

This statement has been developed in accordance with the UK Modern Slavery Act 2015 and the Norwegian Transparency Act and has been approved by the Board.

Transparency in Supply Chain Statement 2022

Karo Healthcare

Karo Healthcare is a European consumer healthcare company with the purpose of delivering "smart choices for everyday healthcare", empowering people to live life to the fullest. Our products are available in more than 90 countries and include brands such as E45[®], Pevaryl[®], Proct[®], AlphaFoods[™], Nutravita[™], Flux[®], Locobase[®], Multi-Gyn[®] and Paracet[®]. Four hundred colleagues work out of the headquarters in Stockholm, Sweden and offices in Belgium, Denmark, Finland, Germany, Italy, Lithuania, the Netherlands, Norway, Spain, Switzerland and the United Kingdom. Karo Healthcare is since 2019 owned by EQT.

Our guiding policies

We're governed by both external regulations and internal control documents. Key internal policy documents include our Human rights policy, our Code of Conduct, as well as specific policies relating to bribery and anti-corruption, diversity and inclusion, health and safety, sustainability and environment, privacy and IT, quality, patient safety, data integrity and risk management. We manage our suppliers and other business partners through our Supplier Code of Conduct. Our policies and routines have been drawn up in accordance with the principles of the UN Global Compact, the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human rights (UNGP, 2011), and the OECD Guidelines for Multinational Enterprises (OECD 2011). Our Human rights policy incorporates companies' responsibility to respect human rights, conduct human rights due diligence and remediate negative impacts.

Risks identified

We conduct an annual risk review to identify risks related to human rights.

Our assessment is that human rights related risks are most likely to occur in our supply chain, outside of Karo's direct control. The potential risks identified include excessive working hours, low wages, threats to health and safety, gender diversity and freedom of association. These risks can occur at our direct suppliers, at component and ingredient suppliers or during raw material extraction.

The supplier sustainability management program and key actions taken

As a virtual business, we don't own any manufacturing sites or warehouses, but instead work in close partnership with external suppliers who provide these services. Our suppliers are mainly based in Europe and at the end of 2022 our supplier base consisted of 123 direct material suppliers, 9 of which are located outside of Europe and represented less than 5% of supplier spend. Clear requirements and expectations of our external suppliers are critical to making sure they live up to our standards, and that we're working together to meet our targets to reduce social and environmental impact across the full value chain.

The minimum requirements for all our partners, including our direct suppliers, are laid out in our Supplier Code of Conduct. This includes standards for human and labour rights, environmental responsibility and anti-corruption. All

direct suppliers have to sign off on this code, and in 2022, suppliers representing 82% of our spend signed the code or agreed to a comparable standard. We are working to achieve 100%.

Every year, we assess all our suppliers according to four sets of criteria, including sustainability. Based on the results, we agree on a corrective action plan. Human rights are not yet included in this assessment, but as a next step, we'll assess how to further evaluate our suppliers' sustainability performance on an ongoing basis, including human rights. The assessment will help us understand our supply chain risks, and how to mitigate our risks more effectively. It will also create clearer direction for our suppliers and support their sustainability journey.

In the next phase, we'll conduct an internal audit, screening and evaluation of a sample of key suppliers. Because of limited resources, we couldn't do this in 2022, but it is planned for 2023. We'll select the suppliers based on potential risks and consequences of breaches, evaluated by for example company size, industry, location and relationship with Karo. The focus of the audits will be the suppliers' compliance with the Supplier Code of Conduct including human rights, as well as their ongoing sustainability work and climate ambitions.



Figure 1. Managing sustainability with our suppliers

In 2022, Karo joined the Pharmaceutical Supply Chain Initiative (PSCI), an organisation committed to promoting responsible supply chain standards by bringing members together to define and encourage responsible business practices. Through the PSCI, all our direct suppliers have access to educational events, where they can learn more about relevant topics and 'beyond compliance' best practice topics.

Grievance mechanism

In 2022, we implemented a new whistleblowing policy, process and system, with the support of an external partner. Employees and external stakeholders can now raise concerns anonymously through this channel, and a specific committee oversees and takes action when required, making sure we follow up cases. In 2022, there were no cases of breaches reported.