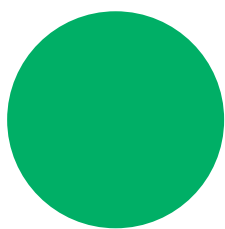


# Grünenthal's Statement of Compliance with **Human Rights and Environmental Standards**



# About Grünenthal

**This Statement of Compliance with Human Rights and Environmental Standards elaborates on our commitment to creating a safe and respectful workplace for our people, while also minimising risks to the environment.**

Grünenthal is a global leader in pain management and related diseases. We have a long track record of bringing innovative treatments to patients worldwide.

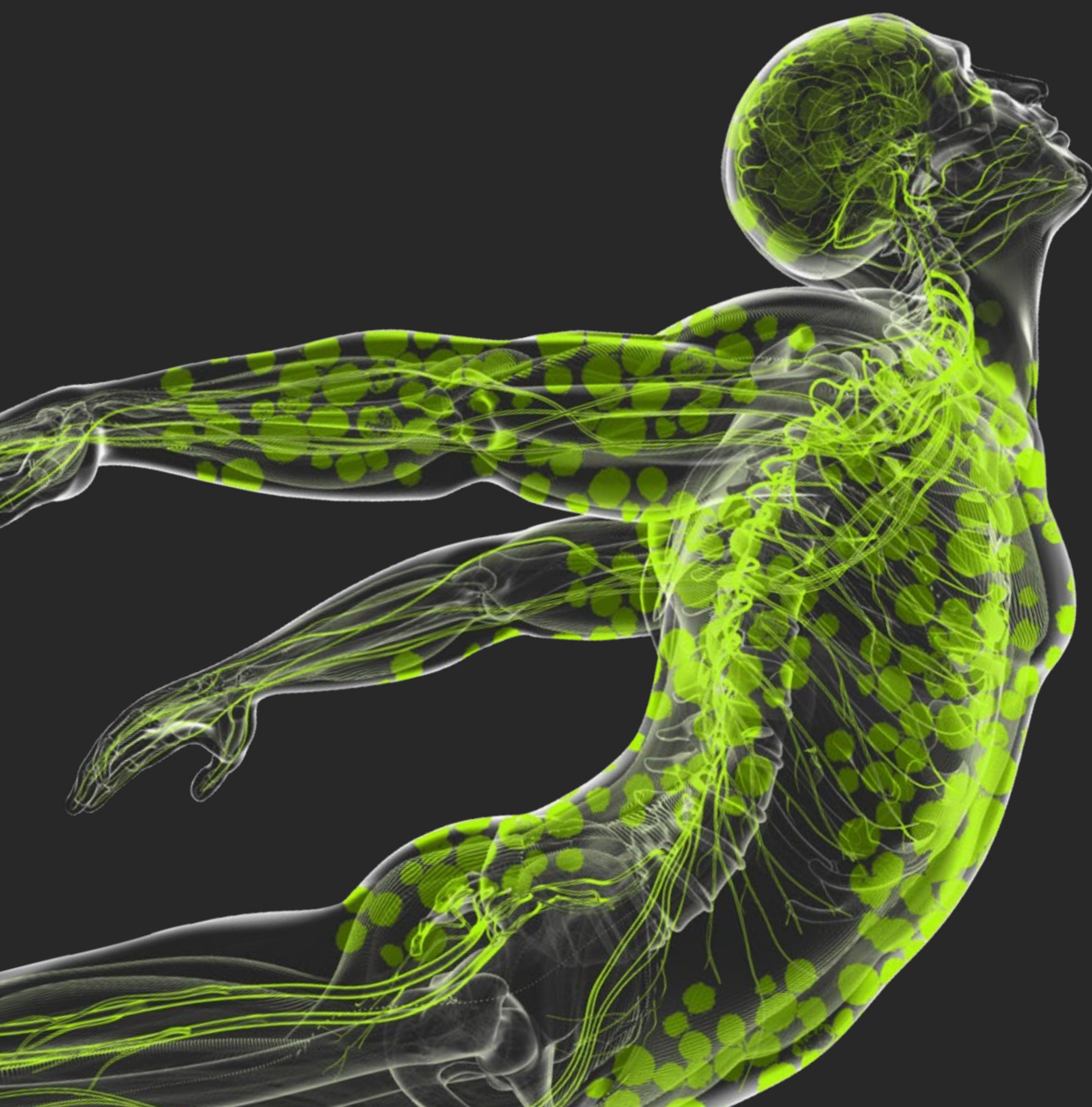
As a fully integrated pharmaceutical company we cover the entire value chain – from drug research and development to commercialisation of portfolios with growth products and established medicines. We operate in accordance with the highest ethical and regulatory standards, and we focus our efforts on our vision of a World Free of Pain.

