



REDSENSE
medical

SUSTAINABILITY
REPORT

2020

Redsense Medical – focusing on saving lives worldwide

During Redsense's years of operation in the global market, we have been driven by a clear vision: to save lives. In everything from our overarching strategy to the individual business decisions, this vision is what guides us.

Redsense's simple but ingenious fiber-optic system uses red light to detect blood leakage during hemodialysis. The product responds specifically to blood and sounds an alarm if the sensor patch absorbs even minuