

UN GLOBAL COMPACT

Communication on Progress

2021-22

WE'RE CONNECTED BY TRUST



INTRODUCTION

CEO STATEMENT

I am pleased to confirm that Clinigen reaffirms its support of the Ten Principles of the United Nations. Clinigen became a signatory to the United Nations Global Compact in February 2021 and this Communication on Progress (CoP) sets out our progress during our first year as a signatory.

In the last year Clinigen have conducted a full review of how our strategy aligns to stakeholder values to ensure that our business model, objectives, and growth plans are clearly aligned to the sustainability agenda and the Sustainable Development Goals (SDGs). As a result of this we rolled out our Environment, Social and Governance (ESG) framework where we make 17 key commitments under the four pillars of Environment, Products and Services, Our People and Responsible Business.

In this annual Communication on Progress (CoP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.



SHAUN CHILTON

Chief Executive Officer



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR MODEL AND COMMITMENTS

In 2021 Clinigen implemented a sustainability model consisting four key pillars that will be used to guide, embed and communicate our approach to the ESG framework. Through the model the Group is making 17 key commitments that align to seven of the UN Sustainable Development Goals (UN SDGs) where we can make most contribution.



4
KEY PILLARS

17
KEY COMMITMENTS

7
UN SUSTAINABLE DEVELOPMENT GOALS

ENVIRONMENTAL IMPACT

Minimise any negative impact we have on the environment.

- Minimising our impact on the environment
- Compliance with environmental laws
- And regulations
- Responsible consumption and production
- Combating climate change

SDGs



PRODUCTS & SERVICES

Enabling better health by maximizing global access to important medicines.

- Broader access to approved medicines
- Quicker access to new medicines
- More access in developing countries
- Patient-focused solutions

SDGs



OUR PEOPLE

Making sure our people are happy and thriving will help us achieve our ambitions.

- Attract, retain and develop our people
- Promoting greater diversity, inclusions and quality
- Supporting our employees to be healthy
- Engaging with our workforce

SDGs



RESPONSIBLE BUSINESS

Conduct business in a responsible way and to the highest ethical standards.

- Safe production and supply of products and services
- Ethical supply chain
- Zero tolerance towards bribery, corruption and fraud
- Robust data governance and compliance
- Upholding external standards to protect human rights

SDGs



ACTIONS & OUTCOMES

ISSUE AREA – HUMAN RIGHTS

CLINIGEN ESG PILLAR: RESPONSIBLE BUSINESS



Conduct business in a responsible way and to the highest ethical standards.

- Safe production and supply of products and services
- Ethical supply chain
- Zero tolerance towards bribery, corruption and fraud
- Robust data governance and compliance
- Upholding external standards to protect human rights

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



RELATED UN GLOBAL COMPACT PRINCIPLES

1. Businesses should support and respect the protection of internationally proclaimed human rights

2. Businesses should make sure that they are not complicit in human rights abuses

SUMMARY OF PROGRESS

- Continued to support the Modern Slavery Act through the roll-out of a new Human Rights Policy. Completed detailed risk assessment in respect of Modern Slavery, Human Trafficking within our supply chain which supported the development of a new Modern Slavery Statement.
- Published new Modern Slavery Statement and submitted to the UK Government's Home Office.
- Request supplier confirm to newly formed Supplier Code of Conduct. This forms part of our ongoing commitment to strengthen our approach to sustainable and ethical procurement practices.
- Developed 'Speak-up' Policy enabling the provision of a formal and confidential route for employees to raise concerns within the business.
- Continued the deployment of multiple Human Rights policies including policies across Modern Slavery, Fire Safety, Hazardous Substances, Manual Handling, Incident Reporting, Risk Assessment, First Aid, Electrical Safety and Code of Conduct.

PROGRESS AGAINST GOALS

Develop and communicate a new Human Rights Policy. 

Complete a Modern Slavery risk assessment to support the development of a new Modern Slavery Statement. 

Roll out the Supplier Code of Conduct. 

Review and update the Whistleblowing Policy ('Speak – up') and implement a confidential mechanism for reporting concerns. 

Update our standard Contracts and Master Service Agreements to ensure clauses relating to Modern Slavery and Human Rights were pertained. 

