

June 2008

Corporate Social Responsibility

Background

The Company, its subsidiary businesses, GPCo partnerships and other companies in which it invests have an important role in ensuring that they contribute positively and effectively to the wider community in which they operates.

The success of the Company is dependent on being clearly acknowledged and recognised by all interested stakeholders as a responsible, professional, ethical, reliable and trusted provider of services and facilities across all aspects of its activities.

In its approach to all elements of its operations, it is critical to the Company that it does so in a fashion which properly recognises the impact it can, and will, have on the community in general. This applies, whether those activities directly or indirectly involve:

- patients and others needing support from the health care services which the Company provides;
- the GPs and other health professionals with whom it co-operates and works;
- its employees;
- its commercial partners;
- the health care industry including the National Health Service and its various organs and institutions;
- professional and industry bodies; and
- other interested stakeholders.

This Corporate Social Responsibility (CSR) Report sets out how the Company has developed and implemented an approach which properly reflects the necessary balance between the various interests of those involved whilst still recognising its responsibilities to its shareholders.

The Board of the Company has collective and conscious responsibility to ensure that the activities of the Group are at all times conducted with appropriate regard to the position the Group enjoys and influence which the Company has in making a positive contribution to society.

These responsibilities are led, at Board level, by the Chief Executive Officer, Richard Burrell, who reports regularly to the Board of Directors on its CSR policies and practices and on developing initiatives and evolving trends.

The principal social areas which the activities of the Company touch upon are:

- clinical governance;
- health and safety of patients and health professionals utilising its services and facilities;
- employment responsibilities;
- values;
- training and education;
- community dialogue;
- environmental matters which are impacted by its operations;
- business ethics; and
- social contribution.

The Company devotes significant time and resources towards all of these initiatives both in terms of monitoring compliance and constantly improving existing standards to make an effective contribution to society.

Overview

By the very nature of what it does, the Company is fulfilling a significant social responsibility/need. The Company's objective is to work alongside GPs, providing medical and pharmacy services to patients. The Company is one of the top health care companies in the UK, which partners with GPs, consultants and other health care professionals to deliver high quality health care, innovative property solutions and consumer responsive pharmacy services. The Company's belief is that by standing for quality in everything it does, and providing genuine scalability of operations, the Company will be chosen by patients to be the number one service provider to the NHS.

In engaging across a wide range of health related activities and assisting health care professionals and others in delivering better facilities, better services, and value for money for health care commissioners and constantly improving standards of care, the Company is positively involved in the general improvement of the provision of effective healthcare services to the public.

In this Report, this approach to the Company's activities is set out in more detail by reference to the various areas of influence identified above.

As the Company matures the Board has adopted a policy of continuous review and improvement and much has been achieved since the 2006 Annual Report, the Board acknowledges that as the Company expands, it is essential that the impact of its initiatives and activities are properly taken into account in the planning, implementation and ongoing conduct of all of its functions. There is a clear and definite commitment to this policy and community/social impacts form a key part of the Group's development and evolution plans.

Clinical governance

Led by the Group's Medical Director, the Company has established a clinical governance group, the Medical Governance Group, which is responsible for clinical and risk governance. It acts as the advisor to the GPCOs through their CMBs, on all matters of clinical governance and Healthcare Commission compliance.

The Medical Governance Group is responsible for ensuring that its systems are developed and implemented to monitor quality and risk management, and to support training and development, effective communications and learning from experience within services that are developed by the GPCOs. The Business Director from each GPCo sits on the CMB in order to benefit from shared experience and mentorship from the Medical Governance Group.

The Medical Governance Group is also responsible for escalating to the Governance and Risk Team (GRT) any serious untoward incidents, risks or complaints as well as producing for the GRT a clinical governance framework and strategy along with quarterly reports for onward

reporting to the Board of Directors. The day to day implementation and management of these arrangements are monitored by the medical division's Governance Manager.

In its pharmacy division, compliance with the exacting requirements of the Royal Pharmaceutical Society of Great Britain (RPSGB) is the responsibility of the Pharmacy Superintendent of Assura Pharmacy Limited and other trading pharmacy subsidiary companies within the Group.

