

The Modern Slavery Act 2015 (*“the Act”*) came into effect on 29 October 2015 and requires those entities carrying on a business or part of a business in the UK, supplying goods or services, and having an annual turnover of £36 million or more to disclose information regarding the steps they have taken to eradicate slavery and human trafficking from their supply chain as well as within their own organisation during the previous financial year.

Modern Slavery Act Statement

We are committed to good corporate citizenship and the highest ethical standards. To fulfil these commitments, we establish and maintain systems and controls to safeguard against slavery and related human trafficking in our supply chain.

This Statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2020.

BUSINESS STRUCTURE AND ORGANISATION

Lloyds Pharmacy Limited (Lloyds Pharmacy) is part of McKesson UK and McKesson Europe AG. McKesson Europe AG is active in 13 European countries and employs around 38,000 people. McKesson Corporation, State of Delaware, USA, is the majority shareholder in McKesson Europe AG. McKesson Corporation is an industry leader in pharmaceutical distribution, medical-surgical distribution, generic pharmaceutical manufacturing and distribution and business and clinical services for healthcare providers.

Lloyds Pharmacy is a leading community pharmacy and healthcare provider with over 1,440 pharmacies across the UK. Through our pharmacies and website, Lloyds Pharmacy offers high quality healthcare products and services, dispensing over 138 million primary care items per year and offering a range of innovative and affordable products aimed at improving community health, such as blood pressure monitors and allergy relievers many of which are sourced outside the UK. A key partner of the NHS, we also work closely with local healthcare providers to develop and deliver commissioned services to address specific health needs within communities. We also develop innovative solutions to support secondary care and were the first healthcare provider to deliver cancer treatment in a community pharmacy environment.

OUR POLICIES, VALUES AND TRAININGS

We are committed to sourcing quality products from, and building relationships with, suppliers who share our values and ethical standards. We do not enter into business with any organisation, in the United Kingdom or abroad, which knowingly supports or is found to be involved in slavery, servitude and forced or compulsory labour.

Our [Code of Conduct](#) provides important guidelines for interactions with customers, suppliers and other business partners. At the core of the Code of Conduct and our activities are our [ICARE principles](#), which are; Integrity, Customer-first, Accountability, Respect and Excellence.

We are an equal-opportunities employer committed to creating and ensuring a non-discriminatory and respectful working environment for our colleagues. Our recruitment and people management processes are designed to ensure that all prospective colleagues are legally entitled to work in the UK and to safeguard colleagues from any abuse or coercion once in our employment.

We want all our colleagues to feel confident that they can expose wrongdoing without fear of retaliation.

Our Whistleblowing Policy encourages all colleagues to raise concerns including potential violations of the Code of Conduct, company policies, and the laws of the countries in which we operate. We have reporting mechanisms in place to collect and relay information regarding potential violations to appropriate company resources for review and follow up action.

In the last financial year, we have updated our Whistleblowing Policy and refreshed our internal communications on this topic. In the forthcoming financial year, we will consider further awareness raising activities such as targeted training sessions.

We conduct web-based and/or face to face training for colleagues to emphasise the importance of acting with integrity and in line with our ICARE principles and Code of Conduct.

SUPPLY CHAIN AND DUE DILIGENCE

Our principal suppliers are regulated manufacturers and distributors of medical-surgical products, medical devices and pharmaceutical products.

Some of our suppliers are located in countries that may be more vulnerable to human rights abuses than others. That is why we have several methods to manage our zero-tolerance policy for such abuses, including the following:

- We clearly communicate our expectations to suppliers to ensure adherence to our values and ethical standards.
- We establish appropriate policies and processes within our businesses to make sure that the products we purchase and sell comply with our ethical standards.
- We utilise both internal and external resources to evaluate the factories of our suppliers based in higher risk countries and audit them against recognised industry standards.
- Our supplier agreements include language that requires our supplier to obey national and regional statutory requirements in the country in which they operate, including where appropriate, any applicable laws regarding human trafficking, forced labour and other forms of modern slavery.

For our responsible sourcing and quality management systems, we have designed and implemented a number of processes to assess suppliers of the products introduced into the supply chain. The focus areas included in the assessment process include, but are not limited to, Commercial, Compliance and Quality Assurance.

