

## **Sustainability at the Zur Rose Group**

**Focused and transparent** – The Zur Rose Group attaches great importance to managing and developing the business in a way that is sustainable and compatible with economic, social and ecological goals. Recent years have seen numerous sustainability initiatives. In 2020 we started using these initiatives as a basis for developing a sustainable approach that can be applied systematically to the Group as a whole. For the first time, this year the annual report provides an overview of how the Zur Rose business model is linked to sustainability and the strategy the Group is adopting towards business ethics, social responsibility and environmental protection. Our objective is to expand transparency in these issues and sustainability reporting over the coming years. Management is responsible for sustainability.

## A sustainable business model

**For a healthy society** — At its core, the business model of the Zur Rose Group is about supplying people with pharmaceuticals in a way that is high-quality, safe and cost-effective. As Europe's largest e-commerce pharmacy, we meet the needs of our society for safe and easy provision of medications and the requirements of customers who want to shop online 24 hours a day. Both of these factors have grown in importance as a result of the coronavirus pandemic. Zur Rose therefore finds itself with a particular duty to society. Along with our responsibility for patients as an integral part of the healthcare system, this also includes ethical corporate management, human resources management that focuses on people and operations that minimise environmental impact.

**A digital healthcare system with a comprehensive offering** — To do justice to this duty, the Zur Rose Group positions itself as a healthcare services provider with a comprehensive offering. A key aspect of this is ongoing development of digital services. The new DocMorris+ platform is the first step towards Europe's digital healthcare eco-system, giving easy and convenient access to all healthcare services in a single place – from diagnosis in an online consultation with a doctor through to the medicine or product required.

**Supporting patients seamlessly** — The Zur Rose ecosystem we are aiming for pursues the vision of creating a world where everyone can manage their health in one click. For patients, the added value lies in combining digital and analogue offerings. We offer them seamless support along their individual health journey. In addition to supplying drugs, this includes top-class digital solutions and services like innovative insurance models and programmes to improve therapy adherence.

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**14**  
out of  
**15** studies show that customers of e-commerce pharmacies adhere to their therapy better than patients of bricks-and-mortar pharmacies.

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14 out of the 15 studies included in a metastudy<sup>1</sup> show that customers of e-commerce pharmacies adhere to their therapy better than patients of bricks-and-mortar pharmacies. Zur Rose also supports patients who have to take more than three medications per day with Dailymed blister packaging. The drugs are delivered packed into small pouches, sorted by the time they are to be taken. This increases therapy adherence and helps reduce the sometimes serious consequences of medicines taken incorrectly.

<sup>1</sup> Source: PubMed research carried out by Inav Institute 2019

Along with improving adherence to therapy, a key focus is avoiding medication errors. The Zur Rose Group therefore maintains the highest safety standards when selling drugs by mail-order, going further than in a bricks-and-mortar pharmacy: standardised, data-supported processes use the expertise of specialist staff along with artificial intelligence and systematic automatic interaction controls that consider not only a patient's current order, but also previous ones.

**Partnerships improve provision** — In Switzerland, the Zur Rose Group has set up a joint venture with insurance partners Allianz Care, CSS and Visana to operate a comprehensive digital healthcare platform. This is open to all players in the healthcare sector: insurers, doctors, hospitals, pharmacies and other providers can offer their services. The partners are setting new standards in Swiss healthcare and laying the foundations for digitally supported, integrated provision.

In Germany, the Zur Rose Group has entered into a collaboration with Novo Nordisk in obesity. The two companies are combining their skills: Zur Rose as a European eHealth provider and Novo Nordisk as a global healthcare company that has been driving ahead changes to overcome chronic illnesses for more than 95 years. Novo Nordisk is a leader in scientific research into obesity. The aim of the collaboration is to support people with obesity, raise awareness of the condition and make it easier to access information, diagnoses and treatment. The collaboration launched in Germany in the first quarter of 2021 with the intention of expanding into other European markets at a later date.

