

*Mölnlycke is a world leading medical solutions company, with the purpose to advance performance in healthcare across the world. The company is organised in four Business Areas – Wound Care, Operating Room Solutions, Gloves, and Antiseptics – where customer centricity, sustainability and digitalisation are the strategic priorities. The headquarters are in Gothenburg, Sweden, and the company operates in some 100 countries worldwide. Mölnlycke is owned by Patricia Industries AB, a part of Investor AB, listed on NASDAQ OMX Stockholm.*

*As an international company with almost nine thousand employees and a truly global supply chain, we respect human rights and seek to remedy adverse impacts. We understand that ethical behaviour is about the culture of an organisation as well as its policies and processes. This statement is made by Mölnlycke Health Care AB on behalf of itself and its subsidiaries.*

## **Mölnlycke fully acknowledges its responsibility to respect human rights as set out in the Bill of Human Rights.**

This includes the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. We endorse the principles of the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises and we are a long standing member of the United Nations Global Compact.

We implement our commitment to respect human rights in our own activities from the production to the sales of its products via our employee Code of Conduct, and through the development and implementation of other internal procedures and processes. It is also present in Mölnlycke's relationships with key partners along our value chain and it is therefore also included in Mölnlycke's Supplier Code of Conduct and Distributor Code of Conduct respectively.

From our commitment, different activities have been integrated in dedicated processes.

### **In our own operations**

Led by our management team, our local human resources representatives across our factories and sites globally are charged with implementing the policies enshrined in the Code of Conduct. The Code of Conduct includes human and labour rights, and standards for working conditions. We conduct periodic reviews of our sites to check compliance against the Code of Conduct. In addition, we perform Employee Engagement Surveys on an annual basis to find out how our employees feel about their work, the company, and the way they are managed. The information collected in the survey guides the planning for the development and well-being our employees, as well as ensuring that their rights are respected in accordance with our policies.

Occupational health and safety is a priority at Mölnlycke. To strengthen its safety culture, Mölnlycke invests in visible safety leadership programs, global employee training programs and engagement initiatives, as well as its integrated Environment, Health and Safety (EHS) management system. The EHS system drives continual improvement through global safety standards, root cause analysis of all lost time incidents, high potential incidents and near misses, regular safety training, annual site improvement plans, and internal and external audits.

Mölnlycke's EHS management system is certified to ISO 45001 standard and is regularly audited by an accredited body to ensure continued compliance. In 2022, the company's two manufacturing sites in the United States were included in this global certification for the first time. In 2023, the company aims to certify its production site in Denmark, which will result in Mölnlycke having 100% ISO 45001 certified coverage.

## **Within our supply chains**

As part of our sourcing process, we have a supplier evaluation and performance monitoring process. These processes help with assessing, monitoring, and improving the performance of our suppliers, as set out in our Supplier Code of Conduct. The Supplier Standard incorporates our Code of Conduct for Suppliers (which refers to the same rights as our own Code of Conduct). Mölnlycke's Sustainable Procurement Framework also includes governance, strategies, operational aspects, reporting and training. The process includes for example, that for suppliers located in countries where there is an increased risk of Code of Conduct violations, Mölnlycke carries out specific on-site assessments as part of its supplier selection, strategy and collaboration processes.

Suppliers are regularly assessed by either Mölnlycke employees or a third-party expert in the local market. In 2022, Mölnlycke was able to take up on-site supplier assessment activities again post pandemic, resulting in 20 performed on-site assessments. No adverse impacts on fundamental rights have been uncovered at this point.

Mölnlycke will continue to develop its Sustainable Procurement Framework to support the company's ways of working with suppliers in the area of sustainability.

## **Within our relationships to our Distributors**

Mölnlycke has enhanced its third party program in 2022 in order to proactively better identify and mitigate any risks in its collaboration with distributors. The program includes a due diligence assessments as well as guidance and support. The questions assessed include human rights with specific questions relating to risk areas such as e.g. labour rights. The purpose of the program is to ensure compliance with business ethics standards and increase efficiency when working with third parties. Where deficiencies are identified, Mölnlycke will support its distributors in achieving the improvements needed for a sustainable business relationship.

## **Mölnlycke implements Due Diligence processes and assessments**

Through its existing processes both internally and through its due diligence processes on strategic third parties, Mölnlycke has not at the date of publication identified any actual adverse impacts or significant risks in the supply chain. Mölnlycke has an ambition to become better equipped to identify and address human rights impacts and plans to roll out a dedicated human rights program which will include, among other elements, dedicated assessments in the coming year.

To address the risks emanating from its operations, Mölnlycke is putting a priority on the health and safety of its employees within its production. In 2022, there were zero fatalities as a result of work-related injury or ill health among Mölnlycke employees or contractors. The rate of lost time injuries was 2.1 injuries per million products, higher than our corporate target. This performance was largely the result of production returning to pre-pandemic levels, but the impact was significant and so this has been identified as a priority area for improvement in 2023.

## **Mölnlycke's efforts and priorities**

While no actual adverse impacts in the supply chain have been recorded at the time of publication, continual improvement is a priority for Mölnlycke. In addition, Mölnlycke plans to conduct further

impact assessments to proactively identify adverse Human rights impacts in its activities and value chain.

All of occupational health and safety incidents, and high potential near misses were investigated, and preventive measures taken to reduce the risks in future operations. The most common causes of reportable injuries remain related to machinery and equipment (30%) and manual handling (29%), resulting in pinched fingers, bruises and sprains. 29% of Mölnlycke's manufacturing locations have been reported injury free for more than a year. Through focused implementation of its Occupational Health and Safety excellence program which includes proactive inspections, training and feedback mechanisms, the company will remain on track to reach its ambitious 2030 LTI target of 0.5 ppm.

With regard to its procurement practices, Mölnlycke is a recent member of SEDEX and will require that all suppliers with an identified risk profile are also SEDEX members and have SMETA 4P audits. The aim with this additional requirement is to build a better overview as well as to ensure a high quality of the onsite audits performed.

## **Grievances Report and Right to Information**

Human rights related grievances can be reported through Mölnlycke's Ethics Hotline where they will be recorded and investigated following the Ethics Hotline policy. The Ethics Hotline is accessible by internal and external stakeholders, and it offers options to report anonymously and in the preferred language of the reporter. The investigations of all cases are overseen by our Ethics Hotline Committee and regular reporting is made to our Audit Committee. All investigation reports include follow-up actions to ensure preventive and corrective actions to ensure issues are properly addressed.

In line with the requirements of the Norwegian Transparency Act you can submit a request for information relating to our Human Rights practices and how we address actual and potential adverse human rights impacts by submitting a request to [humanrights@molnlycke.com](mailto:humanrights@molnlycke.com)

Access to Mölnlycke Ethics Hotline

