's non-hazardous waste



in tonnes	2015/16
Reuse	2,618
Recycling	13,829
Other forms of waste disposal ¹⁾	3,584
Total	20,031

¹⁾ Including treatment plants and composting.

WASTE REDUCTION IN DENMARK



Avoiding mistakes – the information campaign aims to prevent mistakes and associated costs.

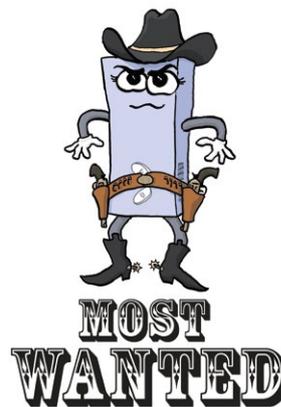
Nomeco: information campaign to reduce waste

It is easy to make mistakes when handling pharmaceutical packages. They can be dropped or perhaps scratched when a knife is used to open a box. Damage can also occur if the forks of a forklift truck are not lowered properly when lifting a box off the pallet. In Denmark, Nomeco has demonstrated that particularly targeted information campaigns in distribution centres can contribute to reducing the serious financial consequences of mistakes.

Two years ago, Nomeco launched its first campaign with the slogan “Pas på mig” (Take care of me). Through the involvement of employees and various improvement measures, this campaign succeeded in cutting losses resulting from damaged packaging in half. Since then, however, the risk of errors has increased once again because the distribution centres are busier with more picking lines. Consequently, Nomeco launched the new campaign “Fang Fejlen tidligt” (Catch mistakes early) at the start of 2016.



**FANG FEJLEN
TIDLIGT!**



Detecting and dealing with mistakes at an early stage

The aim of the campaign is to tackle errors in the flow of goods at an early stage. It is based on the factors that made the first campaign successful: engaging the employees and consistent behavioural changes. The employees know best where and why problems arise. They are in a good position to suggest methods and

ideas that lead to lasting improvements. These are often quite simple, like putting straps around boxes or fitting curtains to shelves in order to prevent goods from falling down.

Part of the campaign's concept is to make potential errors clearly identifiable. Nomeco is putting the emphasis on humour rather than finger-wagging, and on appealing to the employees' emotions. For example, a box of tablets is given a human face, while T-shirts and cartoons point to examples of possible mistakes in an entertaining way. To draw the attention as well as the pride of employees to the achieved improvements, suggestions and ideas are selected as “The good idea of the week” and awarded with a challenge cup.

Continuous improvements in energy efficiency

The PHOENIX group has further expanded the energy monitoring of its buildings, which also contributes to meeting stricter statutory requirements. In 2015, the emphasis was on implementing the Energy Efficiency Directive of the European Union. Companies were obligated to conduct a standard-compliant energy audit or to implement an energy management system according to ISO 50001 or the environmental management system of the EU. The subsidiaries of the PHOENIX group have taken on this challenge and have completed energy audits (Germany, France, the Netherlands) or are awaiting the introduction of a certified energy management system (e.g. Croatia).

See Glossary, pages 69 and 71.

In Germany, a multi-site process was used for the energy audit, due to the size of the company, for which 15 representative sites were selected. The subsidiaries that were audited included PHOENIX group IT GmbH and Transmed Transport GmbH. An energy monitoring system was utilised to provide the relevant data for the audit on the sites' energy consumption.

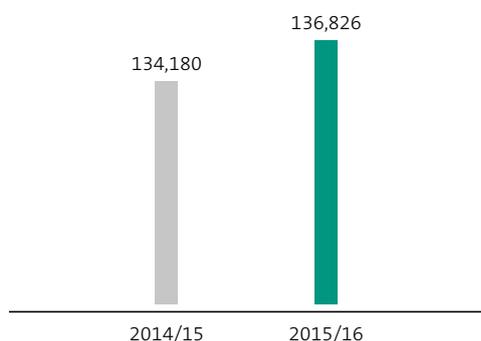
In the meantime, our company has invested in its own human resources for energy management. In 2015, one of our employees successfully passed the exam to become a certified energy auditor according to DIN EN 16247-1.

The PHOENIX group will continue to identify suitable energy-saving measures in the course of implementing the Energy Efficiency Directive. Possible approaches include reviewing the operating times of ventilation systems, further modernisation with LED technology, and additional improvements to consumption transparency through quarterly internal energy audits. In a series published in the German employee magazine "wir", we are also informing our employees about ways to save energy in their day-to-day work, such as turning off monitors at the end of the day.

G4-EN3, G4-EN6

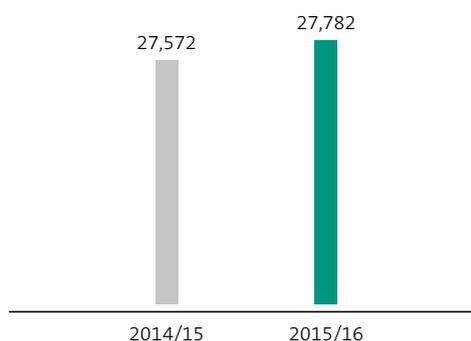
Consumption of electricity of the PHOENIX group

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.

The energy consumption in terms of electricity and district heating has risen slightly, by just under 2 per cent compared with the previous year. The expansion of some distribution centres – for example in Poland, the Netherlands, Hungary, and Norway – has had a significant impact. The increase in electricity consumption could not be balanced out by the introduction of LED lighting. The increase of energy consumption comes as a result of the growth in total operating performance of over 4 per cent.

See Glossary, page 69.



Renewable energy sources – photovoltaic systems to generate electricity were installed on all six distribution centres in the Czech Republic.

Increasing conversion to LED technology

See Glossary, page 69.

Lighting is one of the key areas in which we are optimising energy efficiency. At PHOENIX in Germany, for example, lighting accounts for 15 to 20 per cent of our total electricity demand. The gradual transition from fluorescent to LED lighting is therefore one of our preferred ways of realising energy savings. LED lighting not only requires less electricity, offers longer life and higher light output, but is also less harmful to the environment when it comes to disposal.

Thanks to the complete transition to LED technology in the distribution centres in 2015, the PHOENIX group in Germany recorded substantial improvements. The amount of electricity consumed by lighting was reduced by 50 to 60 per cent. Our subsidiary in Austria had already completed the conversion in 2014. In Italy, the proportion of LED lighting currently amounts to around 70 per cent. The British division of the PHOENIX group is also getting to work on the LED modernisation programme and anticipates efficiency gains in lighting of between 60 to 80 per cent once it is implemented at the individual distribution centres. At the administrative centre in the Netherlands, all of the lights were changed to LEDs during renovation.

