

Trade compliance policy

1. PURPOSE

Mölnlycke is committed to conducting business in an ethical way and to respect applicable trade regulations. The purpose of this Policy is to facilitate compliance with applicable Trade Laws and mitigate risk exposure.

2. APPLICATION

This Policy applies to entities controlled by Mölnlycke AB and Personnel working for or on behalf of such entities. This Policy does not apply to entities governed solely by entity board of directors (namely, Tamer Mölnlycke Arabia - TMC).

3. SCOPE

This Policy covers the following Trade Law areas:

Sanctions

- 3.1. Sanctions serve to promote national security and foreign policy objectives. The purpose of a Sanction is often to change an unwanted behaviour of a targeted country, individual, or organisation but can also be used for the achievement of domestic or international policy. Examples of Sanctions are trade restrictions or blocking of assets.

Export controls

- 3.2. Export Controls include restrictions on exports of sensitive products, software and technology, such as weapons and other defence-related items (i.e. military goods) as well as Dual-Use Goods.

Customs Laws

- 3.3. Customs Laws regulate the monitoring of, and the collection of taxes and customs duties on, goods crossing country borders.

The above Trade Law areas are interrelated, meaning that a violation or lack of control related to one area likely leads to a higher risk exposure in the other areas.

4. PRINCIPLES

Sanctions

- 4.1. Mölnlycke prohibits the conduct of any trade with persons or organisations listed on Sanctions Lists. In addition, indirect trade with listed persons and organisations is prohibited, including trade through a third party or trade with a company or its subsidiary that is owned or controlled by a listed person or organisation. For the purpose of this Policy, any company with 50 % or more of its direct or indirect ownership held by a person(s) or organisation(s) listed on a Sanctions List is also considered a listed person or organisation.
- 4.2. Mölnlycke also prohibits indirect participation in business activities that enable sanctioned entities, individuals, or countries to access restricted goods, services, or financial resources.
- 4.3. To ensure the above Mölnlycke shall perform a screening and a due diligence of all prospective Business Partners with residence, primary activities, or their legal entity located in a High Risk Country in accordance with the Business Partner Screening and Due Diligence Business Procedure.

Prior to initiation of business in embargoed countries

- 4.4. Before Mölnlycke may enter into business with a Business Partner in an embargoed country, the ELT must be consulted in accordance with what is set out in Appendix 1. For the avoidance

Number / Version: 7.0	Title: Trade compliance policy
--------------------------	-----------------------------------

of doubt, should the ELT not approve a Business Partner, Mölnlycke cannot be involved in business with such Business Partner.

U.S. Nexus

- 4.5. Before initiating business that has a U.S. Nexus in a High Risk Country, the relevant Business Area shall consult with Business Ethics & Governance in order to ensure compliance with applicable U.S. rules.
- 4.6. When trading or re-exporting U.S.-made goods, or goods containing U.S. materials, organisations outside the U.S. must adhere to U.S. rules. These rules may restrict the export to High Risk Countries, based on factors such as product type, destination, end-user and end-use. To comply with U.S. rules, the Business Areas must:
 - track and document U.S. origin of components in Mölnlycke products;
 - request Business Ethics & Governance to assesses compliance for Mölnlycke products containing U.S. origin component(s) valued at more than 10% of the product's market value that are intended for sale in High Risk Countries; and
 - ensure that local compliance procedures are in place before exporting U.S.-made goods or goods made from U.S. material out of the U.S.

Even intra-group sales from a Mölnlycke entity in the U.S. to a non-U.S. Mölnlycke entity may trigger U.S. rules.

