

## **ESG Statement 2023**

Our aim is to be the world leading patient-centric digital healthcare provider. We exist to enable accessible, exceptional healthcare whenever and wherever our customers need it.

### **Introduction**

Pharmacy2U's core mission is to help make the lives of our patients happier and healthier. Our efforts to build a more sustainable business are central to this. We made strong progress in FY22 with the framing of our targets and key objectives. However, a strong business is one that is inherently sustainable, and we will continue to focus on these efforts in the months ahead. We believe that Pharmacy2U has an important role to play generating real social value for the communities we serve – ranging from providing guidance and training to our employees, helping our customers, especially those from under-represented communities, and actively engaging with our supplier base, upstream and downstream to develop the Green Economy.

We have made good progress by further quantifying our scope 1, 2, and 3 supply chain emissions<sup>1</sup>. I am delighted our initiatives to reduce GHG emissions meant that our scope 1, 2 and selected scope 3 emissions declined by 39% YoY. We are committed to setting reduction targets and developing a carbon reduction plan. This is in addition to offsetting our emissions as we work towards these reductions.

Our overall strategy seeks to leverage the opportunities and benefits from a well-developed ESG framework. These include:

- Efficiency measures to reduce further operating costs, whilst reducing our environmental footprint
- Developing a sustainable solution to the management of medication using award-winning technology and low carbon delivery methods
- Growing a reputation for sustainability amongst our direct peer group, to strengthen our customer and supplier relationships
- Ongoing investment to attract and retain the best talent, by developing an environment that is inclusive, diverse, and reflective of the communities we serve

On behalf of the board, I look forward to rolling out this programme and building on our progress in 2022-23 found in the following pages.

Gary Dannatt  
Chief Operating Officer  
September 2023

### **ESG Strategy**

Pharmacy2U published its first ESG statement in 2022 as part of its Annual Accounts. In it we outlined our initial sustainability ambitions, drawn from the most material sources of ESG (Environmental, Social and Governance) risk and opportunity ('material issues') identified in our 2022 Materiality Assessment.

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<sup>1</sup> Includes business travel and water supply/treatment

Our key aims and objectives are detailed below under the E, S and G pillars. Delivery on these serves to strengthen our engagement and relationships with our key stakeholders.

Environmental	Social	Governance
<b>Decarbonising our operations and improving the 'circularity' of our products</b>	<b>Building and growing talented and diverse teams, and promoting an inclusive working environment</b>	<b>Commercialising our product responsibility and investing in the communities in which we operate</b>
<ul style="list-style-type: none"> <li>Reducing energy consumption and carbon emissions and contribution to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Attract, nurture and retain talent by compensating fairly, offering options for continuous learning and advancement</li> </ul>	<ul style="list-style-type: none"> <li>Improve patient health outcomes by driving medication adherence and providing support to empower our customers to take control of their own health</li> </ul>
<ul style="list-style-type: none"> <li>Improve efficiency and recyclability of our products by integrating circularity principles into our design process and campaigns to change behaviour among end users</li> </ul>	<ul style="list-style-type: none"> <li>Create an inclusive workplace where our employees feel supported and motivated to innovate, create, and thrive</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to local development through (1) community investments; (2) charitable donations and (3) employee volunteerism</li> </ul>
<ul style="list-style-type: none"> <li>Work with all stakeholders to increase the sustainability of the industry as a whole, and transition to a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Continual focus on support, wellbeing, and health and safety to keep our people safe and well</li> </ul>	

