

Sustainability at Probi

The Probi sustainability report

This sustainability report refers to the financial year 2022 and concerns the parent company Probi AB (corporate ID number 556417-7540) and all units consolidated in Probi's consolidated accounts for the same period. The sustainability report has been prepared in accordance with the provisions of the Swedish Annual Accounts Act, chapters 6-8. The report consists of pages 28-41 and the account of Probi's business model and its links to sustainability on pages 9-10.



A natural progression of Probi's focus on health and well-being is to work toward sustainable business operations. Therefore, further steps have been taken in 2022 to move towards a sustainable future and meet the needs and aspirations of our stakeholders. This has resulted in a new sustainability strategy linked to the UN's 17 Sustainable Development Goals, with Probi focusing on three main goals.

Our primary aim is to make people healthier

At Probi, we are convinced that companies must operate responsibly towards society as a whole in order to maintain their position as companies. As it would be impossible to do business in a world rife with corruption, collapsed ecosystems and social injustice, all companies, both large and small, must work to protect social and environmental community values.

Probi's researchers and research groups around the world have published more than 60 human clinical trials on the LP299V® strain alone, primarily in the fields of gastric health and iron absorption. Studies document a positive correlation between probiotics and health benefits for gastrointestinal health, as well as for the immune system. Probi is thereby contributing to global health by offering quality probiotic products.

In order for Probi to contribute to the health of people around the world through our probiotics, the company must also pay attention to what affects people and communities, such as the environment, social justice and the way business is conducted. We also need to promote Probi's efforts to attract the talent of the future so that the company can continue to be at the forefront of probiotics research and a leading partner to international players within probiotics.

Probi's work in making people healthier and contributing to a healthy planet, along with fighting social injustice and corruption, is thus a prerequisite for our activities. At the same time, our manufacturing, research and development,

partnerships with our customers and the profits we generate from our operations are central to our ability to continue to contribute to a sustainable society. Profitability is an important prerequisite for survival, which means, among other things, that Probi will be able to grow, employ more people and make a profit in the long term. To meet the needs and demands of our stakeholders, create a strong brand and gain competitive advantages now and in the future, Probi's business must be sustainable. Sustainability therefore goes hand in hand with profitability for Probi.

“Our role in society is to make people healthier. Introducing sustainability into all parts of the company means that we see sustainability as a long-term strategy. Through optimal working conditions, excellent manufacturing and good management, we strive for responsible, qualitative growth, while making the planet better.”

Anita Johansen
Interim CEO and VP R&D

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Probi AB (publ)
Corp. id 556417-7540

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 28-41 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and

substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Lund 3 April 2023
Ernst & Young AB

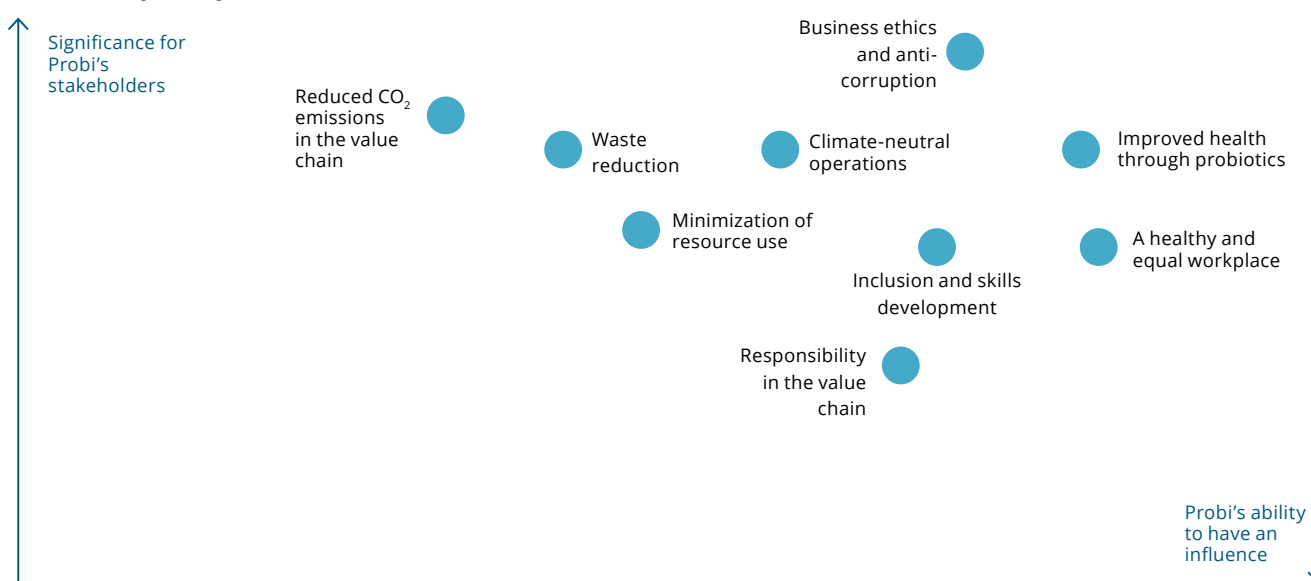
Peter Gunnarsson
Authorized Public Accountant