Human rights and environmental protection are integral parts of our Compliance & Ethics Framework, and are embedded in our regular company training activities,

control and remediation mechanisms. We aim to have a positive impact for patients, employees, partners and wider society.

This Statement is approved by Grünenthal's Corporate Executive Board and applies to Grünenthal's group companies ("Grünenthal"), members of the senior management and employees. Furthermore, we expect our suppliers and all other relevant business partners to commit to the principles set out below and to pass this expectation on to their suppliers.

This statement will be periodically updated on an ad-hoc basis.



# Our guiding principles for business and human rights

**We are committed to respecting human rights and complying with environmental standards, both in accordance with our corporate values as well as national law, international guidelines, conventions and principles.**

We are aware of our corporate responsibility to respect human rights and protect the environment in our own business operations and in our global supply chains. We do this by implementing preventive measures and, if violations occur, by providing remedial actions to counter any adverse effects.

Our business activities are aligned with the internationally recognised guiding principles for business and human rights of the United Nations, and implement the requirements of the national action plan for business and human rights.

As part of the United Nations Global Compact (UNGC), more than 24,000 companies share the UNGC's vision of a more inclusive and sustainable economy for the benefit of all people. As a member of the UNGC initiative, we are committed to aligning our strategies and operations with ten universal principles related to human rights, labour, environment and anti-corruption, and take actions that advance societal goals and the implementation of the Sustainable Development Goals (SDGs).

We are committed to complying with international standards, namely:

- The Ten Principles of the UN Global Compact
- OECD Guidelines for Multinational Enterprises
- International Convention on Civil and Political Rights as of 1966
- United Nations Universal Declaration of Human Rights (UDHR) as of 1948
- International Covenant on Economic, Social and Cultural Rights as of 1966
- United Nations Guiding Principles on Business and Human Rights as of 2011
- Minamata Convention on Mercury as of 2013;
- Stockholm Convention on Persistent Organic Pollutants as of 2001, as amended by the resolution of 2005; and
- Basel Convention on the control of transboundary movements of hazardous waste and their disposal as of 1989

- Paris Agreement adopted on 12 December 2015
- Labour Standards of the International Labour Organization (ILO) such as: Convention No. 29 as of 28 June 1930 and protocol to Convention 29 as of 11 June 2014 concerning Forced or Compulsory Labour; Convention 87 as of 9 July 1948 concerning Freedom of Association and Protection of the Right to Organise as amended by the Convention as of 26 June 1961; Convention 98 as of 1 July 1949 concerning the Application of the Principles of the Rights to Organise and Bargain Collectively as amended by the Convention as of 26 June 1961; Convention 100 as of 29 June 1951 concerning Equal Remuneration for Men and Women Workers for Equal Value; Convention 105 as of 25 June 1957 concerning the Abolition of Forced Labour; Convention 111 as of 25 June 1958 concerning Discrimination in Respect of Employment and Occupation; Convention 138 as of 26 June 1973 concerning Minimum Age for Admission to Employment; and Convention 182 as of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.