## Environmental

Decarbonising our operations and improving the 'circularity' of our products

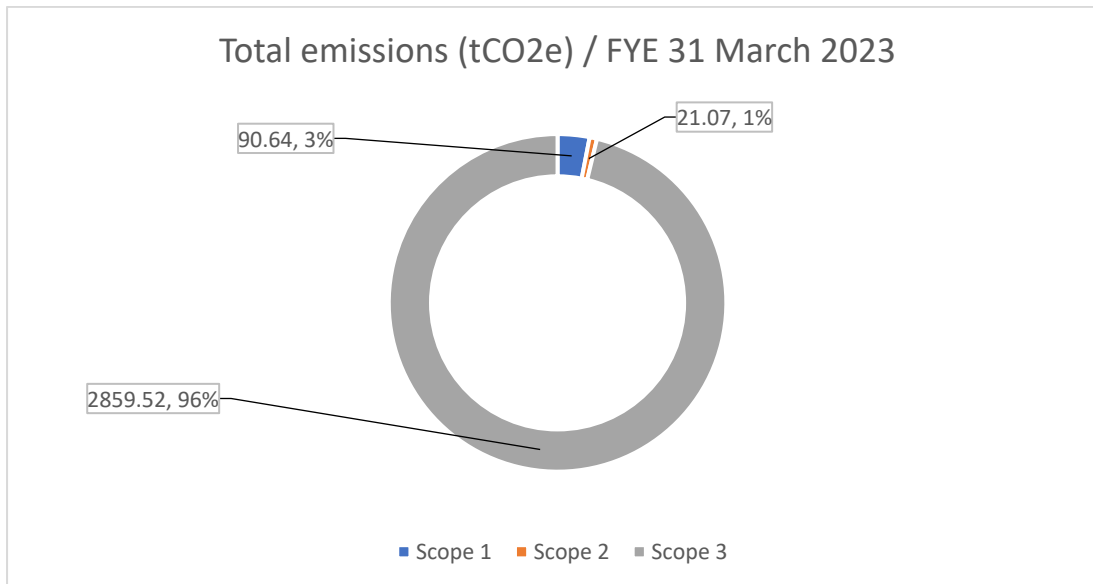
### Scope 1 and 2 Emissions

One of Pharmacy2U's commitments is to reduce its contribution to GHG emissions and climate change.

We are proud to have become carbon neutral in the financial year ended 31 March 2021 (FYE21), having calculated and offset all aspects of Scope 1 and 2 and selected aspects of our Scope 3 greenhouse gas emissions. In the financial year ended 31 March 2023 (FYE23) we worked to conduct a more detailed baseline of our emissions as disclosed within the Streamlined Energy and Carbon Reporting ('SECR') Disclosure on page 9. We are now in the process of establishing reduction targets which will be published in the financial year ended 31 March 2024 (FYE24) under our Carbon Reduction Plan.

It has been calculated that the total emissions for the base year was 2,971 tCO<sub>2</sub>e and, with the information provided, 96.25% are attributable to GHG Scope 3.

Approximately 5.78% of the company's scope 1 and 2 GHG emissions arise most through electricity consumption at sites, with the remainder deriving from gas consumption for heating. These are the emissions within company owned or controlled sources. Overall they account for only 3.75% of the total emissions reported.



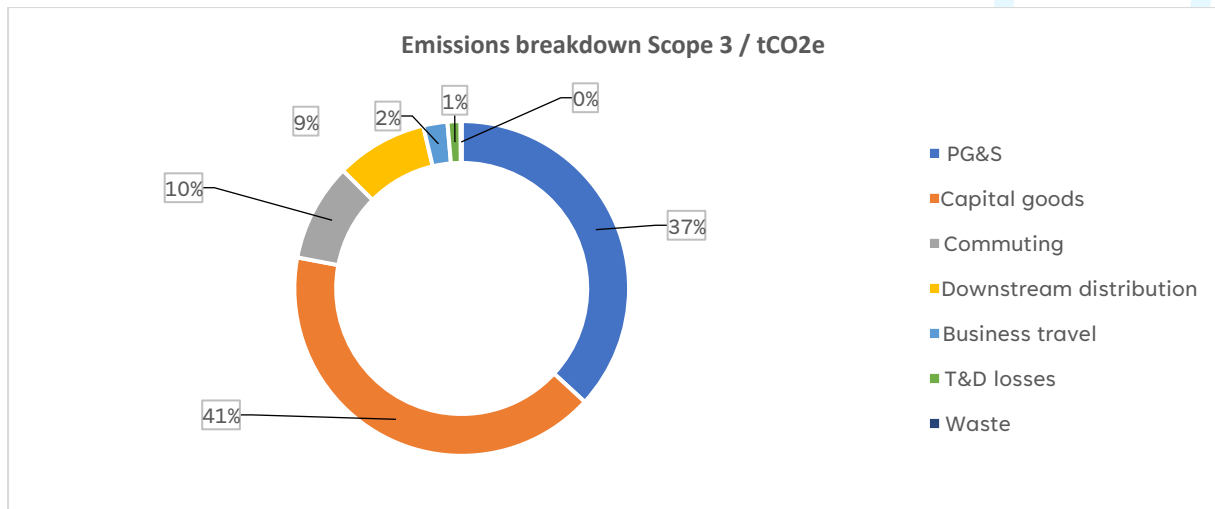
The decarbonisation actions currently being pursued by us are:

- Sourcing all electricity from 100% renewable sources where we control the electricity supply
- Upgrading sites at Bardon and Victoria Road with more efficient technologies and equipment e.g. installation of LED lighting and motion sensors
- Promoting energy-saving actions and behaviours across all sites
- Green car scheme and installation of electric car charging points at two sites
- Reduction in volume of packaging and consumables
- Working with Royal Mail to increase percentage of delivery via electric vehicle fleet

### Scope 3 Emissions

In FY23 we undertook our first exercise to measure our Value Chain (Scope 3) emissions, following the GHG Protocol Corporate Value Chain (Scope 3) Accounting Standard methodology. We view this as a valuable tool in understanding supply chain emissions, and importantly to engage with suppliers on their own environmental and sustainability ambitions.

Pharmacy2U's Scope 3 emissions far exceed and dwarf Scope 1 and 2 emissions – for more information see SECR Disclosure on page 9. In FYE24, we will review the Scope 3 emission hotspots and develop reduction targets. We will target a reduction in carbon emissions by engaging with our suppliers and distributors on emissions.



## Sustainable packaging and waste management

We are not a large producer of waste, with protective plastic packaging, cardboard boxes, and wooden pallets arriving from upstream making up the bulk of the waste arising from our operations. The company has policies and incentives in place for collection and recycling of protective plastic packaging, cardboard, and wooden pallets. At Bardon on average, we bale 20 cardboard bales at 500kg each bale, five repack box packaging at 500kg each, and half a plastic bale (weight differs) per month which are sent for recycling. Paction reimburse us for the cardboard.

The sustainable packaging and waste reduction solutions currently being pursued by us are:

- Ice (Water packets we freeze on site) – Deliveries in plastic crates/pallets & are in a closed loop return and re-supply system (backhaul collection from following delivery). There used to come in card boxes.
- Wool – Deliveries of wool are in plastic pallets which are flat packed & in a closed loop return and re-supply system (backhaul collection from following delivery).
- B+/Savoie (autoboxing material) – Delivered with a wooden lid which is returned (backhaul collection from following delivery). These used to come with card lids.
- Coldseal Material – Reducing thickness of material from 170gsm to 130gsm.

## Working with stakeholders to increase the sustainability of the industry

The transition to a circular economy is a long-term challenge due to unique technical and market-based challenges. The number of parties involved in the manufacturing and distribution processes leads to limited solutions currently. However, the marketplace (customers and end-consumers) are increasingly signalling a preference for sustainable packaging and a focus on closed-loop recycling.

We regularly engage with our customers on their sustainability requirements and preferences, including through our annual customer survey which includes a sustainability section.

Pharmacy2U is working with the NHS Net Zero team to discuss how they can support our efforts. Our engagement will continue to build through 2023. We also discuss annually the size of medicine packs with all generic manufacturers, our preference for engaging efficient packaging manufacturers, and the potential to improve the supply chain. This activity is all part of our advocacy for the use of sustainable packaging and resizing medicine packs. Achievements to date include:

- Resizing of Teva Atorvastatin 40mg drugs to 'slim pack'

- Reinstatement of Teva Metformin 500mg boxes, following an initial increase in size
- Opted to work with Dr. Reddy's to take advantage of their 'slim pack' options
- Moved Omeprazole supply to Sandoz when they launched 20mg slim packs
- Maintain active discussions with Accord to supply medicines in reusable totes, rather than boxes and packaging

Key achievements in FY2023	Current focuses	Targets and KPIs for 2023
<ul style="list-style-type: none"> <li>– Comprehensive baseline of Scope 1, 2, and 3 emissions</li> <li>– Became carbon neutral company, offsetting our Scope 1 and 2 Greenhouse Gas (GHG) emissions</li> <li>– 100% renewable energy for distribution centres</li> <li>– Estimated 12% of deliveries covered by EV fleet</li> </ul>	<ul style="list-style-type: none"> <li>– Reducing scope 1, 2, and selected scope 3 emissions</li> <li>– Increasing % of reusable or recycled packaging</li> <li>– Increasing % of waste sent for recycling</li> <li>– Advocacy efforts with partners</li> </ul>	<ul style="list-style-type: none"> <li>– Defined carbon reduction targets from our baseline year</li> <li>– Published carbon reduction plan</li> <li>– Detailed energy audit of our facilities</li> <li>– Increasing internal and external awareness of our environmental impact abatement strategy</li> <li>– Scope 3 emissions engagement with our suppliers / distributors</li> <li>– Number of partners engaged in advocacy efforts</li> </ul>