Our strategy is based on our stakeholders and UN goals



In 2021, Probi intensified its work on sustainability and adopted a strategy with objectives that also clearly contribute to the UN's global goals for 2030. The strategy and governance of our sustainability work is based on the key issues (“material sustainability issues”) that stakeholders have identified and that Probi is able to influence. The key sustainability issues have been divided into three key areas of communication: Contributing to healthier lives, Stopping climate change and Acting responsibly. Probi conducts ongoing dialog with its stakeholders and has identified a number of issues that are important to stakeholders and where Probi is able to have an influence. The materiality analysis below is the result of Probi’s assessment of these issues.

Materiality analysis results



Probi's stakeholders	IMPORTANT ISSUES	ANALYSIS
Consumers	Influence social and environmental issues in the right way. Companies must conduct business ethically. Consumers are interested in environmentally friendly packaging and its recycling.	Dialogue is conducted with the help of our customers. We strive to minimize emissions and waste from our operations through innovation and continuous investment in our production facilities and products.
Customers/ Partners	Want to buy services and materials from suppliers with the same values and ambitions. Want suppliers to have sustainability goals and strive towards a minimal carbon footprint. Suppliers must be transparent about the employment conditions of all employees in the organization and demonstrate processes that contribute to ethical business practices	The Quality Assurance team performs audits of Probi's contract suppliers, making sure that the suppliers meet Probi's standards. In 2021, a Supplier Code of Conduct was also implemented. One of our sustainability goals is to ensure that all our suppliers have signed the Probi Code of Conduct by 2025.
Employees	Physically and psychologically safe workplace with good working conditions. The employer must take a stand on environmental and social issues and have an implemented sustainability strategy. The employer must provide opportunities to develop skills.	Probi continuously reviews and evaluates working conditions and safety. We constantly work for the improvement of health of the employees and encourage initiatives to promote health, safety and well-being.
Investors	Profitability, strong brand, products that meet needs both locally and globally both in the long and short term. Information on risk management and compliance with laws and regulations. Considers ESG (Environmental, Social & Governance) and how sustainability is integrated into operations.	Probi monitors trends, consumer behavior and demand for product content. We aim for a good ESG rating and a low-risk profile in all aspects of sustainability.
Society/ Government	Increase the number of jobs and attract local investment. The type and amount of waste generated by the company and how it manages the waste. The value the company adds to society, along with generated tax revenues.	Probi always strives to comply with laws and regulations in the countries where the company operates and where its products are sold (regulatory issues). Through our growth, we have created more jobs in the regions in which we operate.

Our vision is to improve the health and well-being of people around the world

The starting point of Probi's new sustainability strategy is the company's vision to improve the health and well-being of people throughout the world. In Probi's day-to-day work – from probiotics research to manufacturing and new collaborations – a significant part of the sustainability work already takes place. The aim of the strategy is to ensure that sustainability efforts take place in all parts of the business and as strategically as Probi's business development in other spheres. Our work on sustainability helps us to achieve Probi's strategic goals and is supported by our "Four Cs" values.

The work on sustainability in three key areas, in which Probi has set ambitions, targets and an action plan. This sustainability framework helps guide Probi's work and ensure its contribution to the UN's Sustainable Development Goals for 2030. The work is monitored on an ongoing basis and progress and results are reported annually. As the strategy is implemented, Probi's work on sustainability will become a natural part of the company's normal business planning and strategy. Gradually, over the coming years, our ambitions will be complemented with concrete targets for the best management and results.



Our values

Probi's processes are structured around our "Four Cs" values. The HR department conducts quarterly employee surveys to gauge our employees' valuable opinions about the business.

"Pleasant atmosphere and wonderful colleagues. Probiotics is a rewarding field of work."

Quote from the latest anonymous employee survey.

Credible

We pride ourselves on our research, manufacturing capacity, internal cooperation and our approach to building lasting customer relationships. We provide the market with effective, quality-assured products. When customers and consumers use a Probi product, they should feel confident that it delivers what it promises. We always keep up to date within our fields and are trusted by customers, partners and employees. We place great emphasis on ensuring that our operations use safe processes and risk management tools.

Committed

Our customers and business partners can be sure of our full attention and support throughout the value chain. We will be dedicated to contributing to sustainable growth, make manufacturing of our products more efficient and reducing our carbon footprint.

Confident

We pride ourselves on the quality we provide in our products and our ability to deliver what we promise every time. Our rich tradition of research, commercial success and innovative concepts and products sets the stage for Probi's future success. We are constantly looking for new opportunities, accepting challenges and embracing change in order to be "First in Probiotics" and a leader in R&D.