LED lighting not only cuts energy consumption but also optimises the working conditions for the employees.

Moreover, we have also received positive feedback from the workforce regarding working conditions. With the slightly different colour of the LED light, there are fewer shadows and vision is thus improved – despite the illuminating power remaining at 450 lux.

Use of renewable energies to protect the climate

In the operation of buildings, the PHOENIX group is tapping into further opportunities to use renewable energy and thereby support climate protection. For example, our subsidiary in the Czech Republic benefits from photovoltaic systems to generate electricity on the roofs of six distribution centres. In total, the modules cover a surface of 1,130 m² and have an output of 167 kW_p.

A pilot project is being planned for the next few years at PHOENIX in the United Kingdom to test photovoltaic systems on roofs and determine whether the technology should be rolled out to other warehouses.

Our business units in Scandinavia switched over to green electricity back in 2010. They source 100 per cent of their power from renewable sources, and their annual CO₂ emissions have dropped by 14,000 tonnes in comparison with fossil fuel sources.

Transparent emissions database

The PHOENIX group keeps a record of the greenhouse gas (GHG) emissions produced by the company, which rose by 7.81 per cent compared with the previous year. Since CO₂ emissions are driven mainly by the transport of pharmaceuticals, this year-on-year increase comes as a result of the growth in total operating performance of over 4 per cent. The rise in Scope 1 and 2 derives from the effects of our overall energy consumption, as previously described. In regional terms, the greatest pollutant emission was registered in Western Europe (including Germany), followed by Eastern Europe and Northern Europe.

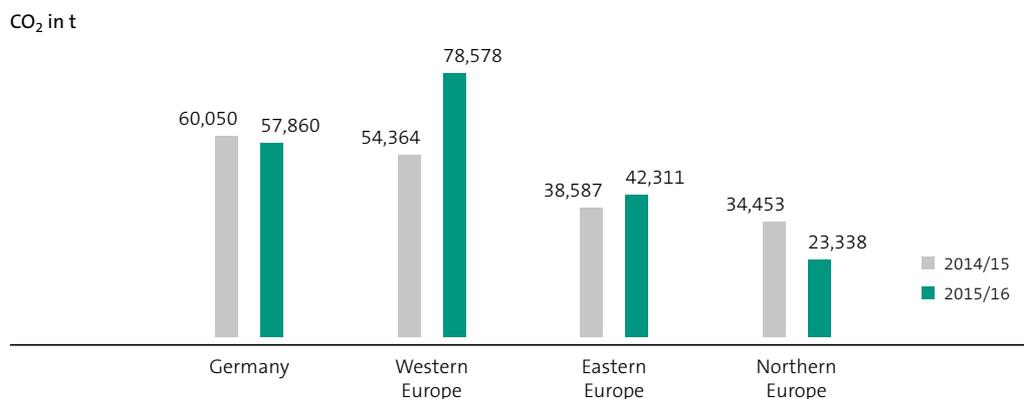
G4-EN15, G4-EN16,
G4-EN17
See Glossary, page 70.

Total GHG emissions (Scope 1 – 3)

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
Scope 1 total ¹⁾	20,501	22,908	11.74
Scope 2 total	50,966	52,860	3.72
Scope 3 total ¹⁾	115,987	126,318	8.91
Total GHG emissions of the PHOENIX group	187,454	202,086	7.81

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Total GHG emissions by region (Scope 1 – 3)



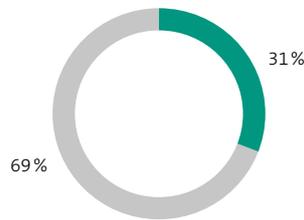
Environmental impacts lowered by efficient transport logistics

G4-EN30

At 69 per cent, CO₂ emissions from transportation make up the greatest proportion of pollutant emissions recorded company-wide. The PHOENIX group therefore considers efficient transport logistics as an effective way to protect the environment. To maximise efficiency potential and achieve a reduction in GHG emissions, the PHOENIX group is focusing on a combination of different measures: from a fuel-efficient vehicle fleet to optimised route guidance to training employees in economical driving.

See Glossary, page 70.

Comparison of other emissions to transport emissions of the PHOENIX group



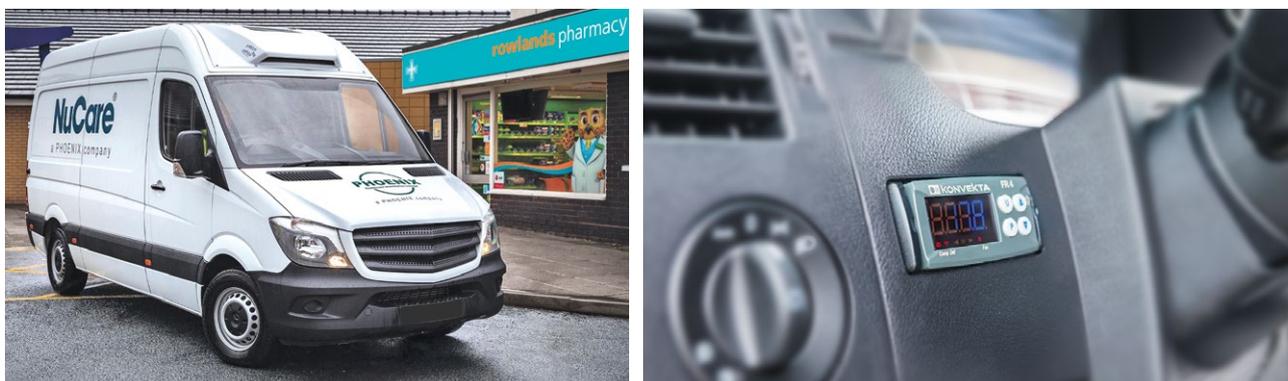
Total emissions	2015/16
Other emissions	31%
Emissions from transport	69%

Transmed harnesses potential

Our subsidiary Transmed is at the centre of attention, as it occupies a key position in the supply chain between our distribution centres and the pharmacies. Each day, Transmed makes 6,000 trips with around 3,000 vehicles and offers transport vehicles for lease to carriers. Thanks to short lease terms of less than 30 months on average, Transmed has a modern fleet with fuel-efficient vehicles at its disposal.

Improvements in efficiency are easier to identify with special data collection.

Transmed pays particular attention to transparency when it comes to the features and consumption data of the vehicles used. As a result, the annual mileage per branch has been recorded since 2012, as well as information about the categories and types of vehicle, motorisation, type of fuel used, and CO₂ emissions per kilometre. By carefully collecting this data, Transmed also follows the GDP guidelines and has a suitable foundation for further efficiency improvement measures.