## Social

Building and growing talented and diverse teams, and promoting an inclusive working environment

### Attract, nurture, and retain talent

We are the ultimate people business. As such, the ability to attract, develop, enable and retain the best employees, managers, pharmacists and medical health professionals in our industry is vital to our success. We have carefully built our culture over many years and have created an exciting, vibrant, safe work environment.

#### Recruitment

We have further reviewed our recruitment processes and procedures to ensure FYE24 strategy increasingly accommodates our diversity and inclusion strategy, and re-introduced regular touch point meetings for our new starters to ensure they feel nurtured in their first few months of employment.

#### Employee involvement

During FY23, we conducted our bi-annual Colleague Health Check survey, Pharmacy2U's employee satisfaction survey. This provides the company with feedback on both improvements implemented as

well as others required. The results are presented to the Board and wider business. We were pleased to see a 10% increase in the number of colleagues responding, along with a 28 point increase from our previous eNPS score. This represents an overall improvement of 65% year-on-year. 84% of colleagues confirmed they are happy in their role, with almost 90% of colleagues confirming that they feel supported by their line manager / team leader. The survey will be followed by our 'You Said, We Did' report shortly – a summary of the suggestions employees stated that we should undertake, and the resultant actions.

We have also introduced a successful series of monthly 'Pharmacy2U Committee' meetings where colleagues can ask questions directly to members of the senior leadership team and help further develop our charity initiatives. This is complemented by our regular employee updates and 'all hands meetings'.

All communications and videos are shared electronically, which acts as a source of reference for the group's brand, values, policies, and procedures.

### *Training*

We strive to provide our people with attractive career paths. We invest in training, support and mentorship to our people, offering a range of career opportunities. We also provide tailored training to management via an externally facilitated programme. These programmes share the common goal of supporting growth, progression, and empowering our people to be the best they can be in leading their teams to success. To date 27 individuals have registered on the programme, with five reaching completion by 31 March 2023.

In FYE24 we are looking to launch our Leadership Programme which is designed to equip our future leaders with the skills and approach to lead our business in a time of change and increasing complexity.

### **Create an inclusive workplace**

Pharmacy2U is a Disability Confident Committed Employer, demonstrating our commitment to ensuring that the recruitment process is inclusive and accessible; that it extends opportunities to those with disabilities, provides support, and makes reasonable adjustments to enable any existing employee who acquires a disability or long-term health condition to stay in work.



We are also a signatory to the 'Armed Forces Covenant', an official commitment to ensure that those who serve or have served in the Armed Forces, and their families, are treated with fairness and respect in the communities they serve.



Our Equal Opportunities Policy is supported by equality and diversity training for our managers and people.

Flexible and agile working is core to our way of working. We understand that it is an important component of retaining talent, increasing employee engagement, and enhancing personal wellbeing.

We provide enhanced paid leave for maternity, paternity, and adoption, alongside occupational sick pay.

We are committed to supporting the challenges working carers experience in combining their role and caring responsibilities and will closely follow the introduction of the Carers Leave Act which is currently with parliament.

### *Equity, Diversity & Inclusion*

Equity, Diversity & Inclusion (ED&I) is a priority issue for the whole business. We are committed to specific ED&I objectives with a plan of action to achieve them.

### **Support, Wellbeing, and Health and Safety**

The company has been taking a more holistic approach to the financial and non-financial support offered to colleagues. Due to the inflationary environment in 2022/2023 and its impact on the cost of living, the company ensured that everyone's salaries have been reviewed accordingly. The company has taken a tiered approach to its annual pay award with lower salaried employees receiving a higher percentage increase to their salaries to account for inflationary pressures.

Our new programme, Employer Salary Advance Scheme (ESAS), also allows for colleagues to access some of their salary before their regular payday, without incurring any additional fees.