Clear

We encourage honesty throughout our business, both internally and externally. Probi attaches great importance to business ethics and legal compliance. We present ideas, ask questions, encourage different perspectives and when a decision is made, we follow through with it.

Contributing to healthier lives



KEY SUSTAINABILITY ISSUES	
IMPROVED HEALTH THROUGH PROBIOTICS	
Long-term ambitions	<ul style="list-style-type: none"> • By 2030, to increase the impact on well-being for everyone through the availability of scientifically-proven probiotic products. • In partnership, to increase our effect on communities in need, through education, development, lending scientific expertise for research and development to promote health and well-being.
Risks and opportunities	<p>Risks:</p> <ul style="list-style-type: none"> • Consumers that are not provided with facts (proven products) but are inundated by products with no effect by competitors. <p>Opportunities</p> <ul style="list-style-type: none"> • Millions of people suffer from health problems that can be improved with probiotics. • Structured research and development contributes to science and documentation to demonstrate the health benefits of products to consumers. • Partnerships with leading players in the health industry will spread awareness of Probi's high-quality probiotics.
How we manage our work at Probi	<ul style="list-style-type: none"> • Probi's vision. • Probi's goals. • Probi's strategies.
Initiative 2022, risk management	<ul style="list-style-type: none"> • R&D investment/turnover (see page 21). • R&D in a number of new areas (see page 21). • Management of, for example, changes in consumer trends, competition, operations subject to permits, • supply of goods and product liability (see pages 48-49). • A number of new customers (see page 17).
Results in 2022	<div style="display: flex; justify-content: space-between;"> <div style="text-align: left;"> <p>38% increased sales of ClinBac™ products in the Chinese market compared to 2021.</p> <p>0 recall of products in 2022.</p> </div> <div style="text-align: right;"> <p>>40 countries where Probi's products are sold.</p> </div> </div>
Stakeholder value creation and Probi's contribution to the UN Global Goals	<ul style="list-style-type: none"> • Improved health (consumers, society). • Increased access to probiotics, supported by science (consumers, society). • Increased competitiveness and long-term revenue generation. • Scientific backing for more health areas (consumers, partners, society, research).

The clinically proven effects of our products contribute to better health and well-being for everyone

Quality, clinical trials

Probi's studies are performed in accordance with ethical principles, which stem from the Declaration of Helsinki and are consistent with the International Conference on Harmonization (ICH)/Good Clinical Practice (GCP), EU Clinical Trials Directive and applicable local regulatory requirements. As the bacterial flora is different in animals compared to humans, it is seldom relevant to test probiotics on animals.

Increased availability of Probi products

During 2022, Probi and Sinopharm, one of China's largest pharmaceutical and healthcare companies, entered into a partnership to extend the portfolio of ClinBac™ and LiveBac® products in the Chinese market with a number of new products. This partnership is an important step in our commercial efforts to offer clinically proven probiotic products to consumers worldwide. This growth will establish Probi's position in the rapidly expanding APAC region.

Innovation and initiatives in the future

In 2020, Örebro University, in collaboration with Probi and nine other Swedish companies, was awarded funding for research into new needle-free vaccines delivered via mucosal routes instead of traditional injections. Researchers will develop different types of new vaccines and study vaccination through the mucous membranes. The project will involve the use of probiotic bacteria as carriers for the vaccine antigens in order to achieve immunity against pathogens.

Probi is continuously striving to develop and investigate new possible indications where probiotics may have positive effects on different health areas. We collaborate with both independent researchers and Contract Research Organizations (CROs). The approach is to perform clinical studies in order to investigate the positive effects of Probi's bacterial strains in humans. Probi conducts clinical trials in areas such as gastric health, iron absorption, immune health and bone health. This is linked to Probi's vision of offering products that improve people's health and well-being.

The ambition for the future is to target new consumer segments such as infants, children and athletes. We will build on existing concepts but also develop new products in areas such as bone health, immune systems, iron absorption and vaginal health. We will also add oral health as a new segment, through a partnership with Blis Technologies.

"Sustainability is a team effort. That's why we at Probi work together as colleagues and with our stakeholders. Our products contribute to the health and well-being of individuals, which benefits society and the world."

