OTC Direct Limited (the "Company")
Section 172(1) statement
for the year ended 31 August 2020

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the long term success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to,

- **a.** *the likely consequences of any decision in the long term;*
- **b.** *the interests of the company's employees;*
- **c.** *the need to foster the company's business relationships with suppliers, customers and others;*
- **d.** *the impact of the company's operations on the community and the environment;*
- **e.** *the desirability of the company maintaining a reputation for high standards of business conduct; and*
- **f.** *the need to act fairly as between members of the company.*

As a part of their induction, the Directors of the company are briefed on their duties including those under Section 172 (1) and they can access professional advice on these either from the Company Secretary or, if they judge necessary, from independent advisors for effective discharge of their duties.

The Company continues to play an important role in the provision of medicines and healthcare services across the UK. When making any decisions, during the year ended 31 August 2020, the Directors considered, both individually and together, the matters set out in section 172(1)(a-f) and have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole. Below are some of the ways in which the Directors have engaged with various stakeholders and fulfilled their duty under this section.

Customers: The Directors strongly believe in treating customers fairly and providing them with safe and quality products and superior product availability and value. The Company has adopted multiple ways to engage with customers, these may include face-to-face interactions and surveys. Due to COVID-19 the Directors have continued to engage customers through virtual forums, meetings and presentations. The Directors use these processes to understand the views of the customers and consider the impact of their decisions on customer's interest. Significant improvements in customer service have been achieved in the last two years with additional developments are forecast for the coming year.

Suppliers: The Directors aim to ensure that the Company operates fairly, transparently and with integrity with its suppliers and values this relationship of strategic importance. The Company engages with its suppliers through multiple channels, both formally and informally. These engagements provide the Directors with a broad and diverse understanding of supplier priorities and allows them to take into account the interest of suppliers while making decisions.

Employees: The Directors consider employee engagement a critical factor in the long term sustainable success of the Company. The Company implemented an employee survey process as well as different employee forums with the aim of assessing employee engagement levels and identifying key concerns. The Company completed its engagement survey with all colleagues taking part. Directors and their teams are developing action plans based on the survey responses. A number of actions have been implemented during the year including various employee welfare related improvements at its facilities. The Company has commenced the roll-out of "communication hubs" across its service centres.

Development programmes have taken place throughout all sites for first line managers and the Company has also launched an e-learning platform with a suite of learning modules. There have also been apprenticeship programmes running at all levels of the organisation.

Communities and other: The Directors value an open dialogue with the communities in which the business operates. This allows the Directors to understand how these communities view the business and the emerging needs of these communities. It also enables the Directors to take into account the impact of their decisions on these communities. The Company, either directly or through its associated companies, engages with the wider community through multiple means which could include social media, charity events, and engagement with various associations, among others.

Alongside other Group companies within the UK, the Company has raised funds for the European Organisation for Research and Treatment of Cancer ("EORTC") to support its efforts in the fight against cancer though a wide variety of activities involving many colleagues. Together, these companies have raised and donated over £900,000 to EORTC since the start of the partnership.

Alongside other Group companies within the UK, the Company has raised funds for Vitamin Angels to help its work to end child malnutrition in the UK and across the world. Since 2019 the companies have raised £60,000 through various colleague activities.

COVID-19: The outbreak of the pandemic has had an impact not only on the Company but also on various stakeholders associated with the Company. The Directors have engaged with multiple stakeholders, both formally and informally, using processes and methods discussed above to take into account their views and interests, while making decisions that would promote the long term success of the Company for all its members. Some of these decisions included

a. Putting contingency plans in place to maintain continuity of operations and ensure provision of service to our customers.
b. Introducing measures to keep all colleagues healthy and safe. Transitioning office based colleagues to remote work environment and installing protective equipment at work places.
c. Supporting suppliers to ensure adequate availability of critical products throughout the supply chain.

Ensuring adequate funding for the Company to support continuity of business through these adverse conditions.