

*Norwegian Transparency act –
Due diligence assessment*



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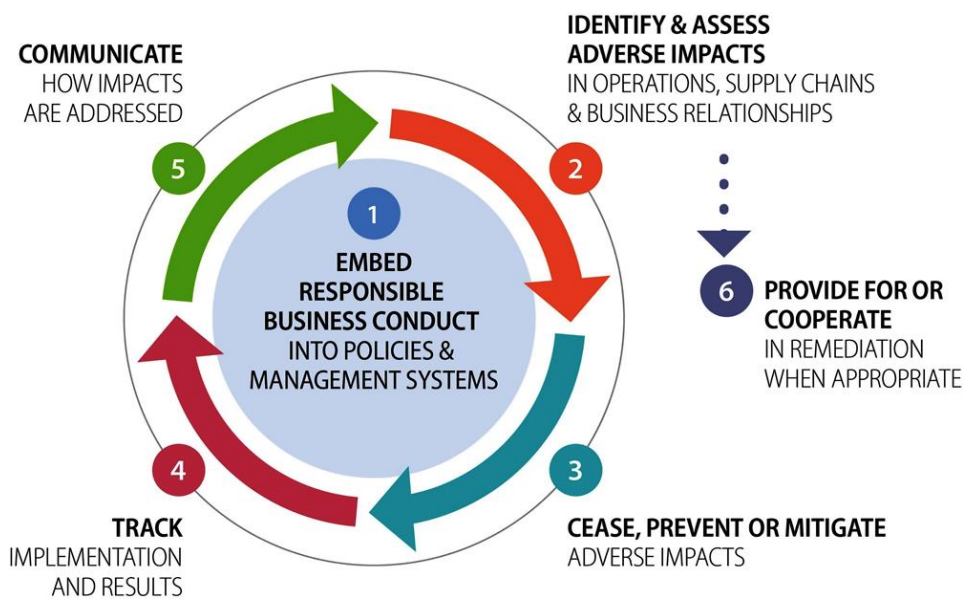
About Navamedic and its approach to ESG

As a Nordic pharma company with a footprint in Northern Europe, Navamedic is a reliable supplier of high-quality to three main areas: Consumer health, Prescription (Rx) drugs and Hospitals. The product portfolio consists of prescription and non-prescription pharmaceuticals, as well as other healthcare registered products. Through its subsidiaries Navamedic AB in Sweden and Navamedic AS in Norway, the Group distributes more than 40 different product brands from over 20 international partners/brand owners and manufacturers in the European market. Navamedic ASA is present in all Nordic countries, the Baltics and Benelux and has sales of specific products in other European countries like UK and Greece. As communicated in the ESG report (available in the 2022 annual report), sustainability and corporate responsibility is high on the agenda for Navamedic. The company has established a top-down framework for ESG with involvement and support throughout the company, from the Board of Directors to management and all employees. The key elements of this framework are the UN Sustainability Development Goals, UN’s guiding principles for business and human rights, Supplier Code of Conduct, Environmental ISO Certification, Employer Code of Conduct and Corporate Governance policy.

Within the framework described above, this report focuses on the due diligence assessment (NO: Aktsomhetsvurderingen) related to human rights and working conditions as required and described in the Norwegian Transparency Act.

By performing a comprehensive analysis of our suppliers and by introducing the Supplier Code of conduct, we are establishing appropriate monitoring mechanism and seek to engage our partners to ensure sustainable business practice where highest operating standards are in place.

Our approach is based on the UN's guiding principles for business and human rights and the OECD's model for due diligence assessments for responsible business practice. The model has six steps that describe how businesses can work towards more responsible and sustainable business practices (see illustration below).



Navamedic’s top management as a unit is the owner of the due diligence process and is responsible for ensuring proper implementation and awareness throughout the organization. In addition, Navamedic’s sustainability team

is driving the operational aspects of the analysis and maintains the due diligence matrix. All employees in Navamedic are familiar with the company's approach and contribute to the monitoring process.

Identifying the key risk areas

Navamedic uses a step-by-step risk assessment model to identify which areas are the key areas to focus on. The steps of the model are as follows:

1. Identify all suppliers and categorize them into appropriate categories
2. Assess each category in terms of likelihood of human rights violation to occur and the potential impact of such an occurrence if/when occurred
3. The output from step 2 above yields a quantified representation of the overall risk of each respective supplier category out of which the categories to prioritize for further focus/investigation are identified.

The table below shows the criteria and an explanation of these.

Criteria levels for consequence	
Insignificant	1 Highly unlikely to cause harm to individuals nor have human rights breach
Low	2 Unlikely to cause harm and human rights breach
Moderate	3 May cause psychological burden to individuals, but not likely to cause further harm nor human rights breach
High	4 Likely to cause physical and/or psychological harm or breach of human rights
Severe	5 May result in loss of lives and in breach of human rights

Criteria for likelihood of occurrence	
Highly unlikely	1 Not likely to incur in the foreseeable future
Unlikely	2 May occur in the next 2-3 years but not now
Likely	3 Expected to occur in immediate future
Very likely	4 Ongoing or expected to occur in the next 2-3 years
Occurrence	5 Ongoing occurrence

Relevant factors for determining the levels for each supplier are:

- Geography (human rights and labor laws in respective country)
- Type of goods or services
- Which industry the supplier operates in
- Known instances of corruption or human rights breaches
- Total level of delivery size in terms of volume/monetary value to Navamedic

Risk evaluation

Supplier categories	No. of suppliers	Risk Consequence	Risk likelihood	Evaluation
Office equipment/furnishings	2	1	2	2
Services/consulting	67	1	1	1
IT supplies	2	1	2	2
Pharmaceutical product suppliers	25	3	2	6
Logistics services	14	2	2	4
Other	70	1	1	1

(Table above includes key suppliers within the Navamedic group (>30kNOK))

The ‘Evaluation’ column in the table above shows the assessed risk by multiplying the risk consequence by the risk likelihood. As can be derived from the table above, the evaluation shows that the category with suppliers of the pharmaceutical products is the category with the highest potential risk, hence this is the area of focus for further investigation.