Basudha Bhattarai Johansson
VP HR & Sustainability

Acting responsibly



	KEY SUSTAINABILITY ISSUE																
	MINIMIZATION OF RESOURCE USE	RESPONSIBILITY IN THE VALUE CHAIN															
Long-term ambitions	To reduce resource use, especially water and energy, in manufacturing in the USA.	By 2025, all our suppliers will adhere to the established principles of safety, security, diverse and inclusive environments for employees.															
Risks and opportunities	<p>Risks:</p> <ul style="list-style-type: none"> Unsatisfactory working conditions and unsustainable resource use by Probi's suppliers may have significant consequences on Probi's reputation and operations. Resources such as water and energy are finite and must be used responsibly. The prices of resources, transport, insurance premiums, et cetera, are affected by continued depletion of the earth's resources, which in turn affects profitability. <p>Opportunities:</p> <ul style="list-style-type: none"> A clear commitment in terms of the environment and human rights and Probi's impact on the world around us is fundamental to public confidence in Probi's contribution to human health and well-being. This is also relevant to Probi's continued development and ability to retain and recruit the best talent, and to meet the requirements that partners have of suppliers like Probi. 																
How we manage our work at Probi	<ul style="list-style-type: none"> Environmental policy. 	<ul style="list-style-type: none"> Supplier Code of Conduct. Employee Code of Conduct. 															
Initiative 2022, risk management	<ul style="list-style-type: none"> Upgrade program in Redmond, Washington. 	<ul style="list-style-type: none"> Regular audits of Probi's contractual suppliers In 2021, the Code of Conduct was sent out for signature to all contractual suppliers and the largest other suppliers. 															
Results in 2022	<p>WATER CONSUMPTION</p> <table border="1"> <thead> <tr> <th></th> <th>Megaliters</th> <th>Index¹⁾</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>27.60</td> <td>0.176</td> </tr> <tr> <td>2020</td> <td>31.72</td> <td>0.131</td> </tr> <tr> <td>2021</td> <td>20.18</td> <td>0.091</td> </tr> <tr> <td>2022</td> <td>18.79</td> <td>0.106</td> </tr> </tbody> </table> <p>¹⁾ Megaliters in relation to produced probiotic culture in KG in Probi USA.</p>		Megaliters	Index ¹⁾	2019	27.60	0.176	2020	31.72	0.131	2021	20.18	0.091	2022	18.79	0.106	<p>91%</p> <p>of suppliers to whom the Code of Conduct was sent signed it. This work will continue in 2023 and beyond.</p>
	Megaliters	Index ¹⁾															
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Stakeholder value creation and Probi's contribution to the UN Global Goals	<ul style="list-style-type: none"> Probi takes great responsibility for social and environmental issues (consumers, partners, society, employees) 																



		KEY SUSTAINABILITY ISSUE	
		A HEALTHY AND EQUAL WORKPLACE	ANTI-CORRUPTION, ETHICS AND INTEGRITY
Long-term ambitions	Promote the DEI (Diversity, Equity, Inclusion) agenda and a safe and secure working environment for all employees.		100% compliance with the Code of Conduct and all other policies and guidelines in order to maintain the highest possible standards in ethics, integrity, honesty and fairness.
Risks and opportunities	<p>Risks:</p> <ul style="list-style-type: none"> Shortcomings in diversity, gender equality, work environment and employee health at Probi decrease the likelihood of recruiting talent, business innovation and increase the risk of accidents and sickness rates. Probi's reputation as an employer is damaged and this has a negative impact on profitability in the long run Cases of corruption generally have a negative effect on business opportunities in society and would damage Probi's reputation and business position Unethical management of clinical trials damages the Probi brand and confidence in the company <p>Opportunities:</p> <ul style="list-style-type: none"> A clear commitment in terms of the environment and human rights and Probi's impact on the world around us is fundamental to public confidence in Probi's contribution to human health and well-being, to Probi's continued development and ability to retain and recruit the best talent, and to meet the requirements that partners have of suppliers like Probi 		
How we manage our work at Probi	<ul style="list-style-type: none"> Whistleblowing function Code of Conduct Diversity policy and Discrimination policy 		<ul style="list-style-type: none"> Whistleblowing function Anti-corruption policy Trade Sanctions policy Insider policy Code of Conduct Employee training
Initiative 2022, risk management	<ul style="list-style-type: none"> Training in Code of Conduct, diversity policy Processes and routines ensure the fair treatment of all employees. Action plan with measures in the event of discrimination Manufacturing facilities comply with OSHA (Occupational Safety and Health Administration) standards 		<ul style="list-style-type: none"> Clinical trials are conducted in accordance with ICH/Good Clinical Practice (GCP), the EU Clinical Trials Directive and applicable national law Employee training Implementation of a new whistleblowing system
Results in 2022	<p>Five work-related injuries that resulted in ten lost working days.</p> <p>Gender distribution</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Total employees</p> <p>↑48% Men ↓52% Women</p> </div> <div style="text-align: center;"> <p>Management team</p> <p>↑50% Men ↓50% Women</p> </div> </div> <div style="text-align: center; margin-top: 10px;"> <p>Managers</p> <p>↑49% Men ↓51% Women</p> </div>		<p>83% of Probi's employees signed the company's internal Code of Conduct. New code of conduct was launched in December 2022. Signing will continue in 2023.</p> <p>100% of Probi's new employees in selected departments completed the annual Trade sanctions training.</p> <p>100% of Probi's new employees in selected departments completed the annual insider policy training.</p>
Stakeholder value creation and Probi's contribution to the UN Global Goals	<ul style="list-style-type: none"> Probi takes great responsibility for social and environmental issues (employees, customers, consumers, partners, society) 		



We do our utmost to use circular economic initiatives, minimize our use of natural resources and provide safe working conditions throughout the value chain.