Furthermore, we are a member of the Pharmaceutical Supply Chain Initiative (PSCI), which has established Principles for Responsible Supply Chain Management in the pharmaceutical industry with regard to ethics, human rights, health & safety, environment, and governance & management systems.

The above commitments are also reflected in our company guidelines, such as our Code of Conduct, Code of Conduct for Business Partners, Global People Policy, Environmental, Health & Safety Policy, Responsible Sourcing Standards for Business Partners, and Enterprise Risk Management Policy.

# How we work with employees, partners and communities

**We are taking action to fulfil our obligations with regard to human rights and environmental standards. The aim is to protect people by preventing violations of human rights or minimising adverse effects in the case of any violations of human rights that could not be prevented.**

## Responsibilities

The functions at Grünenthal that are particularly responsible for preventing any violation of human rights and complying with environmental due diligence obligations are regulated within the Grünenthal Responsible, Accountable, Consulted, and Informed (RACI) documentation.

The overarching responsibility lies with Grünenthal's Corporate Executive Board.

The Corporate Executive Board has appointed a Human Rights Officer with effect as of 1 January, 2024. The Human Rights Officer reports directly to the Corporate Executive Board.

In addition, a German Supply Chain Act Working Group (GSCA Working Group) has been established. In this GSCA Working Group other specialist departments such as Procurement, Compliance, Human Resources and Health, Safety and Environment functions are involved in controlling the set standards.

The Corporate Executive Board is regularly, at least once a year and on an ad hoc basis, informed by the Human Rights Officer about the implementation status of the German Supply Chain Act and the status of human rights and environmental compliance in the company.

## Risk management and risk analysis

As a global company, we recognise that our business activities and global supply and value chains could potentially have negative effects on human rights or environmental standards.

We carry out a systematic review of our risks related to human rights and environmental issues within the business units of Grünenthal and in our supply chains.

We have a number of preventive and remedial measures in place to properly manage risks. In case risks materialise, despite our best efforts, we have a complaint mechanism and processes in place to investigate incidents and take remedial actions.

We aim to improve our processes on an ongoing basis.

The results of the risk analyses are an essential part of our business decisions with regard to supplier selection, business partner management, production planning and the development of new supply chains, as well as potential mergers and acquisitions.

## Risk management in the business areas

Grünenthal has implemented a comprehensive group-wide integrated risk management system, aligning with the principles outlined in our Enterprise Risk Management (ERM) system.

The constant analysis of Environmental, Social and Governance risk factors in our own business is part of the ERM. General risk analyses are carried out once a year and on an ad-hoc basis, e.g. in case of mergers and acquisitions.

This ERM framework, applicable across all corporate functions and business units, is designed to identify, evaluate, and, where necessary, mitigate risks related to human rights and environmental aspects. The ERM system emphasises transparency through systematic risk identification and evaluation, enabling early detection of material risks.

In our commitment to evaluating and addressing potential adverse effects of our operations on human rights and the environment, the functions strive to uphold leading risk management standards, acting as a reliable and trusted partner to internal and external stakeholders.

This approach provides us with robust reporting, documentation and control mechanisms that Grünenthal uses for informed management decisions with regard to human rights and environmental risks.

## Risk management in the supply chain

The risk assessment of our suppliers is regulated in our Global Procurement Policy and Third-Party Due Diligence SOP.



Our business partners are assessed as part of a comprehensive Third-Party Due Diligence process to ensure that relevant risks, including human rights and environmental, can be mitigated.

The depth of scrutiny of our Third-Party Due Diligence assessments correlates with the abstract risk level, aligning with the established procedure. This approach aims to mitigate various risks, including those related to human rights and the environment, in a proportional manner.

In addition, we follow a two-step risk assessment process specifically for suppliers. In the first step, we assess our suppliers based on abstract risks such as type of business activity and country of location. Based on this assessment, we create a risk profile and identify those suppliers who are so-called ESG Sensitive Suppliers and apply a prioritization.

