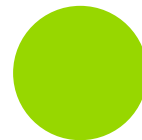
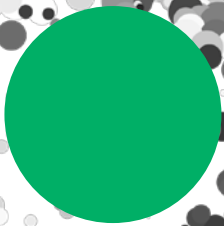


Responsible Sourcing Standards for Business Partners



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This Responsible Sourcing Standard outlines requirements and expectations for Grünenthal's suppliers and/or business partners. In this document, the terms "supplier" and "business partner" are used interchangeably.

1 Responsible Sourcing at Grünenthal

Grünenthal's **Responsible Sourcing** covers our responsibility to manage our supply chain in line with the principles of our Corporate Responsibility Programme. Our approach to Responsible Sourcing encompasses three areas: **Environmental, Social and Governance (ESG)**.

The Responsible Sourcing Programme at Grünenthal aims to increase our supply chain ESG maturity and data transparency, while also creating a positive impact in terms of ESG within our supply chain and connected local communities. It also supports our efforts to contribute to the 1.5°C goal of the Paris Climate Agreement, meet increasing regulatory requirements (e.g. the German Supply Chain Act) and make Grünenthal more attractive to stakeholders such as investors and potential new employees.

Grünenthal has introduced **ESG criteria into its procedures for selecting suppliers and awarding new business**. Suppliers are evaluated based on cost and other traditional measures such as quality and service – and also based on their ESG performance. The weight of the ESG criteria in our business awarding decisions varies depending on diverse criteria related to the specific purchasing category (e.g., category greenhouse gas emission intensity). The supplier's ESG performance score is determined based on the maturity of their approach to ESG compliance and their plans or progress for decarbonisation.

We understand that progress for ESG maturity is a journey that takes time and resources to complete. **Grünenthal is committed to working with all suppliers**, even if they are in a relatively early stage of their ESG journey. By collaborating, we aim to help them progress with their ESG maturity. Grünenthal will provide resources to help its suppliers develop.

We want to maximise the positive impact of our activities and establish a sustainable, responsible pharmaceutical supply chain. As part of this approach, we have joined the **Pharmaceutical Supply Chain Initiative (PSCI)**. Through our PSCI membership, our suppliers can access a wealth of learning and development resources to support them on their ESG journey. Additionally, in areas where Grünenthal has expertise that could be beneficial to our suppliers, we will share best practice examples and provide training.

2 Foundational requirements for all Grünenthal suppliers

Full compliance with the following points is a mandatory and non-negotiable requirement for all Grünenthal suppliers.

Suppliers must:

- Fully comply with our **Code of Conduct for Business Partners**, which can be found on our corporate website: <https://www.Grünenthal.com/en/responsibility/compliance-ethics-transparency>
- Fully comply with our **Statement of Compliance with Human Rights and Environmental Standards**, which can be found on our corporate website: <https://www.grunenthal.com/-/media/projects/corporatewebsite/com/pdf/position-papers/statement-human-rights-environmental-standards-grunenthal.pdf>
- Transparently and accurately provide **ESG-related supply chain data** to Grünenthal. This includes (if requested) providing accurate and comprehensive responses about their **ESG-related policies**, procedures, certifications, past violations, requested documentations and actions taken to address any improvement opportunity related to compliance with ESG requirements (such as those described in this document).

In addition, Grünenthal follows a strict **Risk Management** process to make sure our company meets or exceeds all relevant ESG regulations related to our supply chain. It requires collaboration and data exchange with our business partners. This process includes the following activities:

- Third-party due diligence.
- Our confidential Ethics Helpline, which is continuously monitored for reported violations from workers, suppliers and any other stakeholders.
- Continuous monitoring of adverse media related to our suppliers.
- Preventive and remedial measures to address or mitigate risks and identified violations.
- ESG-related audits at our suppliers' facilities.

In these activities, Grünenthal's business partners are required to:

- Collaborate with our third-party due diligence process by responding transparently and accurately to our questionnaires and requests for documentation.
- Based on the individual risk level determined in our third-party due diligence process, medium and high-risk suppliers are required to formally sign our Code of Conduct for Business Partners or have an acceptable equivalent code of conduct in place and comply with other risk-mitigating or corrective measures.
- Proactively report identified violation(s) of our Code of Conduct for Business Partners, violations of human rights or any other violation(s) of this policy that are identified within their company, their potential scope or their potential impact for Grünenthal – and to proactively report preventive and corrective measures that are implemented to resolve issues.
- Fully collaborate and act transparently with our ESG audit team and act promptly on any identified irregularities. To reduce audit fatigue and work duplication for our suppliers, Grünenthal conducts ESG audits in accordance with the PSCI Audit Principles. The PSCI audit sharing programme allows suppliers to share their audit results with more than one PSCI member, including Grünenthal.
- In case of relevant negative news coverage about a Grünenthal business partner that could potentially have an impact on Grünenthal, suppliers will be contacted. They will be required to inform Grünenthal transparently about the reported issue(s), its potential scope and impact for Grünenthal, and the preventive or corrective measures they are implementing to resolve the issue.

Grünenthal is also committed to the highest bioethical standards in its preclinical research activities. We require all suppliers that are engaged in these activities to comply with the following principles:

- 1. Animal welfare:** Ensure all animal research, including the supply of animals, is conducted to the highest international standards in line with all applicable laws and regulations, and that animal use is considered in line with the Replacement, Reduction and Refinement principles.^{FN1}
- 2. Human biological samples:** Ensure human samples collected or used for research have been ethically sourced, are consented for the intended use, adhere to all applicable laws and regulations, and that donor privacy is protected.
- 3. Emerging technologies:** Ensure the preclinical applications of new and advanced biological or technological methodologies (such as genetic engineering, stem cells or nanotechnology) follow all applicable laws and regulations, including considerations about their potential wider societal and environmental impacts.

