

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 2023

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[®], Lamisil[®], Pevaryl[®], Proct[®], AlphaFoods[™], Nutravita[™], Flux[®], Locobase[®], Multi-Gyn[®] and Paracet[®]. More than 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. At the end of 2023, our supplier base consisted of approximately 120 direct material suppliers. Fewer than 15 of these are located outside of Europe, representing less than 1% of our 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 2023, suppliers representing 84% of our spend signed the code or agreed to a comparable standard. We are working to achieve 100%.

In 2023, we updated our supplier selection process by better integrating sustainability questions into how we assess would-be suppliers. We also began updating our due diligence process to better integrate human rights considerations in line with the UN Guiding Principles on Business and Human rights. This includes a new tool to assess potential material risks related to our suppliers. The tool considers country risks including working conditions, freedom of association, discrimination, bribery and corruption and child labour. We assessed a number of key suppliers and identified no severe risks. We will expand this in the coming year.



Figure 1. Managing sustainability with our suppliers

Karo has been a member of the Pharmaceutical Supply Chain Initiative (PSCI) since 2022. The organisation promotes responsible supply chain standards by bringing members together to define and encourage responsible business practices. In 2023, we took part in several PSCI events to learn, share experiences and contribute to shaping the organisation’s agenda. Through the PSCI, all our direct suppliers also have access to educational events, including ones on ‘beyond compliance’ best practice topics.

A key objective of the PSCI is to collaborate on audits, aiming to reduce the audit burden for suppliers, enhance efficiency for brands, and make results and corrective action more visible. In 2023, we mapped our suppliers using the PSCI audit database to identify where audits had already been completed. We found a small number of current suppliers who had already completed a Self-Assessment Questionnaire (SAQ) or undergone an audit. We will expand this and run a limited number of audits to make sure all the suppliers we work with meet our standards when it comes to business responsibility.

In 2023, we surveyed 15 key direct suppliers on a range of sustainability topics to assess their maturity level, collect greenhouse gas (GHG) emissions data and identify opportunities to reduce emissions. The initiative allowed us to connect with important suppliers, and our new insights will help us deepen our collaboration to for example reduce GHG emissions. We also plan to expand our engagement by inviting more suppliers to take part in our survey.

Recognising our suppliers as important partners, we continue to strengthen our processes to effectively manage and control sustainability performance throughout our value chain.

Grievance mechanism

We have implemented a whistleblowing policy, process and system with the support of an external partner. Employees and external stakeholders can raise concerns anonymously through this channel, and a specific committee oversees and takes action when required, making sure we follow up cases. In 2023, there was one report triggering an investigation.