Efficient transport logistics – the PHOENIX group is well-prepared with intelligent route planning, temperature-controlled vehicles, and trained staff.

Intelligent route guidance saves resources

Transmed and the subsidiaries' transport divisions constantly review the options available to optimise route guidance. A three-step model is used for this purpose.

- 1 Independent assessment** of each individual route according to the customer's specifications in terms of delivery times and sequence.
- 2 Review** of targets regarding economic efficiency and environmental compatibility with suggestions to customers on how to optimise route planning.
- 3 Comparison** of tours with the aim of combining several trips to reach an optimal solution with reduced use of resources.

Within the framework of the GDP guidelines, the PHOENIX group conducts regular training sessions for its employees in fuel-efficient driving and encourages its logistics partners to offer similar programmes. In Denmark and France, our subsidiaries are additionally using technical modules to test and evaluate environmentally friendly driving behaviour.

03

Employees



Successful and attractive employer

- // First group-wide employee survey successfully completed
- // Reorganisation of HR management
- // Talent management becomes an important tool
- // Occupational health management aims to reduce illness rate

Our vision of being the best integrated healthcare provider – wherever we are – can only be achieved with our motivated and loyal employees. They are the cornerstone of our success and our most important resource.

We want our employees to enjoy working here – for us and with us. To learn more about their satisfaction with the workplace and to identify opportunities for further improvement, we conduct structured employee reviews. In 2015, we also carried out the first international employee survey in our company.



Strengthening collaboration – various events such as this one in the Czech Republic help employees to develop their teamwork skills.

Outstanding performance from dedicated employees is a key element of our corporate mission statement. We consider it important to recognise our employees' potential and to systematically develop their abilities, which is why we offer targeted and individual opportunities for further training. This endeavour is based on a newly developed competency model, which matches an employee's performance profile with corresponding training requirements.

The Leadership Guidelines of the PHOENIX group contain a value-oriented and practical framework for our managers. Through talent management and group-wide succession planning, we offer them career opportunities and training programmes with an international scope. Our aim is to fill management positions primarily from within the ranks of the PHOENIX group.

To meet the growing requirements, our company's HR organisation was given a new strategic and organisational direction during the reporting period. This includes the establishment of an occupational health management system that will make a significant contribution to achieving our goal of reducing the illness rate in the company.

We have developed the annual HR meeting of the PHOENIX group with personnel managers from all subsidiaries into an efficient platform for international exchange. Its functions include greater harmonisation of strategic goals, creating an HR network, and determining areas in which overarching, group-wide action is required in personnel, such as employer branding, HR performance measurement, and talent management.

Employer branding and talent management are only a few of the group-wide fields of activity in human resources.

Headcount at a glance

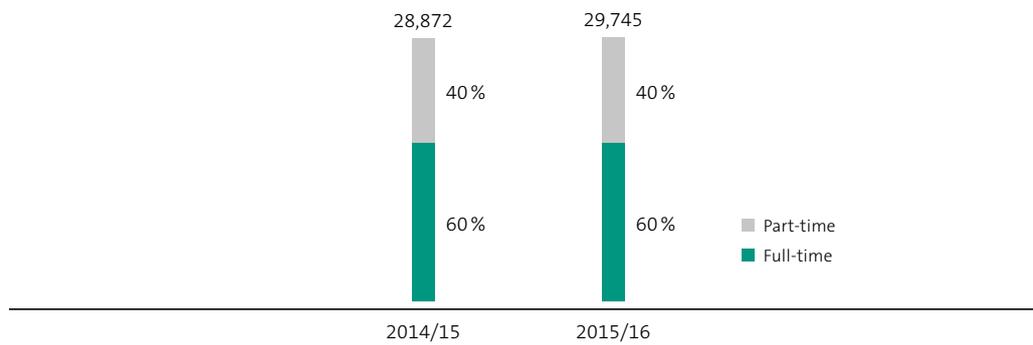
Every day, our employees make a significant contribution towards strengthening our leading position as one of the best integrated healthcare providers in Europe. At the end of fiscal year 2015/16, there were 29,745 employees (25,235 full-time equivalents)¹⁾ working for the PHOENIX group in 26 European countries. This equates to an increase of around 3 per cent.

G4-10, G4-LA1

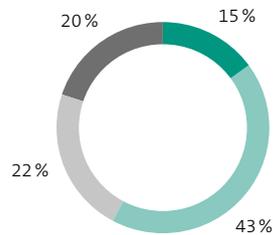
¹⁾ Data compiled on reporting date. Average values were used in the Annual Report 2015/16.

G4-LA12 At more than 6,300, the largest number of employees can be found in the United Kingdom, followed by Germany (4,398) and Norway (2,931). On average, the proportion of female employees is 64.43 per cent. 40 per cent of employees work part-time.

Employees broken down into full-time/part-time as of 31 Jan.



Regional distribution of employees within the PHOENIX group



Total number of employees	2015/16
Germany	4,398
Western Europe	12,709
Eastern Europe	6,598
Northern Europe	6,040
	29,745

Good response to international employee survey

It was the objective of the group-wide employee satisfaction survey to identify opportunities for improvement in terms of satisfaction and motivation, and to strengthen the ties between the employees and the company.

Employees from all business units, countries, and professions had the opportunity to participate, either online or on paper. The entire data was evaluated by an external, independent service provider, guaranteeing that the statements stayed strictly anonymous. All of our approximately 30,000 employees were posed the same questions in the local language of each country. Two key issues were commitment to the company – which not only describes the satisfaction of employees, but also the attitude towards their work – and the leadership performance of managers.

BRIEF PROFILE OF MANUELA NICKEL



Manuela Nickel

is the project manager in charge of the international employee survey at our company. She guided the project through every stage of the process: from conception, cooperation with the service provider, through coordinating a standardised survey across the whole of Europe, to the implementation of the survey in Germany. She also manages the flow of information from managers and employees, supervises the follow-up process in Germany, and advises representatives at the subsidiaries together with her project team.

The results are very encouraging and show that we are on the right track:

- 63 per cent of all employees participated in the employee survey. Overall, the survey underlines the high level of commitment of our employees throughout Europe.
- At a value of 61, the “commitment index” – indicating the level of commitment to and identification with the company – is on a par with comparable companies in Europe. In our top 5 countries, the commitment level reached 68 out of 100 index points.
- With 67 out of 100 index points, the “leadership index” – used to evaluate leadership performance – lies well above the average for comparable companies (58 points).
- More than 60 per cent of all employees would reapply to the PHOENIX group or one of its subsidiaries.
- Our new corporate mission statement is being put into practice: evaluating the various statements leads us to the conclusion that more than 60 per cent of PHOENIX employees already understand and implement our vision, mission, and strategy.