Sustainable guidance

Probi's Code of Conduct

Probi has an internal Code of Conduct that applies to all employees. This code covers, amongst other things, respect for human rights, equality and business ethics. The Code of Conduct has been signed by 83% of all employees and is part of the induction package for new hires. The document can be found on the Probi employee intranet.

Human rights

The Code of Conduct explicitly states that Probi shall not use child labor and/or forced labor and shall respect international conventions on human rights. This also applies to our suppliers and partners.

Purchasing, suppliers

Unsatisfactory working conditions and unsustainable resource use by Probi's suppliers may have significant consequences on Probi's reputation and operations. This can, moreover, affect business relationships, quality of products, the environment and, eventually, profitability. The Quality Assurance team performs audits of Probi's contractual suppliers, making sure that the suppliers meet Probi's standards. The contractual suppliers have to complete a "Supplier Questionnaire" where aspects concerning, for instance, sustainability are highlighted. In 2021, a separate Supplier Code of Conduct was also implemented. In 2022, Probi has continued work of getting more suppliers to sign its code of conduct and is making good progress.

Anti-corruption

Incidents of corruption could harm Probi's reputation and have a serious negative effect on Probi's business and financial position. Probi has adopted an Anti-Corruption Policy for the prevention, deterrence and detection of corruption. The policy applies to all employees at Probi, including managers, executive officers and members of the board of directors. Probi provides adequate training for all employees on an annual basis, and 89% completed anti-corruption training in 2022. Training will continue in the

Focus on employees

As a consequence of the pandemic, Probi took the opportunity to explore the option of allowing employees to work both from home and in the office, according to their needs and wishes. In October 2021, Probi introduced, on a trial basis, a new work system: the Hybrid Working Model.

In 2022, Probi formalized the Hybrid Working Model. Being able to choose where to spend your working day according to your tasks and needs is seen by many as the perfect solution to work-life balance. In this way, Probi is not only continuing to help reduce the spread of the virus, but also reducing the environmental impact of the daily commute.

This new working model may even contribute to a better work-life balance for employees. Some employees also report increased productivity and closer working relationships.

In 2022, Probi has placed great emphasis on ensuring its most vulnerable employee groups in US were not facing economic hardships due to turbulent inflation rates. Probi exercised a number of compensation strategies and revised its benefits and insurance packages to be fair and meet the need of our employees.

years to come to ensure the right level of expertise in the organization.

Whistleblowing function

In 2022, a new system was implemented to ensure the proper handling of incoming whistleblower reports. Both internal and external parties can use this channel to report irregularities or problems that have caused or could cause serious damage to the company and its stakeholders.

A healthy and equal workplace

Diversity & Equality

Probi's processes, policies and routines ensure the fair treatment of all employees. Probi's Code of Conduct and Diversity Policy determine essential principles related to equality and diversity. The organization also has an action plan for responding to discriminatory treatment which includes measures taken, depending on the nature of the situation. Equal treatment and equal opportunities must apply to everyone regardless of ethnicity, social or national origin, skin color, disability, gender, sexual orientation, religion, political opinion, pregnancy or age. Probi respects its employees' rights to free association and collective bargaining. No employee should risk being harassed for exercising these rights. Probi advocates diversity and an inclusive culture. We recognize the importance of diversity and the role it plays in innovation, which is relevant for customers' needs and for being an attractive employer. There must be equality in employee development, pay review and parental leave. Probi strives to have an even gender distribution as possible in different positions. In addition, in its work the Nomination Committee has taken into account point 4.1 of the Swedish Code of Corporate Governance, which constitutes the diversity policy that the Nomination Committee has applied in preparing its proposal for the Board of Directors. The Nomination Committee has sought an appropriate composition, characterized by diversity and breadth of the proposed members' expertise, experience and background and an even gender distribution.

Health and well-being

Probi's vision is to offer products that improve people's health and well-being. Health is therefore an essential part of Probi's business and the organization is determined to create a good and attractive working environment for all employees. Probi

looks at health from three different perspectives: physical, mental and financial. Probi offers safe workplaces for all employees. All employees in Sweden are affiliated with the collective agreement IKEM. The company also follows local guidelines and regulations, performs regular inspections and implements measures to ensure a psychologically healthy work environment across the global organization. Probi's 4C values are used for guidance purposes in this work. Part of Probi's culture is to be a learning organization with a safe environment where employees are not afraid to make mistakes and have the opportunity to develop. To encourage health, Probi offers paid vacation days to all employees, including in the US and Asia. As an employer, Probi pays its employees a market wage and offers benefits such as pensions and other insurance in accordance with local regulations and practices. By offering fair compensation for work and benefits that promote employees' health, Probi creates financial well-being among its employees. Probi regularly reviews the organization in different ways, such as mandatory performance reviews and employee surveys. Probi offers various health benefits in order to improve employees' health and well-being. Healthcare in Sweden is largely tax-funded, a system that ensures everyone has equal access to healthcare services. In the USA and Asia, Probi pays a large portion of employees' premium costs for health insurance. Probi USA and Probi Asia-Pacific also provide long- and short-term disability coverage for all employees. Starting in 2021, Probi USA covers a portion of the premium costs for employees' family members. As an employer, Probi encourages activities such as employee clubs and team building, which have a positive impact on the working culture.