**Data to identify new findings and relationships** — As digitalisation moves ahead, networking and integrating relevant data in the healthcare system will be crucial in future – better data means better treatment, better health. It is therefore becoming ever more important to ensure information is exchanged between the patient, the doctor and the pharmacy or health insurer so treatment is optimal. The DocMorris pharmacy has clinically relevant data covering more than a million chronically sick people in its software systems, which is used solely in the interests of the patient. DocMorris collaborates with partners such as universities, hospitals, specialised companies and associations and groups of specialist physicians to collate and evaluate anonymised health information.

In 2020 DocMorris and specialist doctors jointly published a study on “incompatible double prescriptions of inhaled drugs for obstructive pulmonary diseases”. The result showed that double prescriptions of inhaled drugs as a percentage of all prescriptions in this group at the DocMorris e-commerce pharmacy were reassuringly lower than would have been expected based on the findings of a survey of pulmonary specialists in 2015. Even so, there were several thousand such potentially dangerous prescriptions during the period examined. Prescribing physicians and pharmacists need to be aware of this problem to avoid medication errors, especially when prescribing or checking and delivering combinations of products.

**Software solution for better risk classification** – Zur Rose subsidiary eHealth-Tec has developed an IT system called ERPath for hospital accident and emergency admissions. This software solution helps doctors and care staff classify risks, draw the right conclusions and initiate appropriate treatment. The system proved particularly helpful in 2020, when bottlenecks occurred in accident and emergency facilities. A new treatment path was added to the software for the coronavirus. Modern IT solutions can considerably improve the triage process. ERPath has been proven in practice and won multiple awards, and is currently in use in over 100 clinics in Germany.

**Special responsibility during the coronavirus pandemic** – Zur Rose is part of the federal scheme for continuity of supply of therapeutic products and therefore responsible to the people of Switzerland for ensuring the best possible security of delivery and supply of medicines. At the start of the coronavirus pandemic we therefore drew up a list of vitally necessary medicines and by working closely with authorities and manufacturers ensured these remained available on the market. Where supplies were at risk, Zur Rose increased the inventories of drugs held despite the huge increase in storage costs. The overriding objective was to guarantee the greatest possible security of supply and deliveries by prudent planning.

**Zur Rose supports doctors in combating the pandemic** – In the fight against the coronavirus Zur Rose is sponsoring in Switzerland a specially developed technology solution to support doctors in developing Covid-19 tests and vaccinations: corona123.ch is a free service developed jointly with partners mediX, BlueCare and Healthinal that makes it simple to pre-record key patient data, assists in prioritising patients, transmits notifiable data directly and securely to the reporting system of the Federal Office of Public Health and enters people who have been vaccinated in the official vaccination register. Doctors benefit from a digitalised process, time savings and greater security.

EUR  
**34**  
billion

**is the amount of money  
the German healthcare  
industry alone could  
save as a result of digi-  
talisation, according to a  
2018 study by McKinsey.**

**Contributing to reducing healthcare costs** – People are living increasingly longer, so demand for medications and other healthcare services is rising. As a result, there is growing pressure on prices in the healthcare sector. At the same time, the healthcare market is becoming increasingly digital and liberalised, so electronic prescriptions will become mandatory in Germany from 2022. As a study by McKinsey<sup>1</sup> in 2018 showed, thorough digitalisation of the healthcare system could

save as much as EUR 34 billion in Germany alone. Digital offerings like electronic prescriptions not only increase patient safety, they also avoid the follow-on costs incurred when there are media breaks and processes are not digitalised. Partnerships and alternative insurance models also contribute to keeping a lid on costs.

<sup>1</sup> Source: <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/digitizing-healthcare-opportunities-for-germany#>

## Responsible management and business ethics

**Clear rules on ethical conduct** — The Zur Rose Group code of conduct sets out the principles our Board of Directors and employees follow in their activities. Amongst other things the code makes clear that conflicts of interest must be avoided and that corruption and anti-competitive behaviour will not be tolerated. The code forms part of the contract of employment and is signed by staff. Employees must notify the legal department of any breaches of the code of conduct. As far as possible, reports are treated as confidential. Employees who report breaches in good faith are protected against being disadvantaged due to their notification.