We communicated the results simultaneously to all employees of the company in an open and consistent manner. In the follow-up process, we are concentrating on the areas where employees were less satisfied, 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.



Supporting employees – employees benefit from measures to promote health as well as opportunities for further development.

Corporate culture shaped by Leadership Guidelines and annual employee reviews

G4-56 At PHOENIX, Leadership Guidelines applicable to the entire group are the foundation of personnel management and create a common bond 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 giving tips and instructions for their incorporation into daily working practice.

The guidelines cover the following topics:

- Cooperative partnership
- Motivation and commitment
- Information
- Promotion and development
- Value creation
- Appraisal and feedback

G4-LA11 The annual employee review is one of the most important tools at PHOENIX to promote the open dialogue between managers and employees. It is conducted in different ways in the respective subsidiaries. In Germany, this tool has been introduced in all distribution centres across the nation.

The assessment of performance and behaviour, prepared by the respective manager, is jointly discussed. Both sides use this opportunity to agree on new targets in accordance with the competency model and thus determine possibilities for further training and development based on specific training opportunities. Managers received targeted training to carry out these tasks.

New structure and agenda for HR management

Like many other companies, the PHOENIX group is faced with major personnel challenges. These include providing employees with the best support, the appeal of the employer brand, dealing with demographic change, changed recruitment markets, and work-life balance.

An efficient HR organisation is essential to giving these issues specific attention. To this end, we made some important decisions during the reporting period. As a result, an HR strategy has been developed that is aligned to the corporate mission statement. This strategy includes the efficient realisation of all administrative tasks related to personnel as well as strengthening the role of HR as a business partner in the company that actively handles and guides strategic issues of future importance. We are aiming to implement and promote these topics across the group as well as intensifying, standardising, and improving the quality of support at German sites and subsidiaries.

Aligning the HR strategy to the corporate mission statement will harmonise tasks across the group.

See Glossary, page 70.

As part of the reorganisation of HR, the PHOENIX group is therefore establishing a model based on three pillars.

- 1 HR Business Partner:** the future central contact for employees and departments concerning all personnel issues
- 2 HR Competence Centre:** bringing together central and group-wide HR topics with the support of centrally directed expert teams
- 3 HR Systems & Shared Services:** optimising and standardising HR systems and HR reporting in conjunction with performance measurement using key figures

Focus on competency model and talent management

We have developed an accompanying competency model, based on our corporate mission, that takes into account not only the point of view of the company and technical aspects but also management- and customer-specific perspectives. Group-wide standardised assessment criteria establish transparency in terms of the requirements, performance, and potential of our senior management.

We aim to fill our management positions largely, and wherever appropriate, from within the ranks of our own company. The very high continuity in our management makes up an important component of our success. We strive for transnational succession planning for top positions, which open up even more group-wide career opportunities. At the same time, we are reducing the cost of external recruitment and the risk of losing corporate expertise. We offer our managers interesting career prospects and strengthen their commitment to our company in doing so.



Comprehensive development programmes – (junior) managers and younger employees with leadership potential can improve basic skills in internal further training programmes.

Through talent management, top performers at PHOENIX are identified and offered ideal opportunities for further development.

One important success factor in this process is our newly launched talent management system. It determines the key positions in the company and identifies the top performers and ideal opportunities for further development. Talent management commenced at the beginning of 2016 with subsidiary management and senior management in Germany. We plan to roll out the system gradually to additional management levels and combine it with our own development programme from 2017. In line with talent management, we already use a multitude of programmes for competence development.

Programmes to strengthen leadership skills

See Glossary, page 71.

In the past fiscal year, the PHOENIX group once again offered many comprehensive development programmes for both managers and employees seeking leadership positions. The Junior Development Programme (JDP) represents a first big step on the career ladder for young employees with leadership potential. In this scheme, the participants gain essential basic skills for their professional life in terms of communication, methodological competence, cooperation, and self-management. The fourth round began in 2015.

See Glossary, page 71.

(Junior) managers with prior experience participate in the Management Development Programme (MDP), the sixth round of which began in summer 2015. During the programme, the participants develop special skills in personnel management, teamwork, change management, strategic planning, and corporate leadership.

See Glossary, page 70.

HR is organising the European Management Development Programme (EMDP) for the third time, as a personnel development measure for the whole group. The programme 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. The PHOENIX group is thus growing together on an international level.

The EMDP runs for a period of 18 months, is very practical, and focuses on the following areas: intercultural management, negotiation, management efficiency, strategic management, financial management, and change management. Since it was launched, 78 employees have participated in the EMDP (31 women, 47 men). The third group is scheduled to complete the programme in 2017. In total, 47 employees are taking part in the current rounds of EMDP, MDP, and JDP.

EUROPEAN MANAGEMENT DEVELOPMENT PROGRAMME



Karolina Shaw

Head of Group Business Development,
PHOENIX UK

“All of the EMDP modules were very useful for my job and career at the PHOENIX group. The training in efficient management, in particular, prepared me for the task of leading a team.”



Sofia Anza Gomez

International Sales and Marketing Network Manager,
PHOENIX group

“The training programme is contributing greatly to my personal development. It gives me the opportunity to expand my theoretical knowledge and presents me with the right tools to put it into practice.”



Dr Tobias Bucher

Head of General Procurement,
PHOENIX Pharma-Einkauf GmbH

“I particularly enjoyed the combination of excellently imparting specialist knowledge about leadership and self-management, on the one hand, and developing an international network to support joint cooperation in the company, on the other hand.”



Jeroen de Joode

Manager M&A Brocacef,
PHOENIX Netherlands

“Learning negotiation techniques has been very helpful to me. The experience gained through intercultural training sessions and from cooperating with participants from five countries in the project group was most educational.”

Sights set firmly on a European career

The PHOENIX group provides its junior managers in all countries with structured opportunities for development and interesting career prospects. The European Management Development Programme, which has been on offer for a number of years, is a central component. Requirements for admission to the EMDP are particular professional and social skills, above-average performance at work, an international orientation, and excellent language skills. In harmony with the international focus of the programme, the participants must solve complex project tasks in multinational teams,

emphasise teamwork skills, demonstrate problem-solving abilities, and bring along intercultural competence. At the end of the programme, the participants present their strategy proposals for chosen projects, each of which is supported by a member of the Executive Board.

