

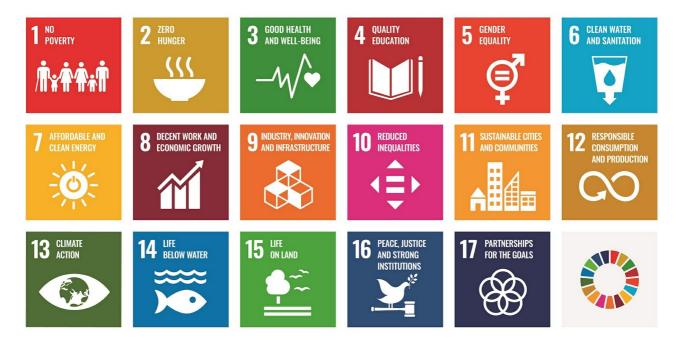
Report on

## Responsible Business Conduct 2021

for Medivatus AS



## SUSTAINABLE GOALS



## To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

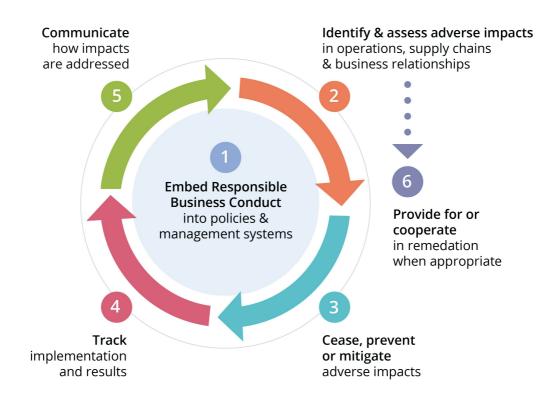
The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGP) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available on Ethical Trade Norway's website.

**Heidi Furustøl** *Executive Director* Ethical Trade Norway

## Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



## Preface From CEO

One of Medivatus' founding principles is to always strive to make a positive difference; to do whatever possible within our own sphere of influence, to improve things and be better. We are a small company, with big ambitions and we have also committed to bigger goals: the UN's Sustainable Development Goals (SDG's). This set of 17 universal goals is "a blueprint to achieve a better and more sustainable future for all by 2030". As in business, big goals are better achieved when they are divided up into smaller more manageable parts, then clearly communicated, understood and focused on by all stakeholders, the people who become genuinely committed to achieving them. When the essence of sustainability and good business conduct are a part of a company's make-up, it can be a powerful instrument for positive change. That is why Medivatus has started working with Etisk Handel Norway, creating our code of business conduct and operating with the seventeen Sustainable Development Goals in mind.

We are in the healthcare business, an industry which has significant global connections and therefore a large responsibility towards sustainable development. We import medical goods from all over the world, from many different manufacturers. All of these manufacturers have suppliers themselves and the supply chain is often long. And inevitably, it will include countries of origin where the principles for responsible business conduct, based on UN and ILO conventions, are not always front and centre.

We source products for the public healthcare services who are able to directly influence the supply chain as responsible purchasers, taking their global citizenship seriously. It only makes sense for us to dovetail with our customers whose own commitment to sustainability and positive change is a priority. Simply put, we are convinced that this link and common focus will enhance progress in ethical trade and best practice in a positive way. We want to show that everyone in an organisation is responsible and can contribute, and that every contribution, no matter how small or big, can have a positive impact on our planet leaving it in a better state for the generations to come.

" Medivatus strives towards responsible business conduct that respects all people, our society and our environment. We believe responsible business conduct to be a prerequisite for sustainable development, meaning that today's generation should meet its own needs without compromising the ability of future generations to meet theirs. "

Gareth Martin *CEO, Medivatus AS* 

## Company information and business context

### Key company information

#### **Company name**

Medivatus AS

#### Head office address

Tollbodgaten 22, 3113 Tønsberg

#### Main brands, products and services offered by the company

Medical technologies and surgical devices

#### **Description of company structure**

The ultimate governing body is the Board of the Danish holding company with and independent non-executive chairman, the CEO and the CFO. Both answer to the board and have the majority shareholding equally between them, 76,8%.

The executive team consists of 3 executive directors, CFO, COO and CEO which run the business operations. In Norway there are two employees, the CEO and a Sales Manager.

All support and administration, book-keeping, logistics is outsourced. It is a small and lean operation.

#### Turnover in reporting year (NOK)

 $6\,000\,000$ 

#### Number of employees

2

#### Major changes to the company since last reporting period

Yes. As discussed and explained in various conversations with Etisk Handel the past months, there have been significant changes in the organisation recently that were finalized in April 2022.

In 2021, Medivatus AS encountered significant business challenges due to Covid-19 ramifications that required us to pivot and seek investment. The alternative was to close all operations. The other director and co-founder (one of only two) became severely ill and needed to retire from the operation, leaving full legal and operational responsibility to one remaining employee (Gareth Martin). It was impossible to focus further on the Etisk Handel project for 2021 until our future was secured with no resources whilst seeking investors. We were successful in the latter and Validus Engros AS became our new owners as of April 6 2021.