We also offer staff reductions on health and beauty purchases, an employee referral scheme, and an employee recognition programme. These benefits, coupled with the 'Blue Light' cardholder discounts, help towards everyday living costs.

With the help of our dedicated employee wellbeing lead, Emma Wilson, we now have wellbeing ambassadors. They are on hand to help our colleagues who wish to discuss any concerns, whether mental, physical, environmental, social, or financial. Our ambassadors can complete the necessary training with Mental Health First Aid England (MHFA England). We are delighted that 2 individuals will be joining our wellbeing lead in the near future.

### **Human rights**

We believe that all businesses have an obligation to prevent slavery and human trafficking. We work to prevent slavery and human trafficking within our business and supply chains. Our hiring processes seek to ensure our people are alert to the signs of exploitation so that we take the necessary action should issues be identified. This extends to the potential for trafficking and involvement of unlicensed gangmasters.

### **Community investment**

We have built deep trust with our clients over many years, underpinned by the reach and depth of our engagement with them. Our digital platforms enable us to help thousands of people each year. This all contributes to the wider success of the communities in which we operate.

We are deeply committed to giving back to others whenever and wherever we can. We have, over the last year, raised money for local and national charities, provided clothes and food for foodbanks across the UK, and provided time, money, and resources to cleaning up our local communities.



Key achievements in 2022	Current focus	Targets and KPIs for 2023
<ul style="list-style-type: none"> <li>– New employee survey conducted, with improved eNPS and retention rates</li> <li>– Introduction of our employee recognition programme</li> <li>– Targeted pay increases</li> <li>– Launch of our recruitment strategy to find and retain future talent</li> <li>– Enrolment of 27 managers on our management development course; with 5 reaching completion so far</li> <li>– Reduction in time to hire by 5%</li> </ul>	<ul style="list-style-type: none"> <li>– Tailored departmental pulse surveys</li> <li>– Supporting carers in the workplace</li> <li>– Diversity, equity, and inclusion</li> <li>– Community investment</li> </ul>	<ul style="list-style-type: none"> <li>– Delivery of employee workshops on ED&amp;I</li> <li>– Roll out of Menopause Policy</li> <li>– Enrolment of colleagues in Future Leaders Courses</li> </ul>

## Governance

Commercialising our product responsibility and investing in the communities in which we operate

Pharmacy2U remains committed to strong corporate governance and the assessment / mitigation of risks through robust controls. As part of our ongoing focus, our ESG committee now reports to the audit committee on a six-monthly basis. The ESG committee is responsible for ensuring integration of ESG-related risks and opportunities into strategic and financial planning, along with day-to-day management of projects to meet our ESG targets. This work will further support the company's interaction with its investor community, with this group increasingly requesting sustainability disclosures.

Our policies are readily accessible to our staff and reviewed annually. We also issue annual training on anti-bribery and corruption.

## Stakeholder engagement

Pharmacy2U understands its responsibilities to multiple stakeholders. By engaging with our stakeholders, we are better able to understand their needs and strive to surpass their expectations. We actively communicate with our investors through regular engagement. The Board receives regular updates on investor themes and questions and hosts regular meetings.

## Whistleblowing, safeguarding, and grievances

Pharmacy2U is committed to conducting its business with honesty and integrity, and we expect all colleagues to maintain high standards. However, all organisations face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential to prevent such situations occurring or to address them when they do occur.



We have a Whistleblowing Policy and Grievance Procedure that enables our people to raise potential concerns regarding unacceptable practices and behaviours within the company without fear of reprisal. Colleagues are encouraged to speak with their line manager, however where the matter is more serious, it can be taken to our Freedom to Speak Up Guardian. We also work with the independent whistleblowing charity, Protect, that operates a confidential helpline.

## Cybersecurity

In the financial year ending 31 March 2022, Pharmacy2U made substantial progress in enhancing cyber security all aimed at fostering a secure and resilient digital environment for our operations.

We successfully achieved the Cyber Essentials Plus certification and exceeded the standards set by the NHS Data Security and Protection Toolkit, demonstrating our capability to manage and safeguard sensitive health data securely and effectively.

We incorporated risk-based penetration testing for new or particularly sensitive infrastructure, adding an extra layer of security and vigilance, in addition to our regular and annual penetration testing.