Occupational health and safety

Probi's manufacturing facilities comply with applicable OSHA (Occupational Safety and Health Administration) standards, have occupational health and safety systems in place and have appointed safety committees that meet on a monthly basis, where they for example identify safety issues, develop solutions to safety problems, review accidents and evaluate the effectiveness of the safety program. Probi USA also conducts risk analyses and has implemented a training program for the employees covering manufacturing and quality organizations. The employees receive training in aspects including general manufacturing practices and personal protection equipment. Probi continuously reviews and evaluates working conditions and safety.

41 years old

Average age

47

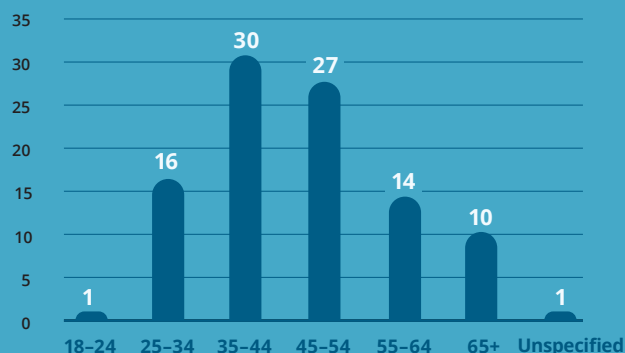
New hires

59%

Employee turnover*

* The reasons behind the high employee turnover are mainly related to the high rate at the production facility in Colorado.

Age distribution of employees as of 12/31/2022, in %



Curbing climate change



	KEY SUSTAINABILITY ISSUE																																					
	REDUCED CO2 EMISSIONS THROUGHOUT THE VALUE CHAIN	CLIMATE-NEUTRAL OPERATIONS	WASTE REDUCTION																																			
Long-term ambitions	<ul style="list-style-type: none"> Do our utmost to halve emissions in our operations and value chain by 2030 Reduce energy consumption per product manufactured Reduce emissions from freight 	Achieve net zero or negative climate emissions by 2040 but no later than 2050	By 2030, reduce waste significantly in operations through prevention, reduction, recycling and reuse																																			
Risks and opportunities	<p>Risks</p> <ul style="list-style-type: none"> The world is facing a threat from the climate that will increase the vulnerability and health of the poorest and worsen the living conditions of future generations. The primary source of climate emissions for Probi is the manufacturing operations at facilities in Redmond, WA and Lafayette, CO The climate threat may affect the availability and price of resources and raw materials, a risk of floods and intense heat waves may affect insurance costs, the transport of goods and readiness to invest <p>Opportunities</p> <ul style="list-style-type: none"> Protecting the climate and the environment is a focus area for all our existing and potential partners, and Probi's commitment and monitoring is a prerequisite for growth For an increasing number of consumers, a clear commitment to the environment, i.e. climate, waste, etc. on the part of employers and suppliers is a prerequisite for their employment or incentive to purchase 																																					
How we manage our work at Probi	<ul style="list-style-type: none"> Environmental policy 	<ul style="list-style-type: none"> Environmental policy 	<ul style="list-style-type: none"> Production systems and processes 																																			
Initiative 2022, risk management	Encourage climate action in our broader role in society and continue to report targets and results transparently on an annual basis	Integrate climate opportunities and risks into our business strategy and management processes	Continuous improvement is a key theme at Probi. Probi is running a number of internal projects with a significant impact on waste minimization																																			
Results in 2022	<p>FREIGHT EMISSIONS</p> <table border="1"> <thead> <tr> <th></th> <th>Air (tCO₂e)</th> <th>Road (tCO₂e)</th> <th>Total (tCO₂e)</th> <th>Index¹⁾</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1,164</td> <td>47</td> <td>1,211</td> <td>1.958</td> </tr> </tbody> </table> <p><small>¹⁾ Tonnes of CO₂e in relation to net sales.</small></p> <p>During the year, a new tool was implemented to measure emissions from transport and thus there are no comparative figures.</p> <p>ENERGY CONSUMPTION</p> <table border="1"> <thead> <tr> <th></th> <th>kWh</th> <th>Therms</th> <th>CO₂ (ton)</th> <th>Index²⁾</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>2,499,514</td> <td>66,265</td> <td>1,170</td> <td>7.468</td> </tr> <tr> <td>2020</td> <td>2,283,394</td> <td>67,758</td> <td>1,112</td> <td>4.590</td> </tr> <tr> <td>2021</td> <td>2,595,441</td> <td>74,326</td> <td>1,288</td> <td>5.812</td> </tr> <tr> <td>2022</td> <td>2,768,610</td> <td>81,193</td> <td>1,397</td> <td>7.916</td> </tr> </tbody> </table> <p><small>²⁾ CO₂e tonnes in relation to produced probiotic culture in KG in Probi USA.</small></p>				Air (tCO ₂ e)	Road (tCO ₂ e)	Total (tCO ₂ e)	Index ¹⁾	2022	1,164	47	1,211	1.958		kWh	Therms	CO ₂ (ton)	Index ²⁾	2019	2,499,514	66,265	1,170	7.468	2020	2,283,394	67,758	1,112	4.590	2021	2,595,441	74,326	1,288	5.812	2022	2,768,610	81,193	1,397	7.916
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2021	2,595,441	74,326	1,288	5.812																																		
2022	2,768,610	81,193	1,397	7.916																																		
Stakeholder value creation and Probi's contribution to the UN Global Goals	<ul style="list-style-type: none"> Probi takes responsibility for its climate impact and also takes action to minimize it (consumers, society) Compliance with current and prospective laws (investors, risk perspective) Increased competitiveness and long-term survival of the business (customers, society, employees, investors) 																																					

