

wellvita®

wellvita®

Sustainability report 2022



CEO statement

At Wellvita Group we provide our customers with health foods, supplements, and herbal remedies. In our daily work, we call this "Health directly to you."

When working with health in our daily work, we naturally take our responsibility seriously, whether it is in terms of our products, our production or our employees. We focus on health in relation to our customers, our employees and the environment. We aim to provide our customers with products that benefit good health. We aim to be a responsible employer and provide our employees with a supportive work environment. We are aware of the footprint we have on the environment and aim to reduce our environmental impact of our operations and products. In this report we will give you insights into our work with sustainability.

As for many others, 2022 was an extraordinary year for the Wellvita Group due to the aftermath of the Covid-19 pandemic and supply issues. While our business has not been significantly impacted by the pandemic, it has impacted our employees. From the very beginning of the pandemic, protecting the health and wellbeing of our employees has been our main priority. However there has been issues to ensure supply of good due to supply issues, Wellvita group has managed to continue the plan to reduce the consumption of plastic.

Wellvita is a signatory to the UN Global Compact. Our operations are governed by the Ten Principles of the UN Global Compact related to human rights, working life principles, the environment and prevention of corruption.

This report constitutes our second annual Communication on Progress to be submitted to the UN Global Compact. We will continue to support and contribute to the development of the principles of the UN Global Compact and report on our progress annually.

A handwritten signature in black ink, appearing to read "Jacob Lachmann".

Jacob Lachmann

CEO





Our business model

Wellvita Group is a Danish company that has delivered health foods, supplements, and herbal remedies to consumers through the last 40 years. The main activity of Wellvita Group is development and sales of health foods, supplements, and herbal remedies. Wellvita Group sells products under the two brands Mezina and Wellvita.

Wellvita Group was founded in Denmark in 1983 as a small, family-owned business but has since grown across borders. Today Wellvita Group delivers products to consumers in Denmark, Norway, Sweden, Finland, Germany, Holland, Belgium, France, and Italy. Wellvita Group has offices in Denmark, Norway, and Finland. The Group currently employs 56 people most of which are located in Denmark and work in customer service, sales, marketing, logistics, group support, production, and distribution. In Norway and Finland, our employees work in customer service, sales, marketing, and distribution.

*Our mission is to sell products of high quality directly to the customers without unnecessary expenses.
Easy, convenient and cheap.*

Wellvita key facts 2022:

- 128,8 million DKK revenue
- 56 employees
- Offices in Denmark, Norway, and Finland

A significant portion of our products are manufactured and packaged at our facilities located in Esbjerg and Varde. This strategic decision allows us to effectively handle fluctuations in product demand by producing a large proportion of our items in-house. By doing so, we can maintain a high level of flexibility and consistency in fulfilling even small orders. For the production of tablets and other supplements, Wellvita Group primarily sources raw materials from suppliers in Denmark, prioritizing fast delivery and ensuring top quality and safety. However, when it comes to raw materials for other products and packaging, we source them from suppliers across the globe.

Our products are distributed through two main channels: direct sales to consumers via our website and wholesale to other customers. To enhance the convenience for our customers, we also provide a subscription-based delivery service as part of our online sales platform.



Our sustainability strategy

Every year Wellvita Group undertakes the production and preparation of over 500,000 packages, including boxes and containers, for customer delivery. We are therefore aware of the fact that our business inherently carries a potential of impacting our environment and climate. Our primary concern lies in the greenhouse gas emissions and other adverse effects on the environment stemming from our production processes, product transportation, distribution, and business travel. Therefore, it is crucial for Wellvita Group to operate in a responsible and sustainable manner, taking into account the well-being of people and the environment.

We are committed to minimizing our greenhouse gas emissions to the greatest extent possible. To achieve this, we continuously explore and implement new solutions to enhance energy efficiency and reduce emissions associated with our packaging. Waste reduction is also a significant focus for us, and we work proactively to ensure a responsible waste management practice at our facilities.