Our efforts also extended to raising employee awareness and competency in information security. We conducted annual information security training for all our staff and provided needs-based training in response to emerging cyber threats and trends. Our information governance and information security training programs were also thoroughly reviewed and updated to reflect current best practices and threats.

Recognising the financial risks associated with potential cyber incidents, we revisited our cyber insurance arrangements, aligning them with the current threat landscape. Regular audits were conducted to ensure compliance with our security policies, which themselves were reviewed at least annually to ensure their relevance and effectiveness.

Lastly, we made significant investments in our information security team, recognising that their expertise and dedication form the cornerstone of our information security approach.

We remain vigilant and proactive in our efforts to secure our operations and protect our stakeholders' interests. With this ongoing commitment, we are confident that we will continue to make strides in improving our cyber security posture in the years to come.

Key achievements in 2022	Current focuses	Targets and KPIs for 2023
<ul style="list-style-type: none"> <li>Executive ESG committee established assisting the Board on the development of the ESG strategy</li> </ul>	<ul style="list-style-type: none"> <li>Business integrity and robust controls</li> <li>Development of our Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Building on disclosures including validation of emissions targets</li> <li>Positive customer feedback and maintenance of NPS monitoring</li> <li>Roll out of Supplier Code of Conduct</li> </ul>

## **Awards**

Women's Business Club Global Top 100 Businesswomen: Finalist, Danielle Farrar, Head of People

KPMG – UK Customer Experience Excellence Report 2022 – 1st place

## **CARBON REPORTING**

### **1 April 2022 to 31 March 2023 Summary**

This disclosure along with the full SECR report summarises the company's energy usage, associated emissions, energy efficiency actions being undertaken and energy performance under the government policy; Streamlined Energy and Carbon Reporting ('SECR'), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

This disclosure also summarises the methodologies utilised for all calculations related to the elements reported under Energy and Carbon and includes intensity metrics. With the energy efficiency actions detailed in the full report, this disclosure fully complies with the reporting regulations under the new SECR legislation. A copy of our full SECR disclosure is available separately.

This disclosure, and full supporting documentation, has been prepared for Pharmacy2U Limited by Volta Compliance, in conjunction with members of Pharmacy2U's Executive Team, by means of interpreting the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as they apply to information supplied by Pharmacy2U Limited and its energy suppliers. Save Money Cut Carbon prepared our Scope 3 assessment.

## Consumption (kWh) and Greenhouse Gas Emissions (tCO<sub>2</sub>e) Totals

The following figures show the consumption and associated scope 1, 2 and selected scope 3\* emissions<sup>2</sup> for this reporting year, with figures from the previous reporting period included for comparison.

		Year ended 31 March '23	Year ended 31 March '22
Total UK energy use	Thousand kWh	1,778	1,244
Total UK emissions	Tonnes of CO <sub>2</sub> e (market-based)	111	262
Intensity ratio	Thousand tonnes of CO <sub>2</sub> e per m <sup>2</sup> of floor area	0.08	0.1

\*Includes business travel and water supply/treatment

<sup>2</sup> Definitions of the Scopes used in this disclosure:

- Scope 1 consumption and emissions relate to the direct combustion of natural gas, and fuels utilised for transport operations associated with the commercial fleet
- Scope 2 consumption and emissions relate to emissions associated with purchased electricity in day to day business operations
- Scope 3 consumption and emissions relate only to emissions associated with the grey fleet, namely the use of private vehicles for business travel

Scope 1, 2 and selected scope 3 emissions (1 April-31 March reporting year)

	2022	
Emissions source	Emissions (tCO <sub>2</sub> e)	kWh
<b>Scope 1</b>		
Operational fuel	90	496,531
<b>Scope 2 (market-based)</b>		
Purchased electricity (market-based)	21	1,172,973
Electric vehicles	0	
<b>Scope 3</b>		
Purchased Goods and Services	1,054	
Capital Goods	1,176	
T&D losses	36	
Business travel	67	273,422
Commuting	271	
Waste	3	
Downstream Transportation and Distribution	253	
<b>Total tonnes of CO<sub>2</sub>e (market-based)</b>	<b>2,971</b>	
<b>Scope 1 &amp; 2 intensity ratio kgCO<sub>2</sub>e/m<sup>2</sup></b>		<b>8.84</b>