In the second step, we assess specific human rights and environmental risks related to those ESG-sensitive suppliers through an in-depth ESG assessment. It gathers additional information through questionnaires and requests to share certificates for further transparency in the supply chain.

If any risks are identified, the German Supply Chain Act Working Group is involved in the process of defining an action plan.

Following the in-depth ESG assessments of ESG-sensitive suppliers, the German Supply Chain Act Working Group is in charge for designing actionable strategies aiming at enhancing human rights and environmental controls within our suppliers.

The risk analyses of the supply chain are carried out annually and on an ad-hoc basis, e.g. if any suspicious facts arise. Finally, Grünenthal uses a monitoring system that continuously searches suppliers' names across various media channels, enabling us to promptly receive alerts if any news emerges suggesting violations of human rights or environmental standards by any of our suppliers.

## Our human rights and environmental priorities

During the current cycle of risk analyses, the following priorities have been identified for focused attention:

First, environmental stewardship remains a key focus, with a dedicated emphasis on responsible resource utilisation. Recognising that responsible resource management is crucial for minimising our environmental footprint and fostering sustainability, we are focused on optimising our energy and water consumption, as well as refining our approach to the handling of production

waste. We also aim to implement environmental impact assessments across our procurement processes and sourcing strategy (water, soil and air pollution; encroachment; resource use; waste production/ resource loss).

Second, Grünenthal aims to strengthen initiatives that address diversity, equity and inclusion within our organisation, fostering a workplace culture that respects and promotes human rights. This includes promoting fair labour practices, equal opportunities and a supportive environment for all employees.

Finally, our efforts are concentrated on enhancing transparency and traceability within the supply chain to ensure that human rights are respected and environmental impacts are minimised at every stage. This involves working closely with suppliers, implementing robust monitoring systems and promoting responsible sourcing practices.

## Preventive measures

We have various preventive measures in place in our business units as well as our supply chains to prevent human rights and environmental risks. Those preventive measures are annually reviewed in view of effectiveness, appropriateness and practicability.

### Main preventive measures in our business units

**Corporate guidelines:** Grünenthal's Global People Policy exemplifies our commitment to human rights and environmental standards. We expect our employees to comply with the requirements set out in our Global People Policy. It also refers to our main people principles such as mutual respect, equal opportunity, personal development and excellence to foster a productive and inclusive work environment.

Furthermore, we have an Environmental, Health & Safety Policy. This policy underlines our commitment to advocating for progress towards environmental responsibility and sustainable development.

**Training process:** Grünenthal's training process is designed to ensure comprehensive adherence to policies and procedures across its global operations. Utilising an electronic platform, Grünenthal manages training materials, ensuring consistency, accuracy and auditability in content delivery.

This platform serves as a central hub for disseminating crucial information to employees, covering a wide array of topics, including human rights and environmental standards where applicable. Through targeted training modules, employees are equipped with the knowledge and skills necessary to uphold Grünenthal's commitment to ethical business practices and sustainability initiatives.

This comprehensive approach extends beyond compliance, fostering a culture of responsibility and accountability throughout the organisation.

**Safety and environmental measures:** We have the clear ambition of reaching zero accidents at work. To reach this aim, we have implemented a safety framework and behavioural safety programme at our manufacturing sites. For example, manufacturing employees spend time every month observing the safety behaviour of their colleagues and providing constructive feedback. We analyse each accident and share the findings with the other manufacturing sites worldwide.

In our Environmental standards, we define the actions and precautions needed to manage key environmental risks at our sites.

**Human rights initiatives:** Our Diversity and Engagement Strategy fosters human rights by bringing together existing local and global events and initiatives.

**Measurements of environmental impact:** Our Environmental Performance and Data Integrity Standard emphasises the importance of managing and reporting requirements for all sustainability-related data.

Before any construction project, we carry out an Environmental Impact Assessment. For any negative impacts identified in this assessment, measures are developed to mitigate and manage risks. Furthermore, we want to better understand our impact on climate change and take action to reduce it. We measure our corporate carbon footprint and set specific targets for reducing CO<sub>2</sub> emissions.