At Wellvita Group, we strongly believe that the well-being and commitment of our employees are vital to our success as a company. Hence, we conduct our business operations with a high priority on promoting the health and well-being of our workforce.

Regarding our tablet suppliers, we prioritize working with suppliers based in Denmark, where labor rights are governed by national legislation and where instances of bribery and corruption are less prevalent. However, for certain raw materials, we also engage suppliers outside Denmark. In these cases, we are dedicated to only engage in ethical business conduct and in avoiding any involvement in human rights violations.

As part of our strategy, we have conducted an assessment of the positive and negative impacts of our business in relation to the UN Sustainable Development Goals (SDGs). Within the identified targets, we have determined the extent of our contribution to achieving these goals. Moreover, we have established key performance indicators (KPIs) to measure our progress towards the SDGs.




Furthermore, Wellvita Group actively participates as a member of the Confederation of Danish Industry's sustainability network, collaborating on strategic sustainability initiatives as well as preparation for future ESG legal requirements.

Illustration of Wellvita's value chain:





The table below presents the overall sustainability targets for Wellvita Group. This includes a description of the targets, our contribution to achieving said targets and the related KPIs Wellvita Group is currently reporting on. Following the table, we have a more in-depth description of our contribution to the targets as well as our work with the related Sustainable Development Goals (SDG's).

SDG Target	Description of Target	Wellvita's contribution	Related KPIs
 3.4	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	<i>Wellvita Group is aiming to contribute to promoting health and wellbeing through our products. Our products help to ensure an optimal supply of important nutrients to users and should be seen as a supplement to a healthy lifestyle.</i>	
 8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	<i>Wellvita Group continuously works to ensure a positive working environment and a high level of wellbeing for our employees.</i>	Number of lost time incidents: In 2022 we had zero lost time incidents. Sickness absence: In 2022 we had an absence due to sickness of 4.6 days/FTE.
 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<i>Wellvita Group is working towards minimizing the negative effects on the environment from our generation of waste from packaging materials. To minimize the waste, we are continuously working on further developing our packaging to ensure recyclability.</i>	Share of industrial waste recycled: In 2022 99% of our industrial waste is recycled.

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Sustainable Development Goal 3.4 - Good Health and Well-being

Wellvita Group develops and distributes medicines, herbal medicines, and dietary supplements with the aim of promoting the health of people with health problems. Wellvita Group aims to improve the overall health of the public and more specifically to improve the musculoskeletal system, the circulation, and the mental health of the users of the products. Wellvita's products help to ensure an optimal supply of important nutrients to its users. Wellvita's products should be seen as a supplement to a healthy lifestyle in general, which includes a healthy diet and adequate exercise.



Sustainable Development Goal 8.8 – Decent Work and Economic Growth

In Wellvita Group we are continuously focusing on improving the health and wellbeing of our employees. This is done by arranging various social events, conducting yearly development conversations, and by offering all employees in Wellvita individual People Development Plans. Furthermore, we conduct audits of our suppliers to ensure acceptable and fair working conditions throughout our supply chain.



Sustainable Development Goal 12.5 – Responsible Consumption and Production

Our largest impact on the environment comes from our production of packaging material. The production of packaging material is not only where we have the largest impact, but also where we have the highest amount of control. We can control the input for our packaging material and thus what the consumer buys and receives. Therefore, we continuously work on improving the sustainability of our packaging and limit the excess use of materials.



Environment

In 2022 we produced more than half a million packages for our customers. Since the production of packaging material and logistics constitute a significant amount of environmental impact, we are especially focused on sustainability in these areas. The reduction of greenhouse gas emissions and the recycling of our packaging materials is therefore our main focus areas on the environmental agenda.

In 2022, we took the initiative to address the issue of wasted space in our packaging by introducing half-sized plastic packaging. Although the implementation process is still ongoing, we are making steady progress. We are currently in the phase of selling off the remaining stock of our previous packaging from our warehouses, and the speed of this process varies across different markets. Nevertheless, we are pleased to report that we have achieved 80% of our goal in transitioning to the new, reduced-sized plastic packaging. Currently, we are therefore including an info sheet inside our packages to our consumers which provides an explanation of our new packaging as well as the benefits on the environment the new packaging entails.