The risk assessment of Navamedic’s pharmaceutical product suppliers:

During 2022, Navamedic performed an overall evaluation of its partners and vendors to identify potential risk areas of their operations as they relate to Fair Business Practice, Human Rights and Ethics, Labour rights and Environment. We used the CSR risk check (<https://www.mvorisicochecker.nl/en/start-check>), a tool that is aimed for companies that are importing from or have production facilities in foreign countries. Potential risk areas identified and assessed are subsequently evaluated and communicated to the top management who has the responsibility to propose relevant actions in case of adverse impacts on fundamental to Fair Business Practice, Human Rights and Ethics, Labour rights and Environment.

The first step in the evaluation consisted of creating an overview of locations where the products Navamedic sells are produced and then to analyze and identify whether there are potential risk areas for each respective country. The analysis (see summarized table below) shows the geographical adverse impact and significant risks of adverse impacts of our partners operations. As can be deduced from the table, all main producers of the products Navamedic sells are produced in countries with well established relate to Fair Business Practice, Human Rights and Ethics, Labour rights and Environment. This is no coincidence, as an important strategic part when establishing the Navamedic supply chain, both upstream and downstream, has been to establish partners with not just high quality in production, but also where transparency and good business practices are engrained in each partner’s corporate values.

The following summary shows an overview of Navamedic’s partners’ locations, an overlying key aspect in assessing the risk of suppliers:

Countries of production	Fair Business	Human Rights and	Labor rights	Environment	Total
	Practice	Ethics			
Italy	1,0	1,0	1,0	1,0	1,0
Spain	1,0	1,0	2,0	2,0	1,5
France	1,0	1,0	1,0	1,0	1,0
Switzerland	1,0	1,0	1,0	1,0	1,0
Austria	1,0	1,0	1,0	1,0	1,0
Germany	1,0	1,0	1,0	1,0	1,0
UK	1,0	1,0	1,0	1,0	1,0
Netherlands	1,0	1,0	1,0	1,0	1,0
Canada	1,0	1,0	1,0	1,0	1,0
USA	1,0	1,0	1,0	1,0	1,0

In addition to performing an assessment of the risk areas, an integral part of Navamedic’s methodology has been to implement the Navamedic Supplier code of conduct. This was implemented in 2023 and the purpose is to further enhance our due diligence process and to raise our partners’ awareness about Navamedic’s stance on the importance of how the business is being conducted. The supplier code of conduct is a comprehensive document covering human rights and labor rights, health and safety, environmental and many other areas where we expect our suppliers to be compliant with what we believe are the highest standards of corporate responsibility and business practice. The supplier code of conduct covers our partners’ subcontractors as well, meaning that our partners, though the signing, confirm that the same standards are met by their subcontractors. By signing the document, our partners oblige themselves to comply with the requirements therein, and in those cases where a gap exists, ensuring actions/processes to be implemented in order to become compliant. The vast majority of Navamedic’s key suppliers, approximately 82%, have confirmed they are compliant or in the process of closing gaps

to become compliant with the requirements. We are following up with those who have not yet responded to ensure all our suppliers have a conscientious approach to this.

Conclusion of the risk assessment

The result of the evaluation indicates that Navamedic and its suppliers as a whole have an inherently low risk of being in breach with human rights today and for the foreseeable future, barring any unforeseen developments. As a result, at this point there has not been identified any discrepancies nor breaches requiring further investigation or corrective actions.

Next steps

As Navamedic's focus on ESG expands the need for more detailed reporting, analysis and follow-up is increasing as well. As a result of this Navamedic is implementing World Favor, a renowned system for all aspects of ESG- and related reporting, analysis and follow-up. This will enable us to further enhance our ability to systemically manage the structure and processes related to our ESG program. Some of the benefits will be the ability to set, receive input, produce output and the analysis of detailed data for KPIs and the monitoring of progress, both internally for Navamedic and for our suppliers and other stakeholders.

Furthermore, Navamedic will need to develop a more detailed reporting and analysis scheme going forward to ensure the criteria are being reported and followed up on an even more broken down level basis, including more detailed self-reporting from suppliers of significant levels.

Notifying channel (Whistle-blowing)

Navamedic has established a channel for notifications/whistle-blowing in the event that a stakeholder, be it an external partner, supplier, employee or other, should come across an event or information that points to adverse conditions or breach of any of Navamedic's policies or guidelines for conducting business. The Notifying channel is established through an external party, legal firm Thommessen, and notifications should be directed to the following email address: ans@thommessen.no. It should be noted that any notification may be submitted anonymously.

Additional information.

This report is publicly available through publication on the Navamedic.com website. Additional details are available in the Navamedic annual report and or can be received by contacting Navamedic via the following email address: lars.hjarrand@navamedic.com