**Controls and audits:** The Corporate Executive Board regularly reviews our Environment, Health and Safety (EHS) objectives. The Global Operations Board reviews key performance indicators for EHS on a regular basis. The functional and organisational leaders are accountable for EHS activities, behaviour and performance as stated in the EHS policy in their area of responsibility. The EHS management system representative proposes EHS targets to regularly update and strengthen the efforts related to human rights and environmental protection. The site directors and EHS managers are responsible for the health and occupational safety of the employees on site.

## Main preventive measures related to our suppliers

**Code of Conduct for Business Partners:** Grünenthal's Code of Conduct for Business Partners reflects our commitment to ethical and responsible business practices across our global business partner network. This policy underscores the importance of integrity,

transparency and compliance with high standards for all of our worldwide suppliers, distributors, resellers, sales agents, consultants and other business partners. Depending on the type of agreement and other risk factors, our suppliers must sign our Code of Conduct for Business Partners. We consider it important to address any alleged or actual infringements, ensuring that appropriate action is taken swiftly to maintain the integrity of our partnerships.

**Contractual clauses:** Grünenthal's compliance clauses in contracts serve as a cornerstone of ethical business conduct. Each contract with any third-party includes a general compliance clause, whereby the third-party commits to conducting all activities related to the agreement in adherence to applicable laws, regulations and the highest ethical industry standards. Moreover, depending on the nature of the third-party or the specifics of the contract, additional clauses governing supplementary obligations, such as those pertaining to human rights and environmental concerns, may be required.

**Responsible Sourcing Programme:** At the end of 2022, our Procurement team started implementing a Responsible Sourcing Programme. It makes human rights and environmental protection essential to procurement decision-making at Grünenthal.

Our Responsible Sourcing Programme focuses on two ESG impact areas:

- Regarding environmental impacts, our programme will aim to help reduce net greenhouse gas (GHG) emissions through strong collaboration with strategic suppliers, such as efforts to facilitate setting science-based targets. Moving forward, we will extend our efforts with suppliers to also reduce waste and improve water usage standards.
- Regarding social and governance impacts, it will aim to enforce ethical conduct, fair working conditions and avoid forced labour, while also promoting tolerance. As a next step for the future, we aim to also cultivate diversity within our supply chain.

The programme started with the implementation of the risk management analysis in the supply chain previously described.

Moving forward, we are implementing a new process in Procurement to carry out a supplier assessment prior to the supplier selection to ensure transparency about environmental, social and governance data.

With our Responsible Sourcing Programme, we have been implementing best practice examples that are gathered from industry initiatives, such as the Pharmaceutical Supply Chain Initiative (PSCI). This initiative aims to promote partnerships among business partners, build ESG-related standards (e.g., frameworks

for audits for assessing human rights and environmental standards), while also providing guidance and training to suppliers of its member companies.

**Training for procurement:** Grünenthal has implemented specific training for the Procurement team with regard to responsible sourcing and the requirements of the German Supply Chain Act.

**Controls and audits:** Controls and audits of suppliers are carried out on an ad-hoc basis, if there is a reason for concerns or a suspicion that a supplier does not adhere to human rights or environmental standards.

## Remedial actions

In case that a violation of human rights or a breach of an environmental obligation is identified, we make sure to take immediate measures to stop the violation. We would also implement measures to prevent the violation from happening again in the future.

If the violation occurs in our own business units, we will investigate and take appropriate remedial actions. These remedial actions can include, but are not limited to, changes in procedures or responsibilities, as well as additional control mechanisms.

If we have a reasonable suspicion or specific indication of possible human rights violations along our supply chain, we will investigate diligently and consistently. In such a case, we will work closely together with our suppliers and do our best to stop the violation.

