



Norwegian Transparency Act Due diligence report 2024

Key facts about Navamedic and our value chain

Navamedic ASA is a Nordic pharma company and 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 Sustainability report (available in the 2023 annual report and on our company web-site), 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.

Key information about Navamedic

Revenues 2023: NOK 512 million

Employees: 44

Employees and branches location: Norway, Sweden, Denmark, Finland and The Netherlands

*Information about key suppliers**

Number of products suppliers: 26

Number of logistics partners: 10

Number of other key suppliers: 46

Information about products supply

Number of own products (brands): 3 in addition to an extensive antibiotics portfolio of approx. 11 products

Number of products (brands) purchased directly from product owner: 35 (*not including variations of the same product*)

Number of products purchased through partners: 1

*Navamedic has set criteria with certain thresholds. Minimum amount is 200.000NOK and they are running business, i.e. for instance not a one-time supplier of a service.

Commitment to Human Rights, Decent Working Conditions and the environment

At Navamedic, we are dedicated to upholding the highest standards of human rights and decent working conditions. We are dedicated to these principles and we recognize the importance of embedding them into our business operations and value chain.

Building a Strong Infrastructure for Compliance

Over the past year, we have made significant strides in establishing an infrastructure to support our efforts and goals related to human rights and decent working conditions, including compliance with the Norwegian Transparency Act (Åpenhetsloven). This includes the development and implementation of relevant policies, implementing an ESG/Sustainability system and last but not least, the engagement of our entire organization in these efforts.

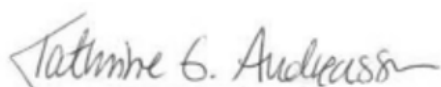
Ongoing Monitoring and Improvement

While we have made considerable progress, we recognize that this is an ongoing journey, and that the road does not build itself. The complexity of global supply chains means that we must remain vigilant and proactive. Our goal is to make sure Navamedic operates in a responsible manner while at the same time making our best efforts to ensure our partners live up to the same high standards.

Looking Ahead

As we look to the future, we are committed to maintaining the momentum we have built and to keep pushing forward with our initiatives to safeguard human rights and promote decent working conditions throughout the value chain. We will continue to invest in the necessary infrastructure, leverage advanced tools like the Worldfavor platform, and foster a culture of transparency and accountability throughout our organization.

Sincerely,



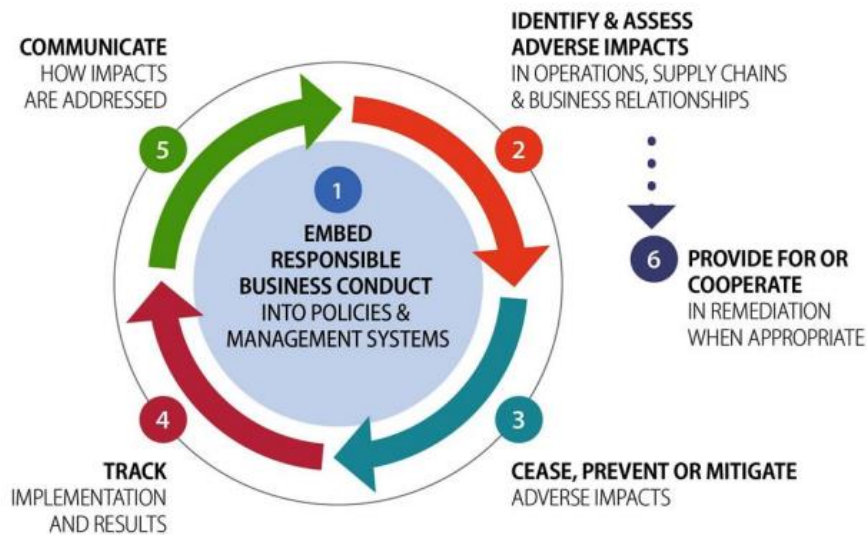
CEO Navamedic



Kathrine Gamborg Andreassen
Chief Executive Officer

Due diligence assessment

To ensure comprehensive and effective due diligence, this report is structured around six key steps as outlined in the UN's guiding principles for business and human rights and the OECD's model for due diligence assessments for responsible business practice.



1 Embedding Responsible Business Conduct into Policies and Management Systems

At Navamedic, we integrate human rights and decent working conditions into our corporate policies and company operations. These standards shall equally apply to our own employees and employees engaged in the value chain. By setting clear expectations from our partners in our Supplier code, assigning specific responsibilities within our organization, and by following up and monitoring, we are aiming to create a sustainable framework that ensures compliance and adherence to our principles.

