

Mölnlycke®

Compliance training for distributors

Business Ethics Compliance & Governance Team
2024

A message from our CEO Zlatko Rihter

- Bad business is meaningless business.
- Compliance always comes first, and I would rather walk away than compromise our commitment to integrity.
- If we step into a grey zone, we must reach out to the Business Ethics Compliance team and ask questions and get guidance.



Business Ethics as a mindset!

At Mölnlycke “business ethics compliance” means:
Act with integrity!



We comply with

- Laws
- Industry requirements and standards
- Mölnlycke Code of Conduct and internal policies and procedures

And, on top of that

- Be respectful, inclusive and fair
- Protect our brand and reputation
- Consider how to action/behavior will be perceived

If in doubt - please ask your contact at Mölnlycke, the Business Ethics Compliance department, Legal or other appropriate functions at Mölnlycke

Let's watch a movie!



[An introduction to Distributor Compliance Training](#)

Key Principles

→ Integrity

Honest truthful and fair

→ Independence

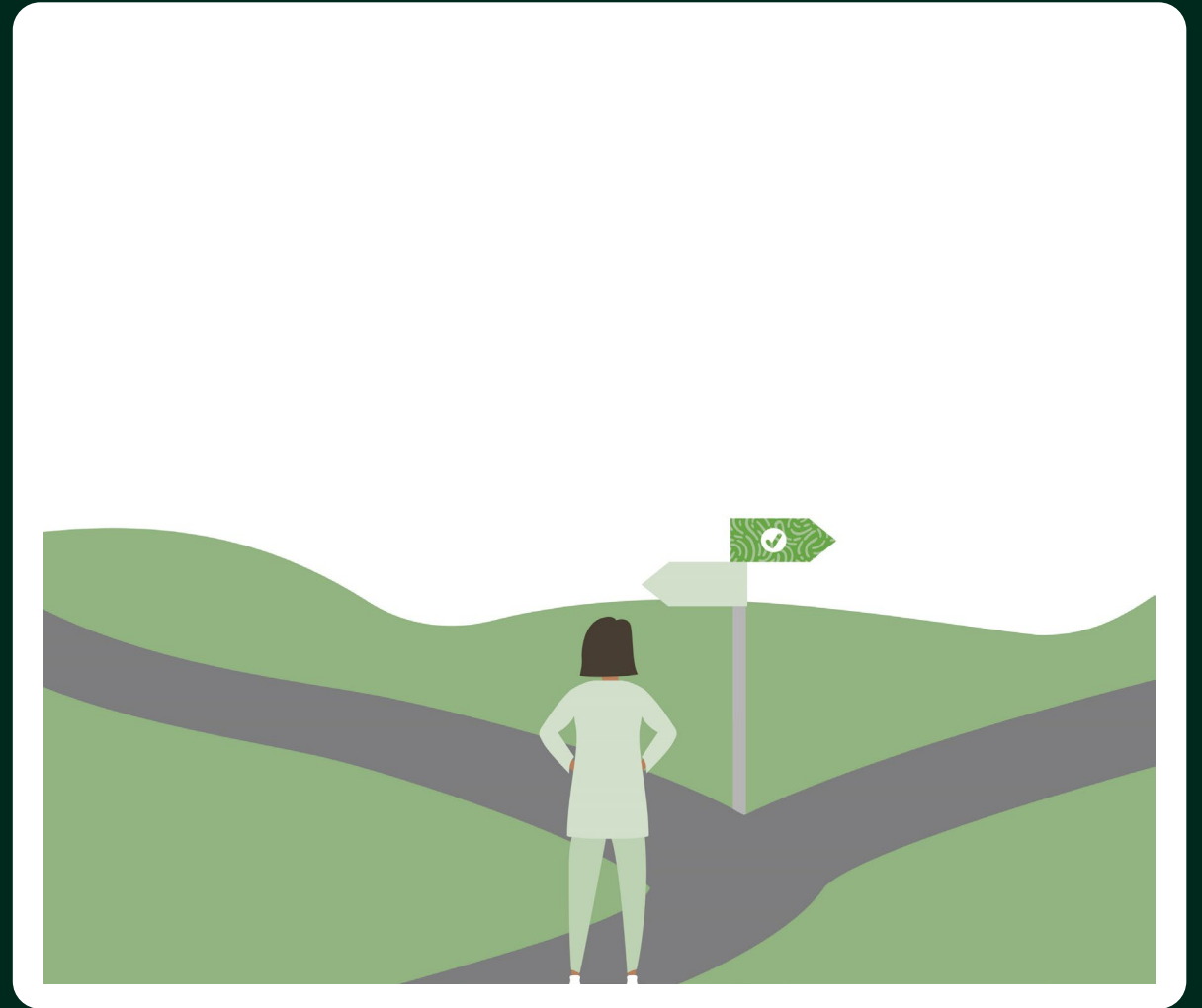
Never attempt to influence medical decisions

→ Appropriate behaviour

Do Business ethically

→ Transparency

Be open about your relationships with other parties



Overarching principles for HCP interaction



All guidance is based on the following principles:

The Principle of Image and Perception

- No luxury hotels, luxurious dinners etc.