**Compliance without compromises** — All employees are required to familiarise themselves with the statutory provisions and ordinances, along with the internal regulations, directives and rules relevant to their professional activity. The Zur Rose Group trains employees in compliance issues such as private corruption in the healthcare sector, respecting data protection law, and observing supervisory regulations when dealing with medications. During the year under review there were no compliance breaches involving human rights, human resources, the environment, corruption or money laundering.

**Stricter protection of patient data** — As an e-commerce pharmacy, the Zur Rose Group is subject to the professional confidentiality rules governing pharmacists. Protecting patient privacy is therefore particularly important. Internal processes and staff training ensure that highly sensitive patient data and data relating to employees and business partners is protected in accordance with the legal requirements. Zur Rose uses hybrid methods to train employees on this issue, i.e. physical teaching combined with an e-learning system. Technical and organisational measures are also in place to prevent unauthorised access to patient data.

**IT security under the microscope** — The Zur Rose Group carried out an IT security test in 2020. The rapid development of digitalisation and rising IT security requirements make regular checks essential to prevent risks occurring or identify them at an early stage. Amongst other things, the Group tested operating continuity management, data protection, system access and cyber defence. IT security was improved where necessary.

## Employees and HR management

**42** countries represented among our workforce

**An HR function focused on values** — In 2020 the Zur Rose Group established a Group-wide human resources strategy which focuses on treating employees in a way that is value-based and ethically correct by deliberately and permanently putting humanity at the heart of the HR function. The way employees are treated should be based on universal human values that improve their quality of life and enable them to unfold their potential in a friendly environment. A good example of this are the endeavours to improve work/life balance. Zur Rose has made considerable efforts to promote this. It offers staff attractive working conditions, discounts and voluntary social benefits. In Switzerland, these include e.g. contributions to childcare and tickets for public transport.

**A growing and diverse workforce** — The size of our workforce is growing: at the end of 2020 we employed 2,208 staff (plus 364 in the supply chain), 336 more than at the start of the year. The percentage of women at the Zur Rose Group at both employee level and in middle management is high. The percentage of women in top management and Group Management is currently lower, but we will continue to consider qualified female candidates when new positions have to be filled. A total of 42 countries are represented among our workforce<sup>1</sup>.

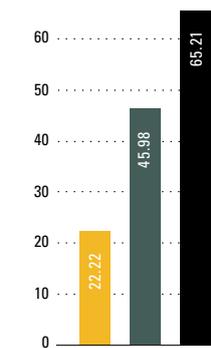
**2,208** employees worldwide

**Treatment that is respectful, transparent and fair** — Our code of conduct and HR practices ensure that all employees are entitled to treatment by line managers, colleagues and business partners that is respectful, transparent and fair. No one may suffer discrimination, harassment or disadvantage. One of the ways we support these principles is by our inclusive language guidelines. Regular leadership training courses ensure that these values are firmly embedded in daily management practice.

The Zur Rose Group is committed to equal pay. All companies in Switzerland with more than 100 employees have to conduct an equal pay analysis. The analysis confirmed equal pay at Zur Rose. Since 2019, all staff can take part in an attractive share participation programme on request.

### PERCENTAGE OF WOMEN<sup>1</sup>

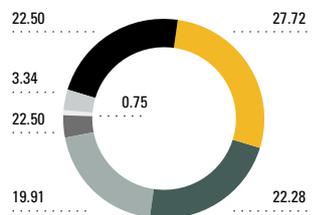
in % as at 31 December 2020



- Percentage of women in top management
- Percentage of women in middle-ranking positions
- Percentage of women at employee level

### AGE STRUCTURE OF EMPLOYEES<sup>1</sup>

in %



- 65 and older
- 61-64
- 51-60
- 41-50
- 31-40
- 21-30
- 20 or under

<sup>1</sup> Includes the Switzerland Segment, DocMorris and Medpex; these make up around 70% of total employees at the Zur Rose Group.

