

Human Rights and Transparency Act Report

1. About this report

The Norwegian Transparency Act, effective from 1 July 2022, aims to ensure that enterprises respect fundamental human rights and maintain decent working conditions in their production and services. It also grants the public access to information on how enterprises manage negative impacts in these areas.

Photocure ASA ("Photocure") is covered by the Norwegian Transparency Act and is obliged to publish an annual due diligence statement regarding our investigations whether there are any actual or potential adverse impacts on human rights or decent working conditions in our own operations, our supply chain and other business relationships.

This statement sets out Photocure's commitment, ambitions and work related to human rights and decent working conditions. It has been approved by Photocure's management and Board of Directors, and comprises both the operations of Photocure ASA and our subsidiaries. However, as Photocure shares its governance system on compliance, business ethics and human rights within the whole organization, the content of this statement reflects the Photocure's work on human rights due diligence.

2. Policy for handling information requests

To ensure consistent and effective internal handling of information requests in compliance with the Norwegian Transparency Act, the following policy has been established:

Photocure's Head of Global Regulatory, Quality and Compliance is responsible for managing and overseeing all incoming information requests. All inquiries regarding this statement or Photocure's due diligence work should be directed to: compliance@photocure.com.

Upon receipt, all requests are logged in the internal tracking system, noting the date received, requester's details, and the nature of the information requested. Requests will be evaluated to determine if they fall within the scope of the Transparency Act, focusing on the company's handling of adverse impacts on human rights and working conditions. If the request is unclear, the requester should be contacted promptly to clarify and obtain additional details if necessary.

The required information will be provided within three weeks upon receiving the request. If the request is extensive or complex, the requester should be notified within three weeks about the extension, explaining the reasons and setting a new deadline of up to two months. If the request is denied, the requester shall be informed of the reasons, the legal basis for the denial, and their right to demand a more detailed justification.

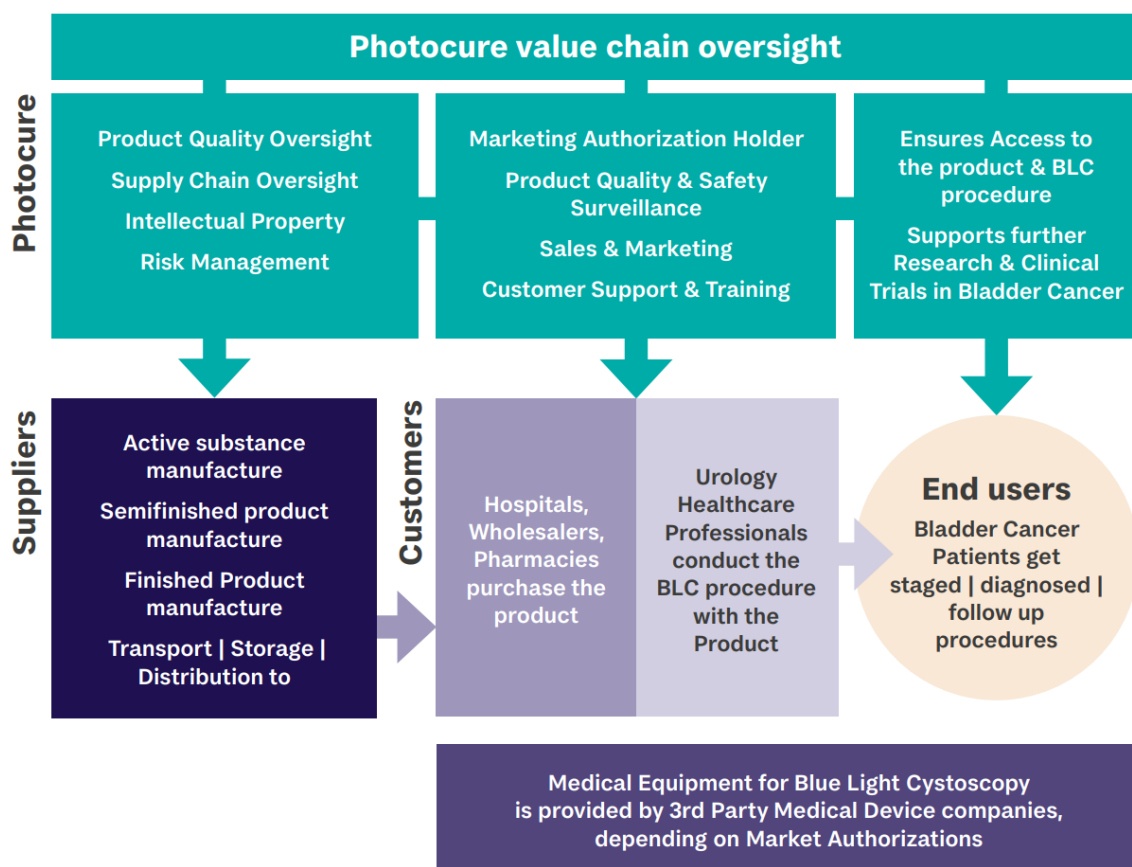
This report will be updated and published on Photocure's website by 30 June each year.