Health and safety

The Company is committed to providing a safe and healthy working environment and to ensuring that staff, visitors and contractors are not placed at risk by our activities.

The Board recognises the Company's responsibility to provide positive health and safety leadership and views the health safety and welfare of its employees as a prime responsibility throughout the Company.

The Company's objective is to minimise the risk, to those for whom we have a duty of care, of physical harm or work-related ill health. To achieve this, the Company aims to:

- comply fully with all legal and best practice requirements;
- ensure that health and safety is an integral part of our business plan;
- provide appropriate resources to ensure the development and maintenance of an effective health and safety management system;
- continuously and systematically identify the hazards and assess the risks associated with our activities and take appropriate action to manage these risks; and
- provide competent advice on occupational health and safety issues to staff, visitors and contractors.

The Company looks to all its managers to work with staff in developing and fostering a positive health and safety culture, and to each individual staff member to be actively committed to their own and others' safety and wellbeing. Each divisional management board receives a written report on all health and safety incidents and a written report is also provided to the Board of Directors as part of the Group Operations Director's regular reports and considered at each of its Board meetings. As part of its commitment to continuous improvement, the Company has

recently recruited a Health and Safety Manager to co-ordinate the Company's policies, procedures and ensure that staff adhere to all legislative requirements. The Company also seeks the co-operation of our business partners, sponsors and contractors in achieving its health and safety standards and objectives.

Employment responsibilities

The Company is committed to operating an equal opportunities policy for all applicants and employees. The Company offers its employees fair and equitable terms of employment and has policies in place to support staff in their working environment. As the Company employs a number of part-time staff, it strives to agree flexible working patterns that allow staff to attain a balanced approach to work and home life.

The Company applies common terms and conditions to both permanent and temporary staff and has policies which comply with relevant UK and European Human Rights and employment legislation. The Company has incorporated a wide range of HR policies including:

- Equal Opportunity Policy;
- Equality of Opportunity and Valuing Diversity Policy;
- Capability Policy;
- Training and Development Policy;
- Employee Wellbeing Policy; and
- Fair Treatment Policy.

The Company takes the welfare of our staff very seriously and in order to promote good health and wellbeing it offers free gym membership to all staff. It has also introduced on-site health days with qualified consultants giving independent and confidential advice on wide ranging health issues and has also held massage therapy days.

Other initiatives the Company offers include:

- child care vouchers;
- eye care vouchers; and
- regular Display Screen Equipment (DSE) and risk assessments.

Other initiatives were introduced during 2007:

- give-as-you-earn scheme allowing staff to make regular donations to a charity of their choice;
- employee of the year award;
- induction programme and buddy scheme for new starters;
- recommend a friend recruitment scheme; and
- staff intranet.

Values

Assura has clearly defined a set of values which underpin all of our activities and will aid us to achieve our goal of being a market leading organisation:

- we act with respect and integrity;
- we achieve commercial success;
- we succeed as one team;
- we are all accountable; and
- we believe in our people.

The Company gives staff the opportunity to comment on issues relating to the business. Its confidential annual staff satisfaction survey, for both head office and remote staff, allows employees to give honest feedback and suggestions for improvement. The response rate in January 2008 was 72%.

In addition, the Company has other mechanisms for staff to make recommendations and input into the business at all levels through either the Staff Forum; briefings with the CEO; quarterly presentations to all staff on business strategy by the CEO and via the internal intranet staff suggestion box.

Training and education

The Company recognises that training is an important element in personal development and as part of its ongoing commitment to develop all staff throughout the Company, a number of skills

support programmes have been introduced. These include line manager development and professional one-to-one coaching. In addition the Company offers study leave and financial assistance to support staff with their continued professional development. These wide ranging training programmes ensure that employees have the skills and capabilities to undertake their current roles and, through regular performance reviews, develop careers within the Group. The Company positively looks to develop staff internally and advertises all vacancies in-house prior to recruiting external candidates.

Community dialogue

In developing its property portfolio, the Group's property division enters into consultation and discussion with the communities around any proposed development to seek to explain and receive feedback on its proposals, and to ensure that it is mindful of the interests and wishes of those communities.