**Encouraging talent and potential** — The Zur Rose Group encourages the development of talent and potential. It provides employees with an extensive programme of training. For instance, the Zur Rose Academy regularly offers training courses on regulation and pharmaceuticals, working methods training, management development programmes, coaching, first aid courses and product training.

We are currently developing a unified approach for talent and performance management. In line with the values described, the focus is on employees' strong points and potential, encouraging flat hierarchies and cross-team cooperation. We are supporting implementation of the new common approach in the Group with a modern HR tool: Workday. Zur Rose is keen to increasingly offer staff, among other things, the opportunity to gain international experience within the Group.

## 22 **% female executives in top management**

**Safety and health protection** — As a healthcare company, the Zur Rose Group attaches considerable importance to staff safety and health protection. Naturally, we comply with national regulations on safety at work. Our onboarding programme includes safety issues. We offer employees training in safety at work, avoiding accidents outside work and ergonomics.

During the coronavirus pandemic in particular, protecting staff enjoys the highest priority. Right at the start of the crisis, Zur Rose ordered all employees whose activities did not absolutely require them to be in a particular place to work from home. The technical infrastructure for this was put in place within a very short period. Staff unable to work from home but in a risk category were no longer deployed on site but continued to receive their full salary. All employees also received free face masks and disinfectant for their personal use.

## Logistics and environmental protection

# 700

**suppliers in Switzerland and Germany and more than 1,000 pharmacy partners in Spain and France on the marketplace**

**A network of local suppliers and business partners** — Zur Rose Group locations buy the majority of their almost 180,000 products from pharmaceutical companies, wholesalers and brand-name manufacturers in the country they operate in. In Germany and Switzerland we have around 700 suppliers; in Spain and France we work with more than 1,000 partners (mostly pharmacies), who are able to use our e-commerce marketplace with the latest technology on favourable terms.

Products are securely stored in Zur Rose warehouses, packaged and delivered to customers by transport partners. In Switzerland, 86 per cent of products go to physician clients with their own practice pharmacy and shop-in-shop pharmacies (B2B). Around 14 per cent are dispatched directly to end-customers (B2C). In Germany, orders we receive are delivered directly to end-customers by our transport partners. In Spain and France, orders are provided by affiliated partners via the marketplace and sent to end-customers.

**Understanding and increasing environmental efficiency** — The Zur Rose Group is keen to get a better grasp of the environmental efficiency of its logistics and seize opportunities to optimise them. We are therefore planning studies to look into the environmental impact of mail-order business compared to conventional solutions.

We are also improving our environmental efficiency in other areas of operations. Our site at Heerlen in the Netherlands has switched almost entirely to green electricity and we are reviewing this for our other locations. In Germany, wherever possible we use sustainable printed materials.

**Responsible warehousing and packaging** — Some products have special requirements for secure storage. They may have to be kept chilled, for example. In the interests of more efficient refrigeration, the Zur Rose Group has combined several small chiller cells in its Swiss warehouse into a single larger unit.

We are also optimising our packaging. For filling, we are looking to make increasing use of recycled materials. All cardboard boxes must bear the Forest Stewardship Council (FSC) seal indicating the pulp was produced sustainably. Packaging adhesives are moving to environmentally friendly alternatives. We are also adjusting the size of packages and carrying out test runs with packages in letter format.

In Germany, some sites already use only sustainable packaging. The logistics in Bremen, for example, use 100 per cent recycled fibres and paper as filler. All German sites will be improving their packaging in 2021.

In Switzerland we are making progress in better transport planning in the B2B business. By increasingly grouping orders together, we save on trips and reduce the need for packaging materials.

**Green delivery** — Our logistics depend largely on external providers, who are committed to reducing their environmental footprint. These include, for instance, DHL and Swiss Post, who since the start of 2021 offset their CO<sub>2</sub> emissions.

In Germany too we have determined the first steps towards green delivery, for example by working with suppliers who offset their CO<sub>2</sub>. We will review these and start work on implementation in 2021.