Reducing the size of our containers has and will not only allow us to use less plastic but will also have the effect of decreasing the greenhouse gas emissions from our transportation and distribution. Our chosen logistics provider is furthermore engaging in various initiatives to decrease the emissions of transportation, including initiatives such as the use of electric trucks. For example, PostNord is working ambitiously with climate-neutral transportation, and DAO is using electricity-based means of transport.

Further to minimizing the packaging of our products 2022 was also the year where we replaced the material for our product labels with bioplastic. It has, however, been a challenge to procure the sufficient amount of bioplastic, as the demand for bioplastic is rising, with many large industry players dominating the market. In 2022, we therefore also initiated a strategic partnership with a Swedish partner to ensure that we can fulfill our ambition to use bioplastics. A goal which we will continue to work towards in 2023. As an alternative to bioplastic, we have explored the possibility of using R-plastic (reused). However, since R-plastic is of a different plastic material, it is less durable, which makes our products less protected during shipping.

While we can control the input and production of our packaging materials, we cannot fully control how our customers and consumers dispose of the packaging. To ensure that we are doing our part in ensuring the responsible disposal and recycling of materials, we are in 2023 including information on our packaging about the correct sorting of the waste.

With respects to the scope 1 and 2 greenhouse gas emissions, we are working ambitiously to keep our climate footprint as low as possible. We have two company cars, international business travel is kept to a minimum, and for domestic travel (typically between Esbjerg and Copenhagen) we travel by train. Furthermore, in 2022, Wellvita Group took a significant step by acquiring green certificates for our power consumption for our office and warehouse/production facilities in Esbjerg.



Task Force on Climate-related Financial Disclosures risk assessment

To better understand, manage, and disclose the impacts of climate change on our business, we have conducted a risk assessment based on the framework set out by the Task Force on Climate-related Financial Disclosures (TCFD). Conducting this assessment allows us to not only identify the main risks related to our business, but also the time horizon in which the risk is expected to occur. Knowing the expected future risks and the time horizon for their occurrence allows us to prepare mitigating activities in order to limit the negative effects and potentially turn the risks into opportunities.

Type of risk	Sub-category	Description of risk	Materiality level	Time horizon	Describe current mitigation activities
Transitional	Market / reputation	Risk of Wellvita Group not being able to provide sustainable packaging solutions for the changing expectations of customers, leading to a risk of loss of customers or negative reputational impact.	Medium	Short 1-5 years	We are in the process of implementing bioplastic in all our packaging. Using packaging, containers, and labels with more sustainable prints.
Transitional	Policy and legal	Risk of future taxes, e.g., carbon taxations related to emissions in the value chain if Wellvita Group does not work to reduce impact.	Low	Medium-Long 10-15+ years	We are in the process of changing our largest environmental footprint, in the form of changing our packaging / cans to biodegradable products. We are currently 80% of the way in reducing all of our plastic products to a 50% reduction in use of materials.

Type of opportunity	Sub-category	Description of opportunity	Materiality level	Time horizon	Describe current activities
Promotion	Market	If Wellvita Group works with sustainability, this might result in an opportunity to promote our products in relation to sustainable packaging and production leading to an increase of customers.	Medium	Medium 10-15 years	We work towards updating our products and packaging to more sustainable solutions and communicating these impacts through sustainability reporting and marketing efforts.



Social

In the Wellvita Group, one of our key priorities is ensuring the health and wellbeing of our employees. We are facing risks of work-related injuries to our employees and dissatisfaction. These risks could potentially lead to a lack of ability to attract and retain the best skills and talent. To ensure that we remain an attractive employer, we continuously work with ensuring the occupational health, safety, and the wellbeing of our employees.