The Principle of Separation

- Decision-making on interaction with healthcare professionals is not primarily sales-driven

The Principle of Transparency

- Informing institution/superior/other relevant party of any interaction


The Principle of Equivalence

- Setting the fee for service on strict Fair Market Value (FMV) methodology

The Principle of Documentation

- Signing a contract and documenting expenses

The overall objective must always be to serve the patients in the best possible way

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In any interaction, medical technology companies and their distributors must always:

- Respect the obligation of HCPs to make independent decisions regarding treatment
- Safeguard the integrity of the industry

Corruption and Bribery

What do we mean by corruption?

Corruption is **the abuse of entrusted power for private gain** and can take many forms and include behaviours.

What do we mean by bribery?

Bribery is a form of corruption: it is the giving or receiving of anything of value. So it is the occasion when the benefit is given and taken.

Why do we care?

It is illegal (local and international law such as UK Bribery Act and FCPA)

Every year, **trillions of dollars - equivalent to more than five percent of global GDP - are paid in bribes or stolen through corruption**, United Nations report 2018

Damage to economies and societies and the poorer get impacted the most

Remember to never give, offer, suggest or accept bribes!

Government Official- Who are they?

Any official or employee of a government agency or other governmental unit or public international organization, along with officers and employees of government owned companies or companies substantially controlled by governments.



Examples

- Medical doctor working in a public hospital
- Employee of the procurement department at a public hospital
- Employee of health ministry
- Employee of the police, the tax authority, the customs etc.
- Political candidate
- Members of a royal family

Bribery of Government Officials is a serious crime under local and international laws and regulations

Conflicts of interest?

What are conflicts of interest?

A conflict of interest occurs when someone's personal interests clash with their professional duties, potentially compromising their judgment or actions.

EXAMPLES

- Contracting/collaborating with a supplier that is owned by a family member
- Accepting a gift from a business relation
- Hiring the son of an influential HCP to work as your new sales support
- Having a close friend who works as a HCP in a hospital where they make purchasing decisions

Conflict of interest-Handling

What is the right course of action when facing a conflict of interest?

→ Step back-avoid

- Do not hire an employee with a potential COI

→ Refuse advantage

- Kindly refuse the gift

→ Disclose

-Inform all parties of the existing relationship

Books and records

Companies must keep books, records, accounts and invoices that, in reasonable detail, accurately and fairly reflect transaction and disposition of funds

WHY?

- Legal requirements
- Fighting money laundering, financing of terrorism, fraud
- Need for trustworthiness and integrity with business partner



Books and Records

Distributors are required to maintain accurate financial records.

You Must:

- ✓ Accurately and fully describe transactions in your records
- ✓ Keep accurate and transparent records of all expenses
- ✓ Itemize products and promotional activities in your records

You must not:

- × Create false records or documentation
- × Create false accounts
- × Hide payments or gifts in the cost of product or discounts offered
- × Provide false documentation or other false information
- × Create intentionally vague descriptions to hide improper payments or expenses
- × Mischaracterize payments

Due Diligence



WHAT?

Due Diligence is a comprehensive review of our business partner performed prior any business activity is conducted



HOW?

Through established risk management process with determined risks levels, questionnaires, mitigations/ monitoring actions and audits.



WHY?

- Trustworthy business partner
- Avoid penalties and fees
- Reputational damage
- Sanctions violations

Mölnlycke expects its Business Partners to actively participate in the process of Due Diligence

Ethics Hotline- Raising a concern



Mölnlycke is committed to conducting its business with compliance and integrity.



It is only possible if employees and business partners can **raise their concerns**: ask critical questions, voice concerns or report misconduct.

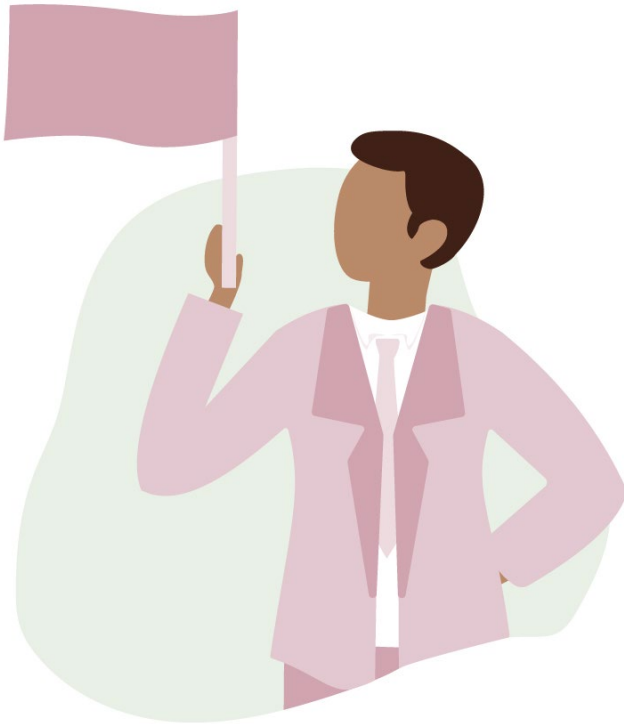


Business partners, including **distributors**, are invited to report concerns if they experience a misconduct in their dealing with Mölnlycke to [the Ethics Hotline](#).



It will be investigated by a dedicated team under the responsibility of the Ethics Hotline Committee.

Key Take aways



Our industry

Corruption and bribery

Government Officials

Conflict of Interest

Books and Records

Due Diligence

Ethics hotline