In line with our commitment to responsible sourcing, we require all Grünenthal suppliers that are engaged in relevant activities to fully comply with the **Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation**. REACH is a cornerstone regulatory framework in the European Union. It is designed to protect human health and the environment from risks posed by chemicals. Its principles are integral to our corporate responsibility agenda.

We require our suppliers to:

- Ensure that all chemical substances produced or imported into the EU in quantities of one tonne or more per year are registered with the European Chemicals Agency (ECHA), providing necessary information on their safe usage.
- Supply up to date Safety Data Sheets (SDS) for all substances and mixtures classified as hazardous, detailing their properties and hazards, as well as instructions for handling, disposal and transport.
- Promptly inform us if any product contains Substances of Very High Concern (SVHCs) in concentrations above 0.1% weight by weight (w/w), as per the Candidate List, enabling us to take appropriate action and fulfil our obligations to our customers.
- Obtain authorisations for the use of substances that are subject to REACH authorisation requirements and ensure compliance with all conditions of use.
- Comply with all restrictions set out by REACH regarding the manufacture, marketing and use of certain substances, mixtures and articles, as well as ensuring compliance with any modifications and updates to REACH regulations.
- Actively engage in transparent and effective communication within the supply chain regarding the safe use of chemicals, ensuring all relevant safety information is passed along to us and, by extension, to our customers.
- Participate in due diligence processes and audits initiated by us to verify compliance with REACH regulations and this policy.
- Where applicable, collaborate in the sharing of data and joint submission of registrations to minimise animal testing and administrative costs.

We require all of our API suppliers to have a **water management system in place** to ensure all wastewater and water discharges are managed to protect surface water and groundwater – and avoid adverse impacts on human health and the environment. In this way, our suppliers contribute to Grünenthal's water reduction commitments.

FN1 The 3Rs principle https://www.bfr.bund.de/en/3r_principle-194147.html

3 Our Responsible Sourcing ESG ambitions for our suppliers

We encourage our suppliers to proactively work with us to achieve the following ESG ambitions.

As a member of the Pharmaceutical Supply Chain Initiative (PSCI), we adhere to the **Principles for Responsible Supply Chain Management** found on the PSCI website – and we encourage our suppliers to do the same.

<https://pscinitiative.org/principles>

Climate change is an acute threat to humanity and requires intensive efforts from all of us. At Grünenthal, we want to contribute to mitigating this threat by reducing our CO₂ footprint and minimising negative environmental impacts from our global operations. Together with our stakeholders – including employees, partners and customers – we are striving to shrink our carbon footprint in Scopes 1, 2 and 3, while decreasing our consumption of energy and other resources. We also aim to reduce the volume of waste generated in our value chain.

In November 2023, we signed a **Science Based Targets initiative (SBTi)** commitment letter. By committing to SBTi, we intensify our efforts to increase sustainability along our supply chain through supplier engagement programmes and by fostering a collective commitment to sustainability. Through these concerted actions, we are aligning ourselves with global climate objectives and taking proactive measures to contribute to a more sustainable future.

Our SBTi commitment requires us to engage our suppliers responsible for 67 percent of our total Scope 3 greenhouse gas emissions. These suppliers will be requested to have **science-based and ambitious emission-reduction targets by 2028** in line with the approach and the criteria of the Science Based Targets

initiative (www.sciencebasedtargets.org). This includes targets covering emissions from the supplier's direct operations (Scope 1) and indirect operations (Scope 2), and emissions caused in their value chain (Scope 3).

We also encourage all Grünenthal suppliers to:

1. **Publicly commit to ESG targets**, including net-zero GHG emissions. We expect all of our suppliers – if requested – to provide the best available data for **Product Carbon Footprint** related to Grünenthal's supply chain, as well as data about their decarbonisation plans (for Scopes 1, 2 and 3) and their progress for decarbonisation.
2. Implement a **decarbonisation plan** that covers Scopes 1, 2 and 3. We expect all of our suppliers to transparently provide Grünenthal with information about their current carbon footprint, decarbonisation plan and objectives, as well as progress towards their decarbonisation objectives (if requested).
3. Have their Corporate Responsibility or Sustainability Reports **independently audited**.
4. Have their ESG credentials benchmarked by a recognised ESG risk rating agency and **commit to outstanding ESG risk ratings**.
5. Commit to using **100% renewable power**.
6. Engage on a journey towards **ZERO waste to landfill**.
7. Engage on a journey towards **ZERO discharge of harmful substances to water**.
8. **Innovate in their business models** to contribute to CO₂ reduction.
9. Implement **comprehensive health protection measures and the highest safety standards**, including a ZERO accidents approach in the workplace. Of course, we commend all suppliers that are already operating in line with these principles.
10. Have a strategic focus on **diversity, equity and inclusion – while demonstrating their commitment through policies, certifications and performance indicators**.

In our journey towards responsible sourcing, Grünenthal remains steadfast in its commitment to upholding the highest standards of ESG compliance, fostering a culture of continuous improvement and collaboration with our valued suppliers.

This document will be updated on an annual basis – and an ad-hoc basis, if necessary.



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