We aim to ensure that our suppliers have sufficient systems to uphold workers' rights, decent working conditions and environmental protection through effective risk assessments, relevant tools, and good supplier dialogue, particularly focusing on high-risk areas to implement due diligence procedures. We

do however realize that not all suppliers are as up-to-date on the different aspects of this and there is a way to go before we will reach our goals.

Navamedic Supplier code of conduct

During 2023, Navamedic launched the Supplier code of conduct, a comprehensive guideline and requirements for our suppliers describing Navamedic's expectations to our partners within various categories, including areas like human and labor rights, health & safety, sustainability, anti-bribery, corruption, child labor etc. We believe that having this document signed and committed to by our partners further strengthens our goal to work with the suppliers whose business is run according to the highest standards. Several suppliers have already committed to this and our aim is to get commitment from all key suppliers on our Supplier code of conduct.

Questionnaires to all our partners through Worldfavor

In addition to the Supplier code of conduct, Navamedic has distributed, through the Worldfavor application, extensive questionnaires covering following areas:

- Business Ethics & Leadership:

To ensure that our partners adhere to the highest standards of business ethics and leadership. This involves assessment of their code of conduct and whistleblowing mechanisms, which are crucial for maintaining integrity and transparency.

- Human Rights & Labor Standards:

To perform comprehensive assessments of our partners' operations to ensure they comply with fundamental human rights and labor standards. This includes evaluating their policies and practices related to fair wages, working hours, non-discrimination, freedom of association, and the elimination of forced and child labor.

- Health & Safety Management Disclosures:

To evaluate health and safety management systems. This includes information on workplace safety protocols, employee health programs, incident reporting mechanisms, and continuous improvement plans. Our goal is to ensure that all workers operate in safe and healthy environments.

- Environmental Practices:

To evaluate our partners' environmental practices to ensure they are committed to sustainable and responsible operations. This involves assessing their efforts in waste management, resource conservation, pollution control, and compliance with environmental regulations. We also look for initiatives aimed at reducing their environmental footprint and promoting biodiversity.

- Sustainability and Sustainable Sourcing Approach:

To examine our partners' overall approach to sustainability and their specific practices in sustainable sourcing. This includes their strategies for reducing carbon emissions, enhancing energy efficiency, and utilizing renewable resources. Additionally, we assess their commitment to ethical sourcing of materials, ensuring that their supply chains do not contribute to environmental degradation or social injustices.

Worldfavor

To enhance the efficiency and effectiveness of our due diligence processes, we have integrated the Worldfavor application into our operations. Worldfavor is a tool for sustainability and risk management, offering several key benefits:

Data Centralization: Worldfavor enables us to centralize all data related to human rights, labor conditions and environment from our partners and value chain entities. This centralized approach facilitates easier data management and analysis.

Standardized Assessments: Worldfavor offers standardized assessment frameworks aligned with international standards, ensuring consistency and comparability across all our evaluations.

Stakeholder Reporting: The platform supports transparent reporting to stakeholders by generating comprehensive reports on our due diligence efforts and outcomes. This transparency builds trust and demonstrates our commitment to accountability.

2 Identifying and Assessing Actual and Potential Adverse Impacts

After implementing the necessary framework and communicating to all the parties involved in our operations, Navamedic is able to conduct assessments to identify and evaluate actual and potential impacts on human rights and working conditions within our operations and throughout the value chain. The assessment process includes the following activities:

1. Identify the parties involved in our operational value chain, perform materiality assessment and level of impact at our operations
2. Distribute surveys and questionnaires to key suppliers
3. Collect and evaluate the feedback from suppliers
4. Perform assessment of partners operations and identify risk areas
5. Implement follow-up actions to further investigate and/or mitigate the risk

Navamedic assessment process

Our due diligence process involves evaluations of our own operations as well as our key suppliers and sub-suppliers. Our assessment is, however, largely dependent on the cooperation and commitment of our suppliers. The process involves the following steps:

Mapping the Value Chain:

We are aiming to increase the scope of our assessment to also include all the levels beyond direct suppliers. This includes our suppliers, their production facilities, and the subcontractors they engage with. The mapping process covers the geographical locations of our partners' main offices, production sites, and subcontracting entities. This allows us to pinpoint where the highest risks might be present based on regional and operational factors.

Assessing risk areas:

We perform an evaluation of the main risk areas by using international indexes regarding labor practices, health and safety standards, compliance with international human rights laws, corruption, water contamination risk and climate change. We focus on identifying potential risk areas in our supply chain within those categories. We also intend to conduct independent assessments of our partners' operations when necessary. This helps verify the information provided and ensures that our partners meet our stringent standards.