Recusal policy

- 4.7. U.S. persons (a term that includes all U.S. citizens and permanent residents as well as persons located in the U.S., regardless of nationality) are prohibited not only from dealing with targets of U.S. sanctions, or persons subject to restrictions under export control regulations, but also from participating in any decision-making or otherwise approving, assisting, financing, guaranteeing, or facilitating such transactions.
- 4.8. To comply with U.S. law, U.S. persons must be disqualified from participating in any decisions or actions related to individuals, companies, and organisations targeted or designated under U.S. sanctions or export controls, and any decisions or actions related to Selected Embargoed Countries (as defined below).
- 4.9. For that reason, the following are automatically disqualified from participating in any decisions, dealings, or transactions related to targets of U.S. trade sanctions or export control regulations, and the Selected Embargoed Countries:
 - all Personnel who are U.S. citizens or permanent residents (regardless of location); and
 - all Personnel while located in the U.S. (for example, while traveling on business).
- 4.10. Notably, this means that U.S. persons cannot refer questions or opportunities regarding these subjects to non-U.S. Personnel or third parties. If such questions or opportunities arise, the U.S. person shall respond as follows: *"Due to requirements of U.S. law, I am unable to reply to this inquiry."* No further action by such Personnel to disqualify themselves is required. In each case, authority shall be delegated to the direct subordinate of the disqualified Personnel.

Number / Version: 7.0	Title: Trade compliance policy
--------------------------	-----------------------------------

Export controls

- 4.11. The Business Area's procurement and operations teams shall collaborate with Business Ethics & Governance to ensure correct export control classification. This includes providing relevant product information, including potential end-user statements.
- 4.12. Business Ethics & Governance reviews and classifies new and existing Mölnlycke products. Once the classification is complete, Business Ethics & Governance provides a list of approved products, additional instructions and (if applicable) applies for export control licenses.
- 4.13. Before approving new products for sale, the Business Areas shall request Business Ethics & Governance to review and classify the new product in accordance with 4.7.

Customs

- 4.14. All Personnel in relevant functions must be aware of the risks associated with customs handling and thereto related mitigating measures. Each Business Area is accountable for accurate customs declarations to avoid supply chain interruptions, penalties, and permit loss. Additionally, even if customs operations are outsourced to a third party, Mölnlycke remains liable and the relevant Business Area must ensure that written agreements and procedures are in place for third-party customs handling.
- 4.15. The relevant procurement teams are responsible for ensuring that all customs formalities are fulfilled when importing materials to be used in Mölnlycke products, including classification and (if applicable) obtaining special permits.
- 4.16. Should Conflict Minerals be imported and used in Mölnlycke products, the Business Areas shall ensure that the use of Conflict Minerals do not finance or otherwise benefit conflicts or armed groups. An adequate due diligence must be conducted before sourcing any Conflict Minerals and specific requirements for Business Partners regarding Conflict Minerals must be included in the relevant agreements.

5. RESPONSIBILITIES

- 5.1. All Personnel shall comply with this Policy and relevant Trade Laws. Personnel shall promote compliance with this Policy and act in such a way that Mölnlycke's professionalism cannot be questioned.
- 5.2. The Chief Business Ethics & Governance Officer is responsible for:
 - over-seeing compliance with this Policy;
 - supporting the Business Areas, EVPs and Functions in their implementation of this Policy; and
 - being a part of the decision process for escalated matters involving business with parties that may pose a compliance risk to Mölnlycke.
- 5.3. The EVPs are ultimately responsible for implementing this Policy in their respective Business Areas. The EVPs are also responsible for establishing the objectives for the implementation (e.g. communication, training, and certification). Finally, the EVPs are responsible for organising adequate and regular follow-up to ensure compliance with this Policy. The EVPs shall report the results from the follow-ups to the Chief Business Ethics & Governance Officer, who in turn shall report to the ELT and propose changes to the Policy if required.
- 5.4. Personnel having questions about specific conduct or this Policy in general should obtain additional guidance from Business Ethics & Governance.
- 5.5. If you believe this Policy has been violated, please notify Business Ethics & Governance or contact the Ethics Hotline. Mölnlycke will not accept any discrimination or reprisal against Personnel or any other who, in good faith, report an actual or suspected violation of this Policy.
- 5.6. Non-compliance with this Policy can lead to disciplinary and other actions including termination of employment.