This is achieved through the measurement of sick leave and employee turnover rates as indicators of employee well-being. Additionally, we actively introduce ongoing initiatives to promote the well-being of our workforce. Among other things, we organize social events to enable networking and strengthen the good relationships between colleagues from various departments. Moreover, we make sure to conduct continuous development conversations with all employees, and to provide support and facilitate their individual progress in the most effective manner and in a way that is tailored to their specific needs.

Back in 2020, we launched the initiative "People Development Plans", where employees are developing plans for their future career development in collaboration with their manager. In 2022, "People Development Plans" became mandatory in all departments with the exception of our production/warehouse and our call center. However, these departments may participate in the initiative at any time if they wish and are encouraged to conduct development dialogues in a way that they find suitable.

In 2022, we have had a particular focus on mental wellbeing and prevention of stress. We have worked specifically with ensuring that employees with incipient stress symptoms are spotted and supported, i.e., by ensuring that they are quickly referred to our insurance provider, Velliv, with the purpose of preventing long-term stress. Furthermore, 2022 was the year where we introduced health insurance for all of our employees in Denmark. In 2022, we also noted a decrease in the amount of long-term sick leaves from 2021. These are results that we are very proud of, and we aim to keep the prevalence of stress and sickness absence at a low level in the coming years.

To ensure the general wellbeing among our employees, we have implemented a working environment representative group, consisting of one representative from each department. The representative group works continuously to strengthen the good working environment and ensures that employees can express opinions and raise concerns to the representative group, in addition to management and the HR department. Information received by the representative group and HR, as well as the annual Workplace Assessment (WPA), is digitalized and in accordance with GDPR. The work related to health, safety and wellbeing is showing in the WPA results, which reflects an increased satisfaction with the working environment among our employees.

Going forward, Wellvita Group remains committed to promoting a strong connection between all of our employees worldwide. We will continue to prioritize the initiatives that strengthen the bond between our offices in Denmark and other locations, ultimately with the aim of enhancing the overall wellbeing of our employees. Wellvita Group has an ambition of being a diverse workplace on all levels. We do not tolerate any discrimination based on religion, ethnicity, color, gender, disability, age, nationality, sexual orientation, or political views. In Wellvita Group, we strive to have an open, accepting and including work environment – at all times and everywhere. Across our entire organization, we have 62% women and 38% men. However, in the management positions we currently do not have any female representation. Similarly, in our Board of Directors, we did not have any female members at the end of 2022.



Governance

The Wellvita Group is profoundly committed to conducting business ethically and in strict adherence to applicable laws and regulations across all aspects of our operations. Consequently, we place a strong emphasis on ensuring the absence of human rights violations, corruption, or bribery within our own organization and throughout our supply chain. While our production facilities, and our primary tablet and supplement suppliers are located in Denmark where the risk of such violations is considered low, we do engage with suppliers from various parts of the world. This supplier network, which provides raw materials for our production, is spanning across different continents, including regions where there is a potential sustainability risk presence, including that of human rights violations and bribery.

The Wellvita Group supports and respects internationally recognized human rights, as outlined in the UN Human Rights Declaration, and strictly prohibits the use of child labor or forced labor in any form. As part of our commitment, we require all our partners and suppliers to adhere to specific standards that ensure humane and equitable working conditions. Additionally, we maintain a zero-tolerance policy toward corruption, bribery, and any other unethical conduct.

Every two years, we conduct thorough audits of all our European suppliers, led by our internal pharmacist. In cases where we are unable to conduct the audits ourselves, we engage external audit companies to prepare comprehensive reports on our behalf. While these audits primarily focus on quality assessment, we also emphasize the communication of our guidelines and contractual obligations concerning human rights, working conditions, and ethical business practices to our suppliers.

In 2022, we have had two non-European suppliers, who are covered by pharmaceutical legislation. We do not conduct ESG-audits on our non-European suppliers.

In 2022, no violations of human rights or corruption and bribery has come to the attention of the management.



Sustainability key metrics

In 2020 we have started to measure and report on key metrics within sustainability. In the table below we have reported on our performance in 2021 and 2022, as well as our targets for 2025.