Adverse audit findings, non-conformities and other remediation requirements are prioritised based on risk. If remediation is required, we work with our suppliers to improve their standards with corrective action plans and on-going reviews to make sure our standards are maintained. We aim to build relationships with our suppliers to ensure adherence to our values and ethical standards. If a supplier fails to adequately remediate the issue, the relationship would be re-evaluated and if necessary, terminated.

The McKesson UK group of companies continues to have the benefit of access to Sedex (Supplier Ethical Data Exchange), one of the world's largest collaborative platforms for sharing responsible sourcing data

on supply chains. This provides us with access to a wealth of data and information around the ethical performance of potential suppliers for our own brand range of products.

COVID 19 PANDEMIC

We are aware that the unique and unprecedented set of challenges brought about by the Covid-19 pandemic could lead to an increase in modern slavery as businesses try to adapt to the situation. We began taking steps to manage the risks as they emerged to guard against this happening within our organisation and our supply chains.

Covid 19 secure risk assessments were undertaken in all parts of the business to help us formulate mitigation plans to protect the health and safety of our colleagues.

In line with Government guidance, we facilitated homeworking for everyone who was able to work from home and all non-essential travel and face to face meetings were suspended. For those colleagues unable to perform their roles from home, we implemented appropriate social distancing measures in our business premises including, for example, limiting the number of customers permitted inside our stores at any one time, and equipped colleagues with suitable personal protective equipment (PPE) including facemasks, gloves and aprons. All colleagues were encouraged to follow Government advice on hygiene practices and our cleaning schedules were revised as appropriate.

We are implementing further measures in line with Government guidance to enable us to safely reintroduce colleagues back into our business premises and we have reviewed homeworking arrangements to ensure colleagues who will continue to work from home can do so safely.

Colleagues have received regular communications during the pandemic through our colleague app which also provides information about our updated people policies and access to a range of materials designed to support physical and mental health and wellbeing. Colleagues have continued to have access to our grievance procedures throughout the period.

We continued to adhere to our recruitment processes during the pandemic, adapting them as necessary in line with Government guidance. For example, we undertook right to work checks for new colleagues via digital means in accordance with the Government's temporary process.

We supported suppliers during the pandemic by continuing to pay for orders promptly. We worked closely with suppliers throughout the period to source essential products and minimise interruptions in the supply to our customers.

We are continuously monitoring the situation and reviewing our existing measures in line with Government guidance. The Board of Directors has been kept up to date throughout the pandemic regarding risk levels and is actively involved in determining any adjustments that need to be made to existing measures.

EFFECTIVENESS

We regularly review our monitoring program to ensure our actions are appropriate and we believe our efforts to date have been effective in preventing slavery and human trafficking from being part of our supply chain.

We have developed a Modern Slavery Policy for the business which underlines our commitment to tackling modern slavery within our organisation and our supply chain. We are aiming to implement this during the forthcoming financial year.

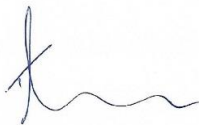
In the last financial year, we have developed and piloted a new process for mandatory due diligence checks on new suppliers. This is now business as usual for the pilot teams and we will be engaging with the rest of our internal stakeholders to discuss implementing this across the business on a phased basis. We will consider further enhancements to help ensure a robust, proportionate and risk-based approach including refining our approach to ongoing and repeat due diligence on a risk-basis for all suppliers.

Modern slavery risks are captured in the McKesson UK Corporate Risk Register. We have a programme of work planned for the next financial year around modern slavery and supplier due diligence which includes engaging with internal stakeholders to review how we currently assess and mitigate modern slavery risks and to consider whether there is any scope to strengthen our approach.

We are considering targeted awareness sessions and guidance for colleagues to increase understanding internally of our supplier due diligence processes and the risks around modern slavery.

STATEMENT OF APPROVAL

This Statement has been approved by the Board of Directors of Lloyds Pharmacy Limited, and the Board has authorised Toby Anderson, Chief Executive Officer, to sign the Statement on behalf of Lloyds Pharmacy Limited.



Signed:

Name: TOBY ANDERSON

Position: CHIEF EXECUTIVE OFFICER

Date: 29 SEPTEMBER 2020