3. About Photocure

Established in 1997 by the Norwegian Radium Hospital, Photocure has since transformed from a technology-based focus and being a global leader in photodynamic therapy to a valued contributor in the care and treatment of bladder cancer patients. Photocure has successfully commercialized products like Metvix® for non-melanoma skin cancer and Hexvix®/Cysview® for enhanced bladder cancer detection and management. At Photocure, we focus all our efforts and resources on improving care for bladder cancer patients. Our medicinal product makes cancer cells visible for physicians so they can optimize the diagnoses, staging and treatments for cancer patients. More than 750 000 diagnostic procedures have been conducted around the world to date.

Operating within a highly regulated business, we acknowledge our economic, social, and environmental impact on stakeholders and surroundings. Our mission is to deliver transformative solutions for bladder cancer patients, benefiting healthcare providers and the broader medical community. Through a steadfast commitment to trust and maximizing shareholder value, we strive to generate positive impacts on the economy, environment and society. Our value chain is detailed in the figure below.

Value chain oversight



4. Our principles regarding human rights and decent working conditions

4.1 Human rights

Photocure is committed to respecting and promoting human rights throughout the value chain, from employees to our suppliers to the communities served. Suppliers and partners are expected to uphold high ethical standards when it comes to respecting human rights within their own workforce and their subcontractors.

4.2 Prohibition of child labor and forced labor

Photocure does not accept any form of child labor or forced labor. We fully adhere to the principles outlined in the UN Convention on the Rights of the Child, and expect our suppliers and business partners do the same.

4.3 Labor rights, health, and safety

Photocure expects all our suppliers and business partners to adhere to fundamental labor rights, as well as all relevant laws and regulations. Suppliers and business partners are expected to guarantee equitable wages, a good workplace environment and safe working conditions, the freedom of association and the effective acknowledgment of the right to collective bargaining.

4.4 Discrimination and harassment

Photocure does not accept any form of discrimination based on gender, gender identity, age, origin, religion, sexual orientation, physical appearance, health, disability, trade union activity, political opinions, nationality, or family situation. Interactions with individuals both inside and outside our company are conducted with dignity and respect. Harassment and discrimination are not tolerated.

5. Guidelines and routines

Our Code of Conduct, together with our Corporate Governance Code and Standard Operating Procedures, outlines how we manage and operate at Photocure. Additionally, we have established procedures for interacting with our suppliers, including qualification and follow up, risk assessments, auditing, and procurement.

5.1 Code of Conduct

Photocure's Code of Conduct and the Supplier and Partner Code of Conduct (the Codes) contain the principles that guide our behavior and highlight important cultural value.

The Codes apply to every Photocure employee, contractor and to everyone who does business on behalf of the company. New employees receive information about the Code as part of the onboarding process, and the Codes are accessible to all employees and contractors through the Quality Management System and at Photocure website. Employees are responsible for understanding the content, and act in compliance with the Codes of Conduct.

Annual training on the Code of Conduct is mandatory for employees, and failure to complete the required training on time may result in disciplinary actions.

As our business and external environment change, the Codes will also change. Through our compliance program, the Codes will be subject to periodic review and updates. The most updated Code of Conduct was approved on 4th March 2024.

5.2 Supplier and Partner Code of Conduct

In our operations, we rely on several suppliers and business partners. We consider them extensions of our company, and therefore, we insist that they too maintain high ethical standards.

We have established a Supplier and Partner Code of Conduct for our suppliers and business partners. It aligns with the ten principles of the UN Global Compact, which are based on the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The Supplier and Partner Code of Conduct is communicated to suppliers and business partners, who must confirm their compliance with this. We also expect our suppliers and partners to require their own suppliers and subcontractors to follow these principles.

If we become aware of any actions or conditions not in compliance with the Supplier and Partner Code of Conduct, and which is not corrected within a reasonable time, our company reserves the right to terminate the agreement with the supplier or partner. The most updated Supplier and Partner Code of Conduct was approved on 23rd May 2024.

5.3 Raising concerns – whistleblowing policy

We require all Photocure personnel to immediately report any suspected violation of our ethical principles. Suspected violations should be reported to the employee's manager, the HR-department, the Chairman of the Board or to compliance@photocure.com.

Emailed concerns will be forwarded to the Compliance Officer and the Chief Financial Officer (CFO) for evaluation and appropriate action.

We strictly prohibit retaliation against anyone for making a good-faith report. All reports of suspected violations are taken seriously and will be followed up, as appropriate. Reports may be made anonymously.

6. Risks of negative consequences

As a business with outsourced manufacturing and logistics, we rely on suppliers, individuals or organizations who provide goods and services. We are thereby directly and indirectly exposed to risks and opportunities in its business relations and supply chain.

Photocure operates globally with headquarters in Oslo, Norway, and additional offices in Princeton, USA, and Düsseldorf, Germany. We also maintain affiliates in France and Canada. According to the Global Rights Index provided by Transparency International and the International Trade Union Confederation (ITUC), the countries where we operate are categorized as having low to moderate risks of workers' rights violations.