In relation to the development of new pharmacy operations and medical services by the Company's medical and pharmacy divisions, consultation is entered into with the patients/customers likely to be affected in the communities concerned and with relevant interested stakeholders including GPs and PCTs.

Environmental impacts

The Company is committed to operating in an environmentally responsible manner by following the best environmental practices in the day-to-day conduct of its business and the management of resources and facilities. The Company reviews the environmental impact of its decisions and services and continually looks for improvements.

The Company encourages employees to take responsibility for environmental issues and supports any practical initiative suggested by staff. Currently, the Company:

- encourages the recycling of paper, cans and plastics;
- re-uses equipment where possible;
- encourages staff to utilise public transport where appropriate and practical and offers season ticket loans to employees to help facilitate this;
- encourages staff to car share; and

- cycle racks are located at all Company offices.

Background to environment policy

In November 2007, the NHS Purchasing and Supply Agency issued 'Procuring for health and sustainability 2012: Sustainable Procurement Action Plan'. The plan sets out how the health care sector in England will use sustainable procurement, 'not only of equipment and supplies, but also buildings, facilities and services, to achieve improved health and wellbeing for the people, the environment and the economy' between 2007 and 2012.

The five-year action plan includes commitments for the sector to develop a best practice procurement framework and supply chain mapping to identify indirect environmental impacts, and to purchase goods and services which help reduce its carbon footprint.

The NHS is the largest energy user in the Government estate, and must meet mandatory targets to reduce energy consumption by 15% on 2000 levels by 2010, and to cut carbon emissions by 0.15 million tonnes in the same period. This is expected to result in approximately £50m in energy savings. The DH and its executive agencies have pledged to lower carbon emissions in line with the Government's wider target of a 30% cut by 2012.

The Company aims to align its strategy very closely to the objectives of Strategic Health Authorities (SHAs) and PCTs. The Company's environmental policy and environmental management system therefore aims to support the health sector's goal to reduce its environmental impacts.

By aligning its environmental programme with the NHS Sustainable Procurement Action Plan's objectives, the Company seeks to help SHAs and PCTs fulfil their environmental obligations, particularly energy and climate goals. The Company's long-term investment in primary care resource centres, GP surgeries and community hospitals provide an ideal opportunity to incorporate low-energy and carbon management measures into premises by integrating renewable energy sources into new developments where achievable. The Company's environmental programme also takes into account criteria outlined in DH technical guidance on

integrating energy and carbon management into the management, procurement and use of buildings and equipment.

Effective implementation of the Company's environmental policy helps ensure that the Company's delivery of property, pharmacy and medical services in primary care incorporates key environmental considerations.

The Company's environmental policy sets out principles for integrating environmentally responsible practices into business activities. It provides a framework for setting and reviewing environmental objectives and targets.

Organisation

The Company's Chief Executive Officer is responsible for ensuring the Group's environmental strategy is aligned with the NHS Sustainable Procurement Action Plan. He is supported by the operational senior management in each operating division and the head office functions who are responsible for implementing systems and setting and achieving objectives and targets.

The Board has agreed to carry out an annual review of the Group's environmental policy to ensure its effectiveness in embedding environmental principles into the organisational culture. The Board will ensure structures and resources which support environmental targets and environmental management activities are incorporated into business practices.

Individual branch and operational site managers are responsible for day-to-day compliance with the environmental policy, objectives and targets at site level. They are tasked with achieving good practice and environmental standards.

Commitments

The recording and embedding of the Company's environmental governance processes has not kept pace with the other aspects of the Company's rapid expansion. The Board acknowledges that this is a shortcoming which it is committed to address. The Board is satisfied that environmental awareness amongst its staff at all levels and compliance (from a legal and regulatory perspective) is appropriate and in line with the expectations which stakeholders should rightly have of it. The Board has agreed that in the present year it will further embed these

processes and, importantly, instigate a series of key performance indicators, reflecting as appropriate the different markets of the Group's three principal operating divisions and the central functions. To this end, the Board has engaged a specialist advisory firm to assist it in the design and implementation of a set of appropriate metrics to measure its environmental performance and a series of actions to address any areas of concern.