Today, numerous EMDP graduates are advancing the business of the PHOENIX group from leading positions. They are convinced of the quality of the programme and would not hesitate to recommend it to others.

Efficient training infrastructure

The PHOENIX group attaches particular importance to attracting young and motivated people to a career with the company. In Germany, we offer school and university graduates many career opportunities in a wide variety of apprenticeships and dual study courses. 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.

80 % of our apprentices and students are taken on at PHOENIX after completing their training.

In the 2015 training year, the PHOENIX group employed 132 apprentices and 19 students of dual study courses in Germany. At over 80 per cent, the majority of trainees were taken on after completing their training.

We encourage group-wide, cross-border communication right from the start of their professional careers with us, for example through stays abroad. Such stays are organised as part of company training and dual study courses. In the fiscal year 2015/16, participants were able to gain experience in Croatia, Italy, Hungary, and in the Netherlands.

Further training retains expertise

The PHOENIX group has an efficient system of further training that constantly keeps their employees' expert knowledge up to date and contributes to their personal development. In future, we will be using the newly developed competency model as the basis for this process.

All employees regularly participate in wide-ranging induction programmes and training courses, for example as part of GDP training. They are also obliged to receive training on the code of conduct, which applies throughout the company, as well as on the guidelines concerning anti-corruption and competition compliance. Overarching topics involving occupational health and safety are also of major importance, as are personnel management, general management skills, data protection, IT, and languages.

See Glossary, page 69.

In Germany, the PHOENIX ACADEMY offers employees and managers a wide range of seminars and workshops. In 2015, a total of 1,471 employees took part in further training events of the ACADEMY. Our employees also have the opportunity to make use of an e-learning system that was set up for the whole of Germany, in order to study a variety of subjects efficiently and within a short time. Furthermore, employees can also attend external training courses, for the most part, that suit the needs of their job.

G4-LA9

See Glossary, page 70.

At the start of their employment, new employees take part in induction seminars that are tailored to their individual needs and the respective requirements of the PHOENIX group countries. In this context, our new employees completed around 9,850 hours of training in the reporting year. As a result of the growing demands on good distribution practices, the emphasis of this training was on handling medicines. In the fiscal year 2015/16, further training of 4,736.7 hours was given on this issue.



Focus on talent development – the “Mijn Talent” (My Talent) programme in the Netherlands gives employees the chance to acquire special management competencies and leadership skills.

Best practices even in further training

Our subsidiaries are investing in further training as well. The business unit in Denmark, for example, has its own academy for managers. In the Netherlands, talent development is one area of special attention, for instance through the “Mijn Talent” (My Talent) programme. Ambitious and eligible employees have the chance to acquire special management competencies and leadership skills. In addition, it is possible to make use of external courses for personal development.

Once again, the PHOENIX International Management Meeting (PIMM) in 2015 was a fitting platform for a vigorous exchange between the management of the subsidiaries and senior managers with international responsibility. Throughout all business units, the PHOENIX group continuously implements best practices across Europe. The exchange of knowledge is the basis for special training concepts that can be applied across borders. Our aim is to learn from each other and take advantage of synergies.

Responsibility for occupational health and safety

We are creating a work environment that protects the health of our employees and ensures safe operations. Through our quality management system, we have established structures and processes in all business units to ensure adherence to the laws and regulations in each country as well as in the EU. Employees who are trained to be first-aiders and health and safety officers are on hand at all of our sites. We conduct a risk assessment for all workplaces and implement appropriate preventative measures. Accidents at work are reported by us to the appropriate local authorities and are documented the same way as work-related illnesses.



To prevent risks to health, we place particular importance on providing our employees with regular, documented training on all issues of occupational health and safety, including first aid, fire protection, workplace ergonomics, healthy screen use, nutritional issues, and methods to deal with work-related stress. Warehouse staff are specially trained in the use of machinery and other technical devices.

G4-LA6 Despite preventative measures, accidents at work cannot always be avoided. Within the PHOENIX group, 358 lost-time injuries were recorded during the reporting period. With a total of around 43.82 million actual working hours, this equates to a company-wide accident rate of 8.17 accidents per one million working hours. In absolute terms, this corresponds to an increase of 1.73 per cent. Relatively speaking, however, the accident rate has fallen when put in the context of our total operating performance, which increased by 4.4 per cent and covers the entire handled volume of own goods and goods on consignment.

Total recordable injury frequency (TRIF)¹⁾

per one million working hours	2014/15 ²⁾	2015/16	Deviation from previous year in %
Injuries with lost time	341	358	4.99
Actual working hours	42,464,505	43,823,416	3.20
Total recordable injury frequency (TRIF)	8.03	8.17	1.73

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

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

By the end of 2018/19, the PHOENIX group plans to lower the illness rate from 4.47% to 3.47%.

Systematically reducing the illness rate

As part of its materiality analysis, the PHOENIX group defined the promotion of health and safety as a key area of activity, and consequently made the reduction of the illness rate a strategic objective. By 2018/19, we strive to cut the illness rate recorded for the whole company from currently 4.47 per cent to 3.47 per cent. In the reporting year, the illness rate at the PHOENIX group only dropped very slightly from 4.47 per cent to 4.45 per cent, due to a considerable flu epidemic at the start of the year.

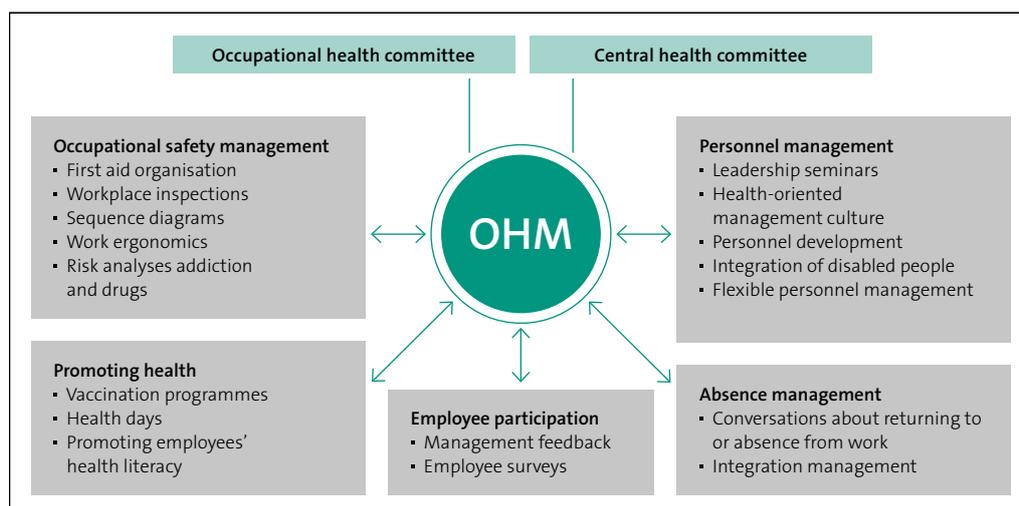
Occupational health management started in Germany

In Germany, a general works agreement on occupational health management was concluded in March 2016 between the PHOENIX group and the Central Works Council.