Probi is committed to contributing to the 1.5°C aim of the Paris Agreement

Energy and water consumption, greenhouse gas emissions and waste

Probi continuously evaluates the company's processes with the aim of continuing to streamline and digitize various functions of the business. We take the initiative to hold meetings digitally when face-to-face meetings are not necessary. In both 2020 and 2021, the majority of meetings were held digitally due to Covid-19. In 2022, we continued with lessons and our good habits of digital meetings wherever it was most effective. However, Probi's international operations as a B2B company entail business travel by air, as customer meetings, exhibitions and fairs are an important part of the business. To compensate for the resulting emissions, Probi contributes to the project Sustainable pastures in Mongolia in partnership with ZeroMission, in accordance with the Plan Vivo standard. This compensation is intended to offset carbon emissions arising from business-related air travel.

To transport products to our customers, we employ professional freight carriers with efficient transport systems. By doing so, the company can access more efficient transportation methods, thus reducing its environmental impact.

Probi's production facilities in Redmond, WA, and Lafayette, CO, are GMP certified and hold all licenses required under US environmental law. In terms of resource consumption, electricity and gas are primarily used in manufacturing. Water is mainly used in the fermentation process in the manufacturing unit in Redmond.

As an extension of Probi's culture of continuous improvement, great emphasis is placed on further streamlining production, minimizing waste and reducing the use of resources. The upgrade program Redmond has had a positive impact on water consumption, as well as reducing costs of supplies and other overheads. Water is not exactly in short supply in the Seattle area, where our fermentation plant is based. But since this is an important part of the production of probiotics, it is particularly important for Probi to focus on water. An increased focus on water reduction reduced consumption by around 60% thanks to the installation of a new cooling system. The upgrade is much more efficient than the previous cooling systems. Modern refrigeration technology enables fermentation to be controlled with greater precision, which in turn improves production yields. The new cooling system not only reduces the amount of water used, but it also give us advantages in the fermentation process, . In other words, it has benefits both in terms of environmental impact and from a quality perspective.

Donation agreement with the University of Zimbabwe

Probi strives to improve health and well-being. To fulfill this aim, Probi has successfully started a collaboration with the University of Zimbabwe. It began through an exchange program for medical students between Lund University and the University of Zimbabwe, which has been going on for over a decade and has now turned into a formal donation agreement.

One of Probi's founders, Professor Emeritus Bengt Jeppsson, who has been involved in the exchange program has collaborated with colleagues to bring this agreement into being. Together with Professor Muguti, an agreement has been made which mainly covers educational purposes, medicines, hospital equipment and materials.

Part of the donation also contributes to building and maintaining the hospital's infrastructure, as well as supporting the University of Zimbabwe International Center for Surgical Simulation (UZICSS) project. The project supports the training of surgeons, surgical students and medical students from Zimbabwe and Sub-Saharan Africa.