In general, our suppliers are required to allow us or trusted partner companies to carry out audits of their activities in justified cases of reasonable suspicions of a violation. This increases transparency in the supply chain and makes it easier to discover and remedy violations of human rights or environmental standards.

We are currently in the process of integrating corresponding rights and obligations into the contracts with our suppliers. These evaluations make our actions and the supply chain more transparent and show where improvements are possible.

Depending on the degree of the breach, we reserve the right to take appropriate action towards our business partners ranging from a request to remedy the breach up to legal action or the termination of the business relationship. Regardless of this, we do our best to make amends for the violation.

Respective commitments and possible remedies are also reflected in our company guidelines such as the Code of Conduct for Business Partners.

## Ethics Helpline

To effectively prevent any adverse impact on human rights or the environment that could be caused by our company and our business activities, an appropriate and effective complaint mechanism is essential.

Therefore, we provide a group-wide complaint system for reporting suspected compliance violations, including human rights and environmental violations (Ethics Helpline).

On the Ethics Helpline employees as well as external stakeholders can anonymously report suspicions free of charge and in their own language. Our internet-based Ethics Helpline can be accessed from anywhere, 7 days, 24 hours, and concerns can be raised via an electronic message or via phone. We communicate the access to our whistleblower system in plain language and adapted to the target group.

If an investigation reveals certain human rights or environmental risks or violations at Grünenthal or any of our suppliers, appropriate preventive or remedial measures will be initiated.

We take any reports and complaints as an opportunity to examine our internal processes and structures. To the extent possible and within our control, we ensure that whistleblowers are protected from discrimination or penalties as a result of their complaints.

The experience we gather from the Ethics Helpline is used to continuously improve our due diligence processes with regard to human rights and environmental standards.

## Documentation and reporting obligations

Beginning with the financial year 2024, Grünenthal will inform the public about our human rights and environmental commitments and the effectiveness of our due diligence processes in an annual report ("Report").

Our progress in implementing a human rights and environmental risk management system will be an integral part of the Report, as well as the material risks in this regard that we have identified as a result of our business activities and along our global supply and value chains.

We will also describe the preventive and remedial actions that we have implemented. The Report will be published on our website and will be available for seven years.

## Effectiveness checks

The responsible body for monitoring and establishing the obligations set out here is the Human Rights Officer.

At least once a year, we will review the effectiveness of the risk management processes and the preventive and remedial actions as well as the complaints procedure.

We expect to review the effectiveness of measures in our supply chain by monitoring the results of our continuous analysis of human rights risks and impacts.

Also, we may carry out risk-based audits, investigate all reports of potential human rights violations, conduct employee surveys and check the effectiveness of training and development measures.

If the assessment of any of these areas shows the need for improvement, we will take appropriate measures to improve the relevant processes and measures.

# What we expect from our direct suppliers

**Grünenthal is committed to upholding human rights and environmental standards throughout its business units and the supply and value chain. We have set out our expectations of our suppliers in the Code of Conduct for Business Partners that obliges them to comply with human rights and environmental standards, as well as in our Responsible Sourcing Standards for Business Partners.**

This includes the following principles:

## Labour standards

Our suppliers must adhere to internationally recognised labour standards, ensuring fair wages (understood to be the compensation sufficient to meet the basic needs of workers and their families), reasonable working hours and safe working conditions for all employees.

## Child labour and forced labour

Grünenthal strictly prohibits the use of child labour and forced labour in its supply chain and expects its suppliers to share this commitment.

## Non-discrimination

Our suppliers must promote diversity and inclusion, prohibiting any form of discrimination based on race, gender, religion or other protected characteristics.

## Environmental compliance

Our suppliers must comply with all applicable environmental laws and regulations.

Grünenthal will gradually introduce enhanced supplier expectations aligned with our Responsible Sourcing progress, which will be incorporated into the Idem above.

External link to the Responsible Sourcing Standards for Business Partners:  
<https://www.grunenthal.com/en/responsibility/responsible-sourcing>