Number / Version: 7.0	Title: Trade compliance policy
--------------------------	-----------------------------------

6. DEFINITIONS

In this document, the following words and expressions have the following meaning:

“Business Partner”	means any business partner upstream and downstream from Mölnlycke in the supply chain. This includes any person, company or other entity who: • sells products or services to Mölnlycke • buys products or services from Mölnlycke, • is an end-user of Mölnlycke products or services to the extent Mölnlycke has knowledge of such end-user, and • act on behalf of Mölnlycke. For the avoidance of doubt this shall include for example: • individual deliveries to distributors; • end-users that purchase products through a screened Business Partner; • sales agents/logistics partners that sell products on Mölnlycke’s behalf; and • suppliers of services such as support in customs processes or certification of products.
“Conflict Minerals”	means minerals such as tin, tantalum, tungsten, and gold (often abbreviated as 3TG) that are mined in politically unstable areas. These minerals can be used to finance armed groups, fuel forced labour, and support human rights abuses, corruption, and money laundering..
“Customs Laws”	means laws, regulations, and requirements around the world that regulate customs procedures, rights, and obligations of cross-border trade activities. These are governed by General Agreement on Tariffs and Trade, World Trade Organisation, World Customs Organisation, customs unions (such as the EU), and national laws.
“Dual-Use Goods”	means items, including software and technology, that can be used for both civilian and military applications. The export, transit, brokering, and technical assistance of dual-use goods is controlled by relevant authorities.
“High Risk Country”	means any country set out on in the Business Partner Screening and Due Diligence Business Procedure, Appendix 1: Table of High Risk Countries.
“Personnel”	means all individuals working for or on behalf of entities controlled by Mölnlycke AB, including full-time and part-time employees, officers, volunteers, trainees, interns, temporary workers, and contingent workers (e.g. consultants, contractors, and freelancers), as well as board members.
“Sanctions Lists”	means lists of persons, entities, and/or countries that are subject to trade sanctions. Most sanctions are targeted at persons and entities, and consist of assets freezes, travel bans and the prohibition to make funds and economic resources available to such persons or entities. The most internationally recognised sanctions are U.S. sanctions, EU sanctions, UK sanctions and UN sanctions.

Number / Version: 7.0	Title: Trade compliance policy
--------------------------	-----------------------------------

"Selected Embargoed Countries" means the following countries: Cuba (unless there is an OFAC license in place), Iran, and North Korea.

"Trade Laws" means all applicable national and international laws on trade, sanctions, export controls and Customs Laws.

"US Nexus" means where there is any U.S. connection, such as: (i) payment in U.S. dollars or currency that is cleared through the U.S. financial system, (ii) connection to U.S. products or services, and (iii) connection to a U.S. Person.

"US Person" means U.S. citizens and permanent resident aliens, any organisation organised under the laws of any state in the U.S., and any person who is in the U.S. U.S. Persons do not include lawyers when providing legal advice.

7. REFERENCES / RELATED DOCUMENTS

7.1. Business Partner Screening and Due Diligence Business Procedure

8. APPENDICES

8.1. Appendix 1: Business with business partners in embargoed or sanctioned countries

Number / Version: 7.0	Title: Trade compliance policy
--------------------------	-----------------------------------

Appendix 1: Business with business partners in embargoed countries

Only the ELT is allowed to decide whether Mölnlycke shall do business with a Business Partner in an embargoed¹ country. At a minimum, the presence of the CEO and CFO in the ELT is needed to agree to such business.

Information to be provided to ELT prior to a decision:

Summarise the main points of the business case and provide a clear, concise recommendation for the proposed business. Also include:

- Business Partner name, address etc. (it is important to verify that this is the end user)
- If the Business Partner is not the end-user, will they enclose market data?
- Financial and physical flow
- Type of products
- Amount and currency
- Payment terms
- Margin

Only if the decision from ELT is positive, please contact:

- Business Ethics & Governance (the Risk, Investigation and Audit function)

A screening, sanction risk evaluation and enhanced due diligence will be completed before any business is allowed.

- If the evaluation gives a “red light”, NO business is allowed.
- If the evaluation gives a “green light”, a go ahead from one of Mölnlycke’s banks is needed before any business is allowed (see below).

- Treasury (Group Treasurer/ Cash Manager)

To be able to do business with an embargoed country, we need a decision from one of Mölnlycke’s banks, on whether they can go ahead and accept transactions with our possible Business Partner. Only banks within Mölnlycke’s bank group (“core banks”) may be used.

¹ Cuba, Crimea, Iran, North Korea, Sudan and Syria