HUMAN RIGHTS

2022-23 GOALS

- Review and update our approach to due diligence of third parties to ensure Modern Slavery and Human Rights are assessed as part of onboarding
- Begin capturing and reporting on number of suppliers confirming conformance with our Supplier Code of Conduct
- Increase company awareness and action around Modern Slavery and Human Rights through training and development

ISSUE AREA – LABOUR

CLINIGEN ESG PILLAR: PEOPLE



Making sure our people are happy and thriving will help us achieve our ambitions:

- Attract, retain and develop our people
- Promoting greater diversity, inclusions and quality
- Supporting our employees to be healthy
- Engaging with our workforce

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



3 GOOD HEALTH AND WELL-BEING



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



RELATED UN GLOBAL COMPACT PRINCIPLES

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

4. Businesses should uphold the elimination of all forms of forced and compulsory labour

5. Businesses should uphold the effective abolition of child labour

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation

SUMMARY OF PROGRESS

- Developed and implemented a new Human Rights Policy setting out our commitment on the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.
- Developed, finalised and rolled out a global Job Grading Framework, with fair pay management principles at the heart of the framework.
- Increased average training spend per employee by 10% demonstrating our continued commitment to invest in our greatest asset, our people.
- Put a further 110 staff members through Management Academy as part of personal development and training.
- Following becoming a signatory to the Valuable 500, we implemented a new module on diversity in Management Academy focusing on unconscious bias to ensure managers make fair and equitable decisions.
- Provided targeted Mental Health and Wellbeing awareness training to our People Managers so they can spot mental health issues within their team – particularly important during COVID-19.

PROGRESS AGAINST GOALS

- Develop and communicate a new Human Rights Policy.
- Finalise and roll-out a global Job Grading Framework and associated Pay Management Principles.
- Increase the number of employees participating in the Management Academy Program.
- Implemented a new module on diversity as part of the Management Academy.
- Rollout Mental Health and Wellbeing awareness training to managers and launch CALM (app).
- Implement a new Group Risk, Ethics, Compliance & Sustainability Committee.

LABOUR

2022-23 GOALS

- Finalise our Diversity and Inclusion Strategy
- Develop further training and guidance on diversity and inclusion
- Review our values ('ClinigenWay') and 6 principles that underpin culture within business
- Continue to invest in our people through training and development, the Management Academy and deployment of a new Leadership Programme
- Continue to rollout a number of internal initiatives in support of our commitment to the Valuable 500, including reviewing our Diversity and Inclusion Policies and providing targeted training around inclusivity in the workplace
- Conduct further age analysis across workforce to ensure diversity across all groups

ISSUE AREA – ENVIRONMENT

CLINIGEN ESG PILLAR: ENVIRONMENT



Minimise any negative impact we have on the environment.

- Minimising our impact on the environment
- Compliance with environmental laws and regulations
- Responsible consumption and production
- Combating climate change over 12,000 companies

SUSTAINABLE DEVELOPMENT GOALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

RELATED UN GLOBAL COMPACT PRINCIPLES

7. Businesses should support a precautionary approach to environmental challenges

8. Businesses should undertake initiatives to promote greater environmental responsibility

9. Businesses should encourage the development and diffusion of environmentally friendly technologies

SUMMARY OF PROGRESS

- Continued to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations in the UK for reporting CO2 emissions. Began recording global emissions to enable a global GHG reduction target to be set in 2022-23.
- Completed and submitted disclosures to the Climate Disclosure Project (CDP) to provide better visibility externally across our environmental performance and measures.
- We worked with ESG rating agencies to further understand how we can improve our ESG ratings resulting in a move from a rating of 'BBB' to 'A' with MSCI and reduced our risk rating with Sustainalytics from 'medium' to 'low'.
- Put in place a number of initiatives to reduce our impact on the environment such as converting to reusable plastic totes across some of our US hubs and in April 2021 we announced the launch of our Foscavir Infusion Bags in the USA.
- Continued with our promotion of recycling across the Group the Environmental Management System.
- Undertook a major global Freight RFP and included assessment of the bidders' environmental credentials.

PROGRESS AGAINST GOALS

Report UK CO2 emissions as required by the Streamlined Energy and Carbon Reporting (SECR) regulations.