The two companies are still separate entities, with the ambition to merge to one company before end of 2022. Validus is part of a wider group of companies that are also working on common Corporate Social Responsibility projects which we will use time to plug into appropriately and align with these. We have therefore devised a plan of action to consolidate and organize ourselves in this regard, preparing for the next level.

Medivatus is strongly committed to its progress with Etisk Handel Norge.

Contact person for the report (name and title)

Gareth Martin, CEO

#### Email for contact person for the report

gm@medivatus.com

## Supply chain information

#### General description of the supply chain and the company's sourcing model

Medivatus purchases medical devices from a number of countries where they are manufactured. We then import these and sell to public hospitals (mainly) around Norway, Scandinavia and the UK.

Number of suppliers with which the company had commercial relations in the reporting year

12

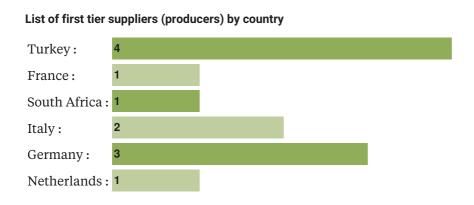
#### Comments

This is approximate as it does vary somewhat, some are regular suppliers and some are one off's. We do market ourselves as an in-sourcing specialist for medical devices so we have a high discovery rate of new potential suppliers.

#### Approximate ratio by sourcing options



We purchase exclusively from manufacturers of medical devices in countries outside Norway.



State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:

Number of workers

#### Number of suppliers this overview is based on

#### Comments to number of workers

We do not know many details about workers in our manufacturers or their suppliers. This is something we will build in to our supplier questionnaire. Alos, we effectively have one customer in Norway when it comes to procurement of medical devices. That is

#### Key inputs/raw materials and associated geographies

Titanium	Germany France
Stainless steel	Germany France
Polyethylene	USA
PEEK	Netherlands
Carbon Fibre	Turkey

#### Is the company a supplier to the public sector?

Yes

### Goals and progress

#### Goals and progress for the reporting year

1	
Goal :	Include pertinent questions in a supplier questionnaire to do due diligence on existing and prospective suppliers.
Status :	This has been done. Includes separate sections on Employee and workers' wellbeing, and compliance of products according to REACH, and also Recycling status of packaging
2	
Goal:	Communicate and instill the values represented here to the other employees.
Status :	Executed. 1 employee.
3	
Goal:	Fine tune the code of business conduct and publish on a new website.
Status :	Work in progress. 2022.
4	
Goal:	

Status :

#### Goal for coming years



Our goal for 2022 is to board approve our own business policy in line with EHN and publish on the website.

## 2

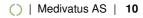
Establish a project management office of internal stakeholders to be trained on EHN and to take the project forward.

## 3

Communicate to the organisation and initiate due diligence to clarify way forward, develop a plan with clear roles and responsibilities.

## 4

Initiate plan for suppliers and other appropriate business associates, starting with communication of our guidelines for cooperation in line with EHN's declaration of principles.





## Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies\* and guidelines for due diligence which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to succeeding, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed.

## 1.A Policy\* for own business

#### 1.A.1 Link to publicly available policy for own business

#### 1.A.2 What does the company say publicly about its commitment to respect people, society and the environment?

Medivatus skal gjennomføre aktsomhetsvurderinger for bærekraftig forretningspraksis. Det vil si: gjøre egne risikokartlegginger av negativ påvirkning på mennesker, samfunn og miljø, og stanse, forebygge og redusere slik påvirkning.

1.A.3 How has the policy/commitment been developed and how is it anchored in the company?

## 1.B Organisation and internal communication

1.B.1 How is the due diligence work organised within the company, and why?

1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

## 1.C. Plans and resources

1.C.1 How are the company's commitments to respect people, society and the environment rooted in strategies and action plans?

1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and in the board?

## 1.D Partnerships and collaboration with business associates, such as suppliers

1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

### Indicator

Percentage of the company's suppliers that have accepted guidelines for suppliers

## 1.E Lessons learned and changes in the reporting period

1.E.1 What lessons has the company learned during the reporting period concerning responsible business conduct, and what has changed as a result of this?



Defining the focus for reporting

# Identify and assess the company's impact on people, society and environment

"Identify and assess" is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

## 2.A Mapping and prioritising

#### STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

#### 2.A.1 List the company's prioritised risk of negative impact on people, society and environment.

Salient issue	Related topic	Geography

#### DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

#### ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other severe impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.

3

Management of salient issues

## Cease, prevent or mitigate negative impacts

"Cease, prevent and mitigate" is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to in¬fluence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

## 3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	
Goal :	
Status :	
Objectives in reporting year :	

Actions :

### OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

3.B.2 Adapting own purchasing practices (sourcing)

3.B.3 Choice of product design and raw materials

3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

3.B.6 Other relevant information concerning the company's work to cease, reduce and handle negative impact on people, society and environment

## 4

## Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

### 4.A. Track and assess

4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice

4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work



## Communicate how impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly availble, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

## 5.A External communication

5.A.1 Describe how the company communicates with affected stakeholders when managing negative impact

5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks



## Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

## 6.A Remediation

6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

6.A.2 If relevant, describe cases of remediation in the reporting year

## 6.B. Ensure access to grievance mechanisms mechanisms

6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is appropriate

#### Contact details:

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etiskhandel.no