Risk Identification and Mitigation:

By analyzing the data collected from our partners, we identify areas of risk within the value chain. This includes evaluating the likelihood and severity of potential adverse impacts on human rights and working conditions.

Continuous Improvement:

Our due diligence process is ongoing and iterative. We regularly review and update our risk assessments to reflect changes in our operations and external environments. This ensures that we remain proactive in managing risks and upholding our commitment to ethical business practices.

By taking these steps, Navamedic demonstrates its dedication to transparency and accountability in managing human rights and working conditions across our value chain. We are committed to continuous improvement and ensuring that our operations and those of our partners align with the principles of the Norwegian Transparency Act and international standards for responsible business conduct.

Navamedic assessment results

Navamedic has first looked at the different categories of suppliers/partners based on their importance and relative size of supplier and then the potential consequence and likelihood that a supplier has an inherent risk of non-compliance with human rights and decent work conditions.

Supplier Category	Business criticality	Consequence	Likelihood	Risks identified	Further evaluations needed
Products suppliers	High	Moderate to High	Moderate	Few	Yes
Transport and logistics	Moderate	Moderate	Low	Very few	No
Consulting and other services	Low	Insignificant	Low	None	No
Other suppliers	Low	Insignificant	Low	None	No

In addition, we perform assessment based on feedback provided to our questionnaires and our independent evaluation to estimate the likelihood that certain adverse effects can occur.

Based on the evaluation performed, we are aiming to isolate and understand the risks that Navamedic should further evaluate and monitor.

Navamedic is also assessing the risks in light of our partners subcontractors' locations. The overview below summarizes the locations where our partners and part of their sub-contractors are located. Providing a full list of an entire value chain is a very complex activity and Navamedic acknowledges that this is a journey that is not done. We, however, believe that the most critical parts of value chain are considered and evaluated.

		Main operations (HQ)	Sub-contractors
Country			
Belgium			
Denmark			
Finland			
France			
Germany			
Greece			
Ireland			
Italy			
Lithuania			
Spain			
Netherlands			
Norway			
Sweden			
Country			
Switzerland			
UK			
USA			
Iceland			
Austria			
Brazil			
Bulgaria			
Czech republic			
Hungary			
Poland			
The Netherlands			
China			
India			

In our due diligence process, we have identified potential risks within our value chain. These include issues are primarily based on standard international indexes indicating that certain countries have higher risks related to corruption, water stress and human rights. Based on this, the countries from the value chain mapping table above that might have an increased risk are Italy, Spain, India, Brazil and China.

The table below illustrates therefore the risks that Navamedic identifies in our value chain:

Risk category	Related topic	Geography	Risks identified
Breach of human rights and decent work conditions	Wages, working conditions, occupational health and safety, employees' rights	China, India	Missing detailed information from part of our value chain to fully ensure no violations
Corruption, ethics and business practice		Italy, Spain, China, India	Missing code of conduct, missing whistleblower policy from some direct suppliers and sub-contractors
Water stress		India, China	Missing information from sub-contractors

Risks identified are primarily related to the missing information from the entities involved in the value chain, especially sub-contractors to our suppliers. In addition to the missing documentation, we identified certain cases where policies and code of conduct are not shared with us. This does not necessarily mean that any adverse effects are present but for Navamedic it might be a need for additional evaluation.

3 Ceasing, Preventing, or Mitigating Adverse Impacts

Based on the assessment performed and in case concrete adverse impact is identified, Navamedic shall undertake necessary actions to address and manage the risks. These actions assume:

- Creating action plan, assigning responsibilities and defining the timeline
- Execute the planned activities and evaluate effectiveness
- Decide on further actions in case of discrepancies

4 Track

Navamedic will, in light of the results of the risk assessment in the sections above, establish proper measures to track and follow up on these risks. As of the publishing of this report, and since these findings are very recent, no tracking procedures have been fully established. This will be established and reported on in the next iteration of our due diligence report.

5 Communicating How Impacts Are Addressed

Navamedic maintains transparency by communicating our due diligence efforts and outcomes to stakeholders. This involves:

- Public reporting on our website and in sustainability reports.
- Engaging in stakeholder consultations to gather feedback and improve our processes.
- Responding promptly to inquiries about our human rights and working conditions practices.

Final remarks

As stated previously, Navamedic is dedicated to transparency in all aspects of the value chain. This report describes our efforts and analysis as well as the status of our plans for following up on the potential issues discovered. We do, however, recognize that we at this point lack enough detailed information to make a complete assessment and that this will be the main focus going forward.

Sincerely,

The Board of Directors of Navamedic ASA