We require and routinely audit partners' adherence to contracts and agreements. Contract manufacturers and their subcontractors undergo due diligence and annual risk assessments (measures and analyses potential risks) related to human rights and working conditions. The outcomes are also published in the annual ESG report on the Photocure website.

6.1 Mapping and risk assessment of suppliers

In 2023, suppliers and sub-contractors were subject to a human rights review. The risk assessment was divided in two; 1) an initial risk assessment of the suppliers contributing to the company's daily operations, and 2) a more in-depth risk assessment of the supply chain related to its contract manufacturers.

1) In the initial human rights risk assessment of the relevant suppliers contributing to our daily operations, such as consultants, rent of offices and canteen services, all these suppliers were considered as "low risk". The initial risk assessment of these suppliers is based on the risk criteria "country risk" and "industry risk".

2) For the outsourced part of our business (product manufacturing), a human rights risk assessment was conducted based on the geographic location of the company's contract manufacturers, as well as their subcontractors for raw materials. Out of 16 suppliers contributing to our product, three subcontractors were rated as "medium risk" and 13 as "low risk". Within the supply chain no new contracts were signed in the reporting period.

Three of the subcontractors rated as medium risk are subcontractors of one supplier in Spain and located in India. None of the three medium risk subcontractors are considered as critical for our company. The Indian subcontractors are subcontractors of one of our main suppliers in Spain. According to the Global Rights Index, India is inter alia especially exposed to human rights risks with regards to low wages, lack of social security, gender discrimination, harassment at work and indecent working conditions. We have however not identified any potential or actual adverse impacts related to human rights with the Indian subcontractor.

One additional supplier was assessed as posing a medium risk and is located in Israel. This subcontractor is owned by a major and renowned international company. In this region, water scarcity is a concern, and Israel's control over water resources and access to water in Palestinian territories, whether for the population or production, poses known human rights risk. In the case of this subcontractor, the production facility is situated near Tel Aviv, not in occupied territory. We have assessed the risk of the water used in the production facility originating from occupied territories and considers it to be low. However, we will continue to monitor this issue closely. Despite this assessment, no potential or actual adverse impacts related to human rights concerning the Israeli subcontractor have been identified.

6.2 Process to remediate negative impacts

All suppliers have received Photocure's Supplier and Partner Code of Conduct. In addition, all Photocure's critical suppliers¹ are assessed for presence of a Code of conduct/corporate responsibility policy.

¹ Critical suppliers are defined according to internal procedure and risk matrix

When engaging new suppliers, we have established written procedures for qualification and follow up. For new critical suppliers, these procedures also include a detailed questionnaire aimed at gathering necessary information for us to assess, among other factors, any human rights risks associated with the new supplier.

All new and revised supplier contracts contain a provision requiring suppliers to materially comply with all relevant laws concerning ethical and responsible standards of behavior. This includes, but is not limited to, regulations regarding human rights, labor practices, environmental protection, sustainable development and the prevention of bribery and corruption, as outlined in the Ten Principles of the UN Global Compact.

We maintain continuous and close dialogue with all our suppliers, regularly reviewing their business conduct and adherence to responsible practices during business meetings.

7. Measures

To mitigate the risks associated with the three medium risks suppliers in India we have been in dialogue with the primary supplier in Spain and requested information concerning the company's human rights assessment of the supply chain. Initial feedback from the supplier regarding the medium risk subcontractors suggests that no specific risks have been identified as materialized or imminent. Consequently, there is currently no justification for implementing any mitigation measures. The Spanish supplier has also confirmed that they are in the process of monitoring the relevant subcontractors for human rights risks.

As of the present, the information we have received gives us no reason to suspect any human rights violations by our subcontractors. However, given the associated risk in both India and Israel, we will maintain ongoing follow up with the relevant suppliers and subcontractors to secure all necessary and relevant information to assess whether any mitigating measures should be implemented.

As a part of our initial and ongoing evaluation of suppliers, we are confident that our suppliers have the capability to deliver the materials/services as requested with the necessary quality, and comply with all relevant laws regarding ethical and responsible standards of behavior in accordance with the United Nations Global Compact or similar.

8. Results

- The status of ESG topics related policies from all critical suppliers was assessed.
- The one critical supplier who did not have any formal policy in line with UN Global Compact, was encouraged to implement this. This supplier did provide evidence of such a policy during 2023.
- Photocure has not terminated or discontinued contracts with any suppliers due to sustainability breaches.

9. Goals and targets for 2024

- Discuss the "medium risk" rated sub-contractors in business review meetings with the supplier.

- Follow up to ensure we receive all requested information from subcontractors and assess the need for any mitigating measures.
- Incorporate the monitoring of environmental, social and governance topics in regular business review meetings.
- Continuously assess the ESG topics related policies of all critical suppliers to ensure they meet our standards.
- Encourage and assist one critical supplier in enhancing their ESG policy.