The agreement laid down the following objectives:

- To promote health and a positive working atmosphere
- To reduce illness-related downtimes
- To protect against hazards at the workplace
- To implement preventative measures
- To motivate employees to take an active role in issues affecting healthy workplaces
- To continue to develop our employees' health literacy
- To develop or continue to develop a management culture focused on health

Key areas of occupational health management (OHM)



A central health committee is playing a leading role in this process. It advises the organisational units, coordinates projects with internal and external partners, monitors the achievement of objectives, and plans service offerings and training measures to promote health. The panel is made up of leading company representatives and delegates from the Central Works Council as well as representatives of the severely disabled.

Open cooperation with employee representatives

The PHOENIX group is committed to its operational partnership with employee representatives and engages in constructive collaboration. This cooperation focuses on internationally recognised standards and takes the laws and circumstances of the different countries into consideration. The European Works Council (EWC) plays an important coordinating role in this regard and has made a significant contribution that has helped the PHOENIX group to grow closer together as a European company. The EWC is closely involved in significant measures that affect two or more countries, for example the employee survey, compliance, or the corporate mission statement. Moreover, it is active in future projects such as health management, work-life balance, and further training.

G4-11

In 2015/16, around 32 % of employees in Europe and 94 % of employees in Germany were covered by collective agreements.

04

Society



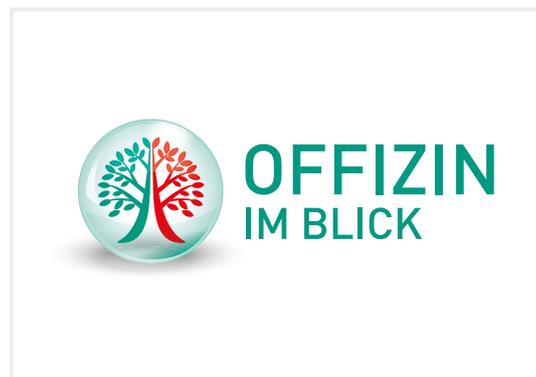
The PHOENIX group assumes social responsibility

- // Focus on long-term commitment to selected projects
- // Priority given to health-related issues
- // Donations in the fiscal year 2015/16 total EUR 1.8 million
- // Looking ahead: allocation of donations and sponsorship activities in Germany to be reviewed

The PHOENIX group plays an active role in society. For us, responsibility means 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 are particularly concerned with making a long-term impact. In addition to our investments for the common good, we fund projects in the local areas and regions of our locations. PHOENIX anti-corruption guidelines are strictly observed when organising these fundraising and sponsorship activities.



Focus on health and pharmaceutical research – For the 19th time the PHOENIX Pharmaceuticals Science Award has been presented.



Expert panel of Germany – for each questionnaire completed, EUR 2.50 are donated to a regional charity.

In accordance with our mission statement “We deliver health across Europe”, we predominantly support facilities helping sick and disabled children. Additionally, we provide funding for cultural and research-related institutions. We also live up to our obligations in emergency situations. For example, during the refugee crisis in Europe, our subsidiaries in Denmark and Norway in particular supported local welfare organisations.

Germany: a glance at three major projects

With its Science Award, the PHOENIX group draws the attention of the professional community to the potential for pharmaceutical innovation in Germany, Austria, and Switzerland. For the 19th time, PHOENIX awarded four research projects in the categories pharmacology and clinical pharmacology, pharmaceutical biology, pharmaceutical chemistry, and pharmaceutical technology. PHOENIX presented the prize and, for the first time, celebrated the winners in Switzerland. The award with a total value of EUR 40,000 is one of the most prestigious science prizes in German-speaking countries.

PHOENIX in Germany awarded more than EUR 50,000 to support regional and international projects.

Our activities are additionally focused on supporting the charitable organisation KULTURBRAS e.V., which assists disadvantaged children in Fortaleza, Brazil, and provides them with regular meals. This project has been a priority for the PHOENIX group for 24 years already, because a long-serving employee of the PHOENIX group has been on the organisation’s board ever since. With the purchase of any own-brand product from PHOENIX’s personal range, the German subsidiary PHOENIX Pharma-Einkauf GmbH donates 5 euro cents directly to KULTURBRAS e.V. In the fiscal year 2015/16, the company donated EUR 5,000.

Furthermore, as part of our commitment to society, the “Offizin im Blick” (Focus on the dispensing pharmacy) survey provides a panel of experts to support PHOENIX customers in Germany. It allows pharmacists to take part in surveys on a variety of future issues relevant to the pharmacy market, without being complicated or time-consuming. The participation comes with an incentive: for each questionnaire completed by the experts, PHOENIX Germany is donating EUR 2.50 to a fund that is allocated to regional children’s charities once it reaches at least EUR 1,000. In the reporting year, a total amount of EUR 6,000 came together.



Supporting children's hospitals – nicely decorated rooms and personal assistance make hospital stays more pleasant for children.

France: special welcome for children in hospital

Since last year, children between the ages of two and eleven who have to undergo surgery in the Cannes hospital have been welcomed in a room specifically arranged for them in the hospital. The room is designed as a teddy bear hospital so that the children can be familiarised with their own medical treatment through play. The children are also given their own teddy bear to keep them company throughout their entire stay in the hospital. This pilot project led by the French pharmacy association PharmaVie has a budget of EUR 50,000. PHOENIX France contributed more than EUR 9,000 to this project. In the future, a further six hospitals per year will be equipped accordingly in France.

Sweden: supporting the Queen Silvia Children's Hospital

Tamro, our subsidiary in Sweden, has been supporting the Queen Silvia Children's Hospital in Gothenburg – one of the largest of its kind in Europe – for several years. Each year, around 13,000 children from all over Sweden, some of whom are seriously ill, are cared for in the hospital and a further 130,000 children are treated as outpatients. Since a large amount of time in hospital is spent waiting, the foundation has set itself the task of making that time as pleasant and enjoyable as possible for the children. Tamro donated around EUR 22,000 to this cause last year, of which EUR 10,000 was contributed by the employees in lieu of a Christmas gift.