Environment				
KPI	2025 targets	2022	2021	2020
Scope 1 emissions (ton CO2e)	Minus 10%	24,5	26,1	3,4
Scope 2 location-based emissions (tonnes CO2e)	Minus 10%	46,1	50,2	32,8
Scope 2 market-based emissions (tonnes CO2e)	Minus 10%	26,2	95,6	116,6
Scope 3 emissions – total (tonnes CO2e)		218,2	201,3	-
Category 1 – Purchased goods and services		189,3	201,3	-
Category 4 – Upstream transportation and distribution		28,8	-	-
Total emissions – location based (tonnes CO2e)	Minus 10%	288,8	277,6	36,3

Social & Governance				
KPI	2025 targets	2022	2021	2020
Lost Time Injury Rate	0,0	0,0	2,4	0,0
Sick absence (Days/FTE)	5,6 days/FTE	4,6	4,5	5,8
Employee Turnover (%)	20%	23,1%	25,8%	47,2%
Unadjusted gender pay gap		1,51	1,36	
Diversity in the organization (% women / % men)	Equal distribution	62% / 38%	62% / 38%	55% / 45%
Diversity in management (% women / % men)	40% / 60%	0% / 100%	10% / 90%	17% / 83%
Diversity in the Board of Directors (% women / % men)	40% / 60%	0% / 100%	0% / 100%	0% / 100%



Accounting practice (scoping, definitions, calculation methods etc.)

Scope 1 emissions All direct GHG emissions from operations. Emissions in scope 1 consists of emissions related to the use of diesel from company cars.

Source of emission factors: Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy, 2022.

Scope 2 emissions Indirect GHG emissions from purchased electricity. Scope 2 is presented both as location-based and market-based. All locations in Denmark, Norway and Finland are included.

In calculating the market-based emissions the purchase of guarantees of origin (GO's) have been included for the office, warehouse and production site in Esbjerg.

Source of emission factors: Association of Issuing Bodies, 2021.

Scope 3 emissions The scope 3 emissions reflect the indirect emissions stemming from the Wellvita Group's value chain. 2022 constitutes the first year for reporting on scope 3 emissions. No data on scope 3 emissions prior to 2022 are available.

The reported scope 3 emissions include emissions related to the following scope 3 categories which has been assessed as the most material emission categories for Wellvita Group:

Category 1 – Purchased goods and services: Includes emissions from purchase of cardboard containers, plastic and glass. The reported value is calculated based on the weight of the materials and the use of activity-based emission factors.

Category 4 – Upstream transportation and distribution: Includes emissions from the transportation and distribution of Wellvita's packages in Denmark, Sweden, Norway, Finland, Belgium, and Germany. The reported value is based on supplier-specific information for Denmark and Norway. For the remaining countries the emissions have been extrapolated using the same emissions to spend ratio as the emissions from Norway.

Source of emission factors: Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy, 2022.

Lost Time Injury Rate Amount of injuries of employees leading to a loss of at least one day off work / number of available working hours * 200,000

Sick absence Total sick days / total days worked. All employees, both part-time and full-time employees are included in this calculation.

Employee turnover Total number of voluntary and involuntary employee resignations within the reporting period / total number of employees within the reporting period.

Unadjusted gender pay gap The difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.

In calculating the average gross hourly earnings, the total salary paid to male and female employees, respectively, has been divided by the corresponding number of hours worked by male and female employees.

As Wellvita Group started reporting on unadjusted gender pay gap in 2021 no data is available for 2020.

Diversity in the organization Displays the gender diversity in the entire Wellvita organization including full-time employees (FTE's) as well as part-time employees converted to FTE's. The KPI is displayed as a percentage for female and male employees, respectively.



Diversity in management	Displays the diversity in the management of Wellvita Group displayed as a percentage for female and male managers, respectively.
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Diversity in the Board of Directors	Displays the diversity in the board of directors of Wellvita Group displayed as a percentage for female and male members, respectively.
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