Commence a project to capture and record global emissions data to enable a global GHG reduction target to be set for 2022-23



Submit disclosures on our climate action through the Climate Disclosure Project (CDP) for the first time



Join EcoVadis and share our scorecard with key partners



Improve our ESG rating with MSCI and Sustainalytics



Complete a gap analysis against the Task Force on Climate Related Disclosures (TCFD) in preparation for future disclosure



ENVIRONMENT

2022-23 GOALS

- Develop global reporting capability of scope 1, 2, & 3 emissions and finalise our GHG targets
- Develop a sustainable procurement policy and practice including social and environmental clause into supplier contracts
- Complete a review of our Environmental Policy
- Roll-out a range of environmental initiatives globally through the establishment of a Global Operations Forum
- Disclose against the 'Task Force on Climate-Related Disclosures' (TCFD) for the first time
- Complete a review of how we capture and report on waste and energy data at each of our locations globally
- Procure a British Safety Council audit of our ISO:14001:2015 accreditation

ISSUE AREA – ANTI-CORRUPTION

CLINIGEN ESG PILLAR: RESPONSIBLE BUSINESS



Conduct business in a responsible way and to the highest ethical standards.

- Safe production and supply of products and services
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SUSTAINABLE DEVELOPMENT GOALS



RELATED UN GLOBAL COMPACT PRINCIPLES

10. Businesses should work against corruption in all its forms, including extortion and bribery

SUMMARY OF PROGRESS

- Continued deployment of Quality Policy and Management System to ensure compliance with quality standards, in particular focusing on serialisation and compliance with falsified medicine directives.
- Went live in the US with a Verification Router Service (VRS), enabling wholesale distributors in the US to verify the product identifier before re-distributing saleable returned products. Clinigen is also now able to confirm that product identifiers are genuine, in the event of a suspected illegitimate product.
- In the US, the Group implemented a number of new policies, including a U.S. Drug Supply Chain Security Act (DSCSA) Policy and a US Suspect and Illegitimate Product Management Policy.
- Rolled out mandatory global training on Anti-Bribery and Corruption. Licensed Refinitiv WorldCheck Software to improve our screening capability and coverage.
- The Internal Audit function completed an audit of the Customer Verification process to ensure the process and controls mitigate the risk of supplying medicinal product to unauthorised customers.
- The Group's Tax Strategy was reviewed and Deloitte were appointed as Clinigen's global tax advisory team.

PROGRESS AGAINST GOALS

Roll out mandatory global training on Anti-Bribery and Corruption.



Implement the Verification Router Service in the US and supporting policies such as the US Suspect and Illegitimate Product Management Policy.



Further strengthen our approach to due diligence screening of third parties, including Anti-Money Laundering (AML), Sanctions, and ABAC.



Develop a Global Sanctions Policy.



Review the Customer Verification process to ensure only legitimate and authorised customers can procure medicinal medicines.



Review and update the Group Tax Strategy



ANTI-CORRUPTION

2022-23 GOALS

- Monitor and respond to the phased implementation of the UKNI Medicines Verification System (MVS) and compliance requirements
- Review and update our due diligence of third parties to ensure anti-corruption screening is completed using a risk based approach
- Internal Audit to complete a fraud risk assessment and support the business with developing a group wide programme for anti-corruption
- Fully document a Tax Risk and Control Framework in support of ensuring global tax compliance (including tax evasion)

MEASUREMENT OF OUTCOMES

MOST RELEVANT INDICATORS BEING USED TO CAPTURE OUTCOMES

● Energy consumption by site	● Scope 1,2,3 emissions	● Total CO2 emissions	● TCFD disclosures	● ● EHS training and compliance
● Average critical findings per audit of Clinigen	● Regulatory inspections of Clinigen per annum	● Product recalls of owned products	● Serialisation compliance	● ● Employee ethics and policy violations
● ● Whistleblowing disclosure per annum	● Voluntary turnover (%)	● Employee engagement score	● % women employees	● % women senior management
● % women Board members	● ● Number of fatalities	● ● Incidents of lost time	● % employees with personal development plan	● % vacancies advertised internally

Clinigen have a number of data points that are captured as part of the ESG framework and reporting. Some of these data points are shown here along with the UN Compact segment they align with.

- Environment
- Labour
- Anti-Corruption
- Human Rights



ABOUT THIS REPORT

This report covers the ESG/sustainability activities of Clinigen Group plc and progress against the UNGC's ten principles and the Sustainable Development Goals.

To find out more about our ESG and Sustainability model visit:
<https://www.clinigengroup.com/corporate/sustainability/our-model/>