United Kingdom: supporting the fight against child abuse

Rowlands Pharmacy is an official patron of the National Society for the Prevention of Cruelty to Children (NSPCC), which works to support children that suffer or have suffered domestic violence and abuse. In 2006, Managing Director Kenny Black entered the 26.2 mile London Marathon to raise money for the NSPCC. As a result, 'Rowlands Runners' were formed and have participated in the Marathon each year. During the last fiscal year, 16 employees ran on behalf of the NSPCC's phone service ChildLine raising around EUR 48,000. Since 2006, rowlands pharmacies, together with PHOENIX Head Office staff, have held various fundraising activities, raising in total so far around EUR 550,000 whilst helping to increase the NSPCC's reach and encourage public awareness.



Finland – the hospital will be fitted with furniture by the end of 2017.



Charity race in Hungary – employees raised almost EUR 1,000 to treat ill children.

Finland: construction of the new children's hospital is making progress

Our Finnish company Tamro has been making a significant contribution to the construction of a new children's hospital in Helsinki since 2013. The existing children's hospital, built in 1946, no longer meets modern standards – even though it is the only facility in the whole of Finland to offer a full range of medical services. Hence, a foundation was set up in 2012 to pave the way for the building of a new children's hospital. By the end of 2015, Tamro had provided EUR 100,000 in funding to this project. On the one hand, the company made direct donations to the foundation and, on the other hand, it appealed to all of its employees and business partners to participate. The hospital will be fitted with furniture by the end of 2017.

Hungary: comprehensive donation and sponsoring activities

In Hungary, the PHOENIX group's social commitment covers a wide spectrum. In the reporting year, the donations amounted to around EUR 29,000. PHOENIX in Hungary supported numerous foundations. The organisation "One Drop Attention" received a donation of EUR 3,000 for the treatment of diabetic patients.

Pharmaceutical universities and institutions also received funding, as did the Order of Malta Relief (approx. EUR 6,500). Furthermore, pharmacies are no longer required to bear the cost of pharmaceutical waste collection, and the Foundation of Pharmacists for the Earth is helped through the collection of paper and cardboard (EUR 1,600). In 2015, a considerable number of managers and employees of our Hungarian company also took part in a charity race in support of the treatment of ill children. The employees raised donations amounting to almost EUR 1,000 for this cause.

We want to continue with our activities to benefit society. In doing so, we will keep our long-term focus on selected projects and work on expanding the exchange of best practices to this area as well. We are currently analysing the need for a policy on donations and sponsorship activities for Germany, with the idea of strategically implementing them within the company.

Furthermore, PHOENIX in Hungary contributed around EUR 29,000 to cultural institutions and sports clubs.

Facts and figures

Key figures of the PHOENIX group

For the first time, the Corporate Sustainability Report 2015/16 presents all performance indicators in comparison with the previous year. To allow for a better overview, a column has been added showing the rate of change. 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.

Added value

Economic value retained of the PHOENIX group in EUR k	2014/15	2015/16	Deviation from previous year in %
Net turnover	22,567,998	23,247,428	3.01
Community investments	2,031	1,759	-13.39
Personnel expenses	1,034,353	1,158,714	12.02
Operating costs	21,119,765	21,725,836	2.87
Payments to government	73,364	95,031	29.53
Payments to providers of capital	99,225	78,025	-21.37
Economic value retained	239,260	188,063	-21.40

Environment

Total GHG emissions (Scope 1–3)

See Glossary, page 70.

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
Scope 1 total ¹⁾	20,501	22,908	11.74
Scope 2 total	50,966	52,860	3.72
Scope 3 total ¹⁾	115,987	126,318	8.91
Total GHG emissions of the PHOENIX group	187,454	202,086	7.81

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Total GHG emissions by region (Scope 1–3)

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	187,454	202,086	7.81
Germany	60,050	57,860	– 3.65
Western Europe ¹⁾	54,364	78,578	44.54
Eastern Europe ¹⁾	38,587	42,311	9.65
Northern Europe	34,453	23,338	– 32.26

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

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

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	20,501	22,908	11.74
Germany	2,727	2,765	1.41
Western Europe	10,182	11,990	17.76
Eastern Europe	5,718	6,321	10.55
Northern Europe	1,874	1,831	– 2.31

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Emissions from indirect energy consumption by region (Scope 2)

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	50,966	52,860	3.72
Germany	18,173	17,677	-2.73
Western Europe	11,477	12,762	11.20
Eastern Europe	13,934	15,466	10.99
Northern Europe	7,382	6,955	-5.78

Emissions from subcontracted transport by region (Scope 3)

CO ₂ in t	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	115,987	126,318	8.91
Germany	39,150	37,417	-4.43
Western Europe	32,705	53,825	64.58
Eastern Europe ¹⁾	18,935	20,524	8.39
Northern Europe ¹⁾	25,197	14,552	-42.25

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Consumption of district heating by region¹⁾

in MWh	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	27,572	27,782	0.76
Germany	4,113	4,174	1.47
Western Europe	0	0	0
Eastern Europe	9,679	10,548	8.98
Northern Europe	13,780	13,060	-5.22

¹⁾ Figures also include goods that were disposed of through wholesale as a service to pharmacists in the countries.

Consumption of electricity by region

in MWh	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	134,180	136,826	1.97
Germany	34,147	33,042	-3.24
Western Europe	35,545	38,461	8.21
Eastern Europe	18,320	20,438	11.56
Northern Europe	46,168	44,884	-2.78

Non-hazardous waste by region

in tonnes	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	20,007	20,031	0.11
Germany	8,380	8,405	0.30
Western Europe ¹⁾	5,663	5,457	-3.66
Eastern Europe ¹⁾	2,462	2,317	-5.89
Northern Europe	3,502	3,852	9.99

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Pharmaceutical waste by region¹⁾

in tonnes	2014/15	2015/16	Deviation from previous year in %
PHOENIX group	1,107	1,204	8.76
Germany	185	111	-40.00
Western Europe	106	151	42.45
Eastern Europe	198	177	-10.61
Northern Europe	618	765	23.79

¹⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 due to changes in data collection and data definitions. There were, however, no fundamental changes in trends.

Employees

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

	2014/15 FTE	2015/16 FTE	Deviation from previous year in %	2014/15 Employees	2015/16 Employees	Deviation from previous year in %
PHOENIX group	24,461	25,235	3.16	28,872	29,745	3.02
Germany	3,577	3,506	-1.96	4,489	4,398	-2.03
Western Europe	9,887	9,938	0.52	12,690	12,709	0.15
Eastern Europe	5,659	6,194	9.46	6,025	6,598	9.51
Northern Europe	5,338	5,596	4.83	5,668	6,040	6.56

¹⁾ Per due date 31 January.

