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Karo Healthcare Supplier Code of Conduct

Introduction

This Supplier Code of Conduct sets out the minimum requirements for all Karo's suppliers regarding ethics, human rights and labour, health and safety, and environmental management. We believe that responsible practices and behaviours benefit both society and business. As a minimum, businesses must comply with all applicable laws, rules and regulations. However, responsibility often extends beyond basic compliance. We expect all suppliers to apply these requirements, or equivalent ones, within their own operations and supply chain. For clarity, 'suppliers' includes providers of products and services as well as distributors, wholesalers, contract manufacturers and other business partners.

The requirements have been drawn up in accordance with the PSCI Principles, the UN Global Compact Principles, the UN Guiding Principles on Business and Human rights, the OECD Guidelines, and relevant ILO and United Nations conventions.

Follow-up and enforcement

- Suppliers are required to implement the requirements outlined in this Supplier Code of Conduct across all their locations, including worker accommodation if applicable.
- Suppliers are also expected to apply these requirements within their own supply chains and ensure that their suppliers have appropriate procedures in place.
- Karo reserves the right to conduct inspections of the supplier to verify compliance. These inspections may be unannounced and carried out by an independent third party.
- The requirements are best implemented through a continuous improvement process that advances supplier performance over time. If a supplier repeatedly fails to meet the requirements and cannot agree to or implement an improvement plan, Karo Healthcare may terminate the business relationship.

Ethics

Suppliers shall conduct business activities responsibly, ethically, and act with integrity. The ethics principles include:

Consumer safety and access to information

Suppliers shall ensure that adequate management systems are in place to minimise the risk of adversely impacting the rights of patients and consumers, including their rights to health and to access information directly.

Anti-bribery and corruption

All forms of corruption, including bribery, extortion and embezzlement are prohibited. The supplier shall not pay or accept bribes, or participate in other corrupt inducements in business or government relationships, or through the use of intermediaries to secure an unfair advantage. The supplier shall ensure it has adequate systems in place to prevent corruption and comply with applicable laws.

Fair competition

Suppliers shall conduct their business consistently with fair and vigorous competition and in compliance with all applicable anti-trust laws. Suppliers shall employ fair business practices including accurate and truthful advertising.

Animal welfare

Animals shall be treated humanely with pain and stress minimised. Alternatives to animal testing should be used wherever these are scientifically valid and acceptable to regulators. Animal testing should be performed following national and international legislation, after considering to replace animals, to reduce the number of animals used, or to refine procedures to minimise distress.

When sourcing materials of animal origin, animal welfare shall be ensured throughout the entire supply chain. Animals shall be treated with respect during husbandry, transportation, and slaughter, providing proper care, housing, and medical treatment. Suppliers are expected to comply with national welfare laws, and respect the Five Freedoms of Animal Welfare.

Data privacy and security



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Suppliers shall safeguard and make only proper use of confidential information to ensure that company, worker, patient and consumer rights are protected. The supplier shall comply with applicable privacy and data protection laws and ensure the protection, security, and lawful use of personal data.

Avoidance and management of conflicts of interest

Suppliers shall take reasonable care to identify, avoid, and manage conflicts of interest. The supplier is expected to notify all affected parties if an actual or potential conflict of interest arises.

Product protection and quality

Suppliers shall ensure that management and security systems protect products, components, and ingredients from the risks of adulteration, falsification, or theft for illegal resale.

Human rights and labour

Suppliers shall be committed to respect human rights of internal and external stakeholders ensuring to treat them with dignity and respect. These principles describe the rights on which businesses may have the most common and direct adverse impacts. The supplier shall commit to regularly assess all adverse human rights impacts they may cause or contribute to, through their own business practices, including purchasing and other supply chain practices. The human rights principles include:

Freely chosen employment

Suppliers shall not use forced, bonded or indentured labour, involuntary prison labour, or take part in human trafficking or any form of modern slavery. No worker shall pay for a job or be denied freedom of movement.