The Probi value chain

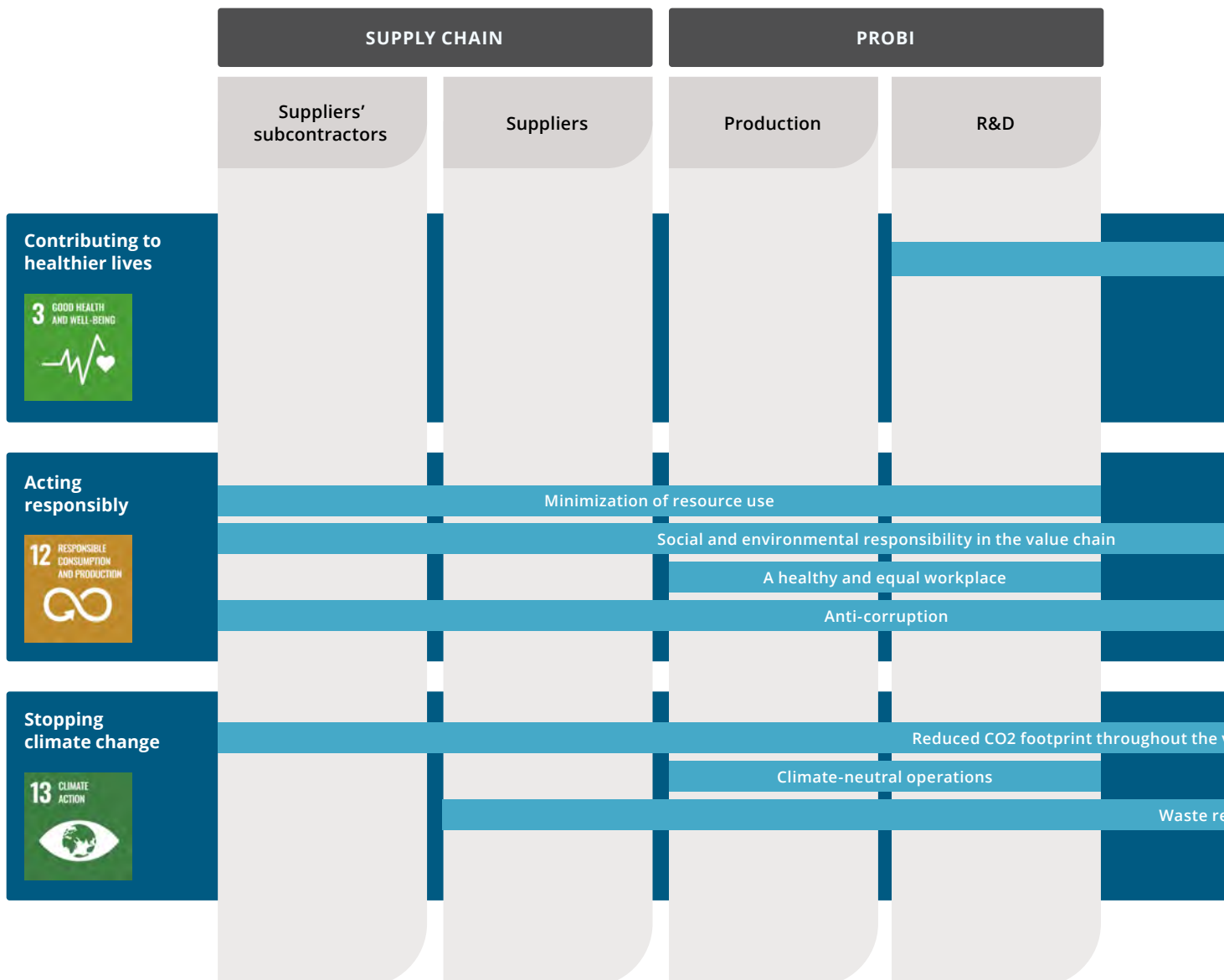
Probi's commitment throughout the value chain

Probi is a vertically integrated global probiotics group monitoring the entire value chain; from research and development, formulation and production to marketing and sales. At Probi, sustainability is at the heart of who we are and what we do. We work continuously to ensure that we make the best decisions for our stakeholders and for the planet at every stage of our value chain. There are areas where Probi has more influence and certain areas where Probi has less ability to bring about change.

Because we are in the probiotics segment, there are only a handful of suppliers that Probi can buy its raw materials from.

We are working to increase our manufacturing capacity to produce more in-house, to ensure in turn that we can provide good quality products to our customers while monitoring working conditions.

Probi does not accept violations of human rights, wasteful consumption of natural resources, violations of labor laws or unethical business practices. We expect our employees and our suppliers to adhere to this business philosophy, thereby minimizing the risks to our customers, our shareholders and the communities in which we operate.



We are fair in our business practices and trustworthy to our customers while ensuring good relationships with our customers. Our sales and R&D teams work closely with our customers to provide a detailed and accurate overall view of what our products can do for people's health.

All our client-facing employees undergo annual anti-corruption training to ensure ethical business practices. Selected employees also receive training in Trade Sanctions and insider trading regulations. 83% of our employees have read and signed Probi's internal Code of Conduct.

We ensure fair conditions for our distributors and select our partners carefully. If a company wants to work with Probi, its values must match ours.

Probi also contributes to value creation in society; we are expanding and thereby increasing access to quality-assured, clinically tested probiotics that contribute to better health in various segments. Probi is a learning organization. We are constantly striving for improvement and innovation in both processes and production.