As part of this process the Company intends to:

- regularly monitor and publicly report key material environmental impacts in line with Government reporting guidelines;
- consider the environmental implications of business decisions, particularly regarding new developments, refurbishments and property management;
- set operational objectives and targets for existing and new buildings with consideration of the NHS Sustainable Procurement Action Plan. Targets will cover energy and water use, energy efficiency, waste generation, recycling and greenhouse gases;
- comply with relevant environmental legislation and regulations at all times;
- across all of its activities, seek the risk of pollution, protect biodiversity and enhance the local environment;
- co-operate with business partners, tenants, developers, contractors and suppliers to encourage environmentally responsible practices and behaviours;
- embed systems and procedures which encourage continuous improvement of environmental performance, covering areas including equipment, materials, buildings and processes, in partnership with partners, tenants, developers, contractors and suppliers;
- raise awareness of the environmental impacts of the organisation and engage, train and motivate staff to be accountable for integrating environmental management activities into operations;
- introduce responsible purchasing practices to support environmental objectives and targets;
- consider long-term environmental impacts and costs in purchasing decisions and new developments;
- in properties under its control, maximise resource and energy efficiency to help occupiers reduce their environmental impacts and energy consumption;

- ensure that all new development projects achieve 'Excellent' ratings, and refurbishments at least 'Very Good' ratings against building standards set in the NHS Environmental Assessment Tool (NEAT).

Business ethics

The Company is committed to maintaining the highest standards of integrity and corporate governance practices, and conducts business in an honest and ethical manner.

The Company has adopted policies on:

- corporate compliance, including ethical procurement, donations and corporate entertaining;
- share dealing (including a Company wide share dealing code);
- whistle blowing; and
- fraud and theft reporting.

Ethical behaviour in all its operations and activities is fundamental to the Group's philosophy. All staff receive on induction a detailed compliance briefing and written guide.

The Company intranet includes details of all of these policies.

Social contribution

The Company believes its business can and should make a positive contribution to the national and local community. In addition to its activities to support the environment, it makes a number of charitable donations and sponsorships as a Group.

The Company's business model is to work closely with the regional SHAs and the local PCTs. In its GPCOs, the Company strives to provide employment and economic opportunities in the communities where those GPCOs operate.

As a responsible business, the Company is very aware of the contribution it is expected to make to the communities in which it operates and the public which, ultimately, its services are designed to serve.

This contribution, in addition to the proper and effective supply of facilities and services as part of its core activities, also takes the form of charitable giving, the facilitation of staff community contributions and the provision of assistance to appropriate causes and projects.

The Company aims to support local, national and international charity appeals and makes a number of financial contributions by way of sponsorship and charitable donations. The Company is committed to ensuring any financial support is compatible with our business activities and reflects its vision for primary care. Where possible, the Company supports local and national initiatives which create positive profile in its key areas of operation.

In December 2007 the Company made a charitable contribution of £500 instead of sending corporate Christmas cards.

The Company has adopted a policy of identifying and supporting charitable causes which are closely associated with its health care activities and with families.

During the 15 month period covered by this Report, the Group has made donations totalling £22,700 to a variety of charitable causes. These include Cancer Research UK, Kidscape, the Rainbow Trust, the Alder Hey Imagine Appeal and the Alzheimer's Society.

The Group's employees are encouraged to raise money for charities and to become involved in charitable work. With the full support of the management of the Group, staff initiatives have raised £2,600 for charitable causes and, pursuant to gift-matching arrangements, the Group has added £2,000 to this total.

Overall, by way of either direct donation, sponsorship matching or facilitating staff involvement in community or charity projects, the Group raised or supported its staff in raising a total of £26,000 for community or charitable purposes.

The Board is also fully supportive of its Chief Executive Officer's involvement in the involvement of the Alder Hey Imagine Appeal and the commitments which this requires of him.

Additionally, Assura is very much aware of the medical profession's need for public provision of blood. The Group is currently seeking to set up a staff blood donation programme to be implemented in the near future.