Child labour and young workers

Suppliers shall not use child labour. The employment of young workers below the age of 18 shall only occur in non-hazardous work and when young workers are above a country's legal age for employment or the age established for completing compulsory education.

Non-discrimination

Suppliers shall strive for equality and inclusion, providing a work environment free from discrimination for reasons such as race, colour, age, pregnancy, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, or marital status. Suppliers shall promote an inclusive culture where diversity is respected, and every individual feels valued.

Suppliers shall promote diversity and ensure that hiring, promotion, and career development opportunities are provided equitably, free from bias or preferential treatment.

Fair treatment

Suppliers shall provide a work environment free of harassment, harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers, and no threat of any such treatment.

Wages, benefits and working hours

Suppliers shall offer pay to workers according to applicable wage laws and agreed employment contracts, including minimum wages, overtime hours and mandated benefits. Regular wages shall be sufficient to cover basic needs and provide some discretionary income. The supplier shall communicate with the worker the basis on which they are being compensated in a timely manner.

Working hours, excluding overtime, shall not regularly exceed 48 hours per week. Overtime shall not regularly exceed 12 hours per week and must be infrequent, voluntary and compensated at a premium rate unless otherwise specified by law. Suppliers are expected to communicate with the worker whether overtime is required and the wages to be paid for such overtime.

Freedom of association and collective bargaining

Open communication and direct engagement with workers, such as social dialogue as defined by the International Labour Organization, to resolve workplace and compensation issues are encouraged. Suppliers shall respect the rights of workers,



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as set forth in applicable laws, to associate freely, join or not join labour unions, seek representation and join workers' councils, as well as to bargain collectively. Where the right to freedom of association and collective bargaining is restricted under law, the supplier shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining. Workers shall be able to communicate openly with management regarding working conditions without fear of retaliation.

Local communities

Suppliers shall respect the rights of the local communities around their sites including the right to a clean and healthy environment. Indigenous people and other local stakeholders shall be given the opportunity to give or withhold their free, prior and informed consent about any project affecting their land, livelihoods and environment.

Health and safety

Suppliers shall provide a safe and healthy working environment and support the wellbeing of workers. Health and safety measures shall extend to contractors and subcontractors on supplier sites. The health and safety principles include:

Safety of the working environment

Adequate risk assessments and emergency plans shall be in place to ensure the safety of the work environment. Safety information relating to hazardous materials – including pharmaceutical compounds and pharmaceutical intermediate materials – shall be available and used to educate, train, and protect workers from hazards. Suppliers shall demonstrate good housekeeping practices and a culture of safety.

Worker protection, health, and wellbeing

Suppliers shall protect workers from overexposure to chemical, biological, and physical hazards. Appropriate equipment, facilities, and services shall be provided to support worker safety, health, and wellbeing.

Process safety

Suppliers shall have management processes in place to identify the risks from chemical and biological processes and to prevent the catastrophic release of chemical or biological agents.

Environment

Suppliers shall operate in an environmentally responsible, precautionary, and efficient manner to minimise adverse impacts on the environment, and to help their own suppliers do the same. Suppliers shall focus on conserving natural resources, reducing emissions to air, soil, and water, preserving biodiversity and clean water, and minimising the use of hazardous materials. The environment principles include:

Environmental authorisations and reporting

Suppliers shall comply with all applicable environmental regulations. All required environmental permits, licenses, information registrations and restrictions shall be obtained, and their operational and reporting requirements followed.

Management of waste and emissions

Supplier shall reuse or recycle waste whenever it is environmentally beneficial and technically feasible. Any waste, wastewater, or emissions with the potential to adversely impact human or environmental health shall be appropriately managed, controlled, and treated prior to release into the environment. This includes managing releases of active pharmaceuticals into the environment (PiE).