Employees by gender, type of employment, and region

in figures	2014/15				2015/16			
	Full-time male	Part-time male	Full-time female	Part-time female	Full-time male	Part-time male	Full-time female	Part-time female
PHOENIX group	7,250	1,893	10,041	9,688	7,377	1,944	10,593	9,831
Germany	1,458	339	946	1,746	1,440	339	931	1,688
Western Europe	2,954	1,254	2,559	5,923	2,939	1,243	2,522	6,005
Eastern Europe	1,639	73	3,672	641	1,737	83	4,115	663
Northern Europe	1,199	227	2,864	1,378	1,261	279	3,025	1,475

Sickness-related absenteeism¹⁾

	2014/15	2015/16	Deviation from previous year in %
in hours			
PHOENIX group	2,258,931	2,326,845	3.01
Germany	464,421	541,205	16.53
Western Europe	868,108	838,678	-3.39
Eastern Europe	367,549	358,564	-2.44
Northern Europe	558,853	588,398	5.29

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

Total recordable injury frequency (TRIF)¹⁾

	2014/15 ²⁾	2015/16	Deviation from previous year in %
per one million working hours			
Injuries with lost time	341	358	4.99
Actual working hours	42,464,505	43,823,416	3.20
Total recordable injury frequency (TRIF)	8.03	8.17	1.73

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

²⁾ Figures were adjusted in comparison with the Corporate Sustainability Report 2014/15 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 audit 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 2015/16.

The following GRI Index includes Standard Disclosures from the GRI G4 Guidelines – Core. 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 2015/16. To simplify the presentation, a column for third-party audits was therefore not included.

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G4-6	Number of countries in which operations are located	p. 6, p. 10
G4-7	Nature of ownership and legal form	Imprint, Annual Report 2015/16: www.PHOENIXgroup.eu/DE/Service/Investor-Relations/Documents/PHOENIX%20group_Annual%20Report%202015-16_web.pdf
G4-8	Markets served	p. 6, p. 10
G4-9	Scale of the organisation	Flap, p. 6
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G4-14	Precautionary approach or principle	p. 9, p. 25
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G4-16	Memberships in associations	p. 9

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G4-19	Material aspects	p. 12 ff.
G4-20	Material aspects within the organisation	p. 4
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G4-22	Report restatements of information	p. 5
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G4-24	Stakeholder groups involved	p. 13 f.
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G4-29	Date of most recent previous report	Last report was published on 2015/09/28
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G4-31	Contact person for questions regarding the report or its contents	p. 15, Imprint
G4-32	"In accordance" option in the GRI Index	p. 4
G4-33	Third-party audit of the report	A third-party audit was not performed in 2015/16.
Governance		
G4-34	Governance structure	Imprint, Annual Report 2015/16: www.PHOENIXgroup.eu/DE/Service/Investor-Relations/Documents/PHOENIX%20group_Annual%20Report%202015-16_web.pdf

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G4-57	Mechanisms for finding advice on ethical and lawful behaviour, and matters related to organisational integrity	p. 15 f.
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G4-EN27	Extent of impact mitigation of environmental impacts of products and services	p. 33 ff.

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G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	p. 16	
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G4-EN30	Significant environmental impacts of transportation	p. 40 f	
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Aspect: Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover	The rates of new employee hires and employee turnover are not currently available. Standardised reporting of this key figure will be approved.	Flap, p. 43, p. 62
Aspect: Occupational Health and Safety			
G4-LA6	Type of injury and rates of injury, lost days, and absenteeism		p. 52, p. 63
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. 50
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. 44, p. 62, Annual Report 2015/16: www.PHOENIXgroup.eu/DE/Service/Investor-Relations/Documents/PHOENIX%20group_Annual%20Report%202015-16_web.pdf

Specific Standard Disclosures	Omissions	Page	
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Aspect: Anti-competitive Behaviour			
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	No cases reported within the reported year.	
Aspect: Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	p. 16	
Product Responsibility			
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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.	p. 26 ff.
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G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	p. 30 f.	

Glossary

Abbreviations

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
kW_p = kilo-watt peak (nominal power, 1,000 watt-peak)
M&A = mergers and acquisitions
OHM = occupational health management
QM = quality management
TRIF = total recordable injury frequency

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.

EU anti-trust law

European Union regulations relating to economic cartels between companies and other players in the market. Anti-trust law also includes all rules of law aimed at safeguarding a free competitive market that is as diverse as possible.

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.

European Stakeholder Model (ESM)

The European Stakeholder Model is a partnership of key stakeholders in the supply chain, including the pharmaceutical industry, parallel traders, wholesalers, and pharmacists. It demonstrates how efficient and cost-neutral medical testing systems can be designed, developed, used, and regulated.

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.

Failure modes and effects analysis (FMEA)

Failure Modes and Effects Analysis identifies possible errors at an early stage, evaluates the associated risks, and develops counteractive avoidance measures – resulting in further quality improvements.

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.

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.

HR business partner

Central contact for employees and departments concerning all personnel issues.

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 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.

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.

securPharm initiative

securPharm is an initiative of different stakeholders in the pharmaceutical industry that aims to protect against counterfeit drugs entering the German pharmaceutical distribution network.

UK Bribery Act

One of the most aggressive anti-corruption laws in the world. Entered into force in the United Kingdom on 1 July 2011.

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Publisher

Ingo Schnaitmann
 Head of Group Communications
 Jennifer Opitz
 CSR and Communications Manager
 PHOENIX group

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

Concept, design, and realisation

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

Photographs

Jiří Beran, tRitON (p. 43)
 Nicole Blomann, die Satzfee (p. 31)
 Drottning Silvia Children's Hospital (p. 56)
 Martin Flaux (p. 56)
 Hahlbrock (p.34, 41)
 R. Hömke/securPharm (p. 27)
 Impact Communications (p. 41)
 Péter Lugosi (p. 57)
 Hans-Georg Merkel (u1, p. 2, 3, 18, 21, 24, 25, 27, 28, 32,
 34, 42, 45, 46, 49, 51, 55)
 Kalle Nurmi, SRV Rakennus Oy (p. 57)
 Niels Villum Petersen (p. 36)
 PHOENIX group (p. 8, 38, 48, 49, 54, 55)
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PHOENIX Pharmahandel GmbH & Co KG
Pfungstweidstrasse 10–12
68199 Mannheim
Germany
www.PHOENIXgroup.eu

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