Climate change and energy

Suppliers shall monitor and reduce their greenhouse gas (GHG) emissions across all scopes in accordance with the GHG Protocol and support their suppliers to do the same. Suppliers are encouraged to set GHG reduction targets aligned with the Science Based Target initiative. Suppliers shall have a plan to source renewable energy and are expected to increase their share of renewable energy annually.

Resource efficiency



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Suppliers shall strive for circularity, designing out waste, taking measures to improve efficiency and reduce the consumption of resources, including water, favouring renewable and sustainable sources as defined by the United Nations Environment Programme.

Biodiversity conservation

Suppliers shall assess its impacts on biodiversity and actively work to reduce and mitigate their footprint wherever possible. Natural resources shall be used in an environmentally sustainable way and not contribute to deforestation.

Spills and releases prevention

Suppliers shall have effective systems in place to prevent and mitigate accidental spills and releases to the environment and adverse impacts on the local community.

Governance and management systems

Good governance and management systems are the foundation for compliance with all principles within this document. The supplier shall use appropriate systems to conduct due diligence on risk and impact, monitor legislation, set priorities, assign responsibility, adopt risk-mitigation measures, and facilitate continual improvement and compliance. The governance and management system principles include:

Culture, commitments and accountability

Suppliers shall demonstrate commitment to the requirements described in this document by allocating appropriate resources and identifying senior responsible personnel, thereby creating a culture of responsible practices.

Legal and customer requirements

Suppliers shall identify and comply with applicable laws, rules, regulations, recognised standards, and relevant customer requirements.

Risk management

Suppliers shall have mechanisms to determine and manage risks in all areas addressed by this Supplier Code of Conduct. Suppliers shall have a management of change process in place to evaluate and control the risk of change.

Traceability and control

Suppliers shall have systems in place to carry out due diligence on its own supply chain, including traceability for the sources of raw materials to support legal and sustainable sourcing.

Training and competency

Suppliers shall have a training program that achieves an appropriate level of knowledge, skills and abilities in management and workers to address the expectations described in this Supplier Code of Conduct.

Documentation

Suppliers shall maintain documentation necessary to demonstrate conformance with this Supplier Code of Conduct and compliance with applicable laws, rules and regulations.

Continual improvement

Suppliers are expected to continually improve by setting performance objectives and executing implementation plans. Suppliers shall take necessary corrective actions for deficiencies identified by internal or external assessments, inspections, and management reviews, including the recording and reporting of near-misses, incidents, and incident prevention opportunities.

Emergency preparedness and response

Suppliers shall have effective emergency plans and response procedures.

Grievance mechanisms



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Suppliers shall establish grievance mechanisms accessible to internal and external stakeholders who shall be encouraged to use them to report concerns, illegal activities or breaches of this Supplier Code of Conduct at work without threat of or actual reprisal, intimidation, or harassment.

Response and remediation

Suppliers shall properly investigate incidents or concerns relating to this Supplier Code of Conduct, take necessary corrective actions, and provide remediation where required.

Effective communication

Suppliers shall have effective systems to communicate the requirements described in this Supplier Code of Conduct to relevant stakeholders including their workers, contractors, suppliers, and local communities.

Effective



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Commitment form

Company name: _____

Company address: _____

Date: _____

On behalf of the company named above, I hereby confirm that we have received, read, and understood the content of Karo Healthcare's Supplier Code of Conduct and commit to adhering to its principles and requirements.

Name: _____

Title: _____

Signature: _____

Effective

Document Approvals for KARO-Q-00243v2.0

Task: Approvers Approval Verdict: Approve changes & release Approval to be made Effective	Sofia Kyhlstedt, (sofia.kyhlstedt@karopharma.com) Approval 16-Dec-2024 09:56:07 GMT+0000
Task: Final Approval Verdict: Approve changes & release QA Approval to be made Effective	Åsa Forssell, (asa.forssell@karopharma.com) Final Approval 16-Dec-2024 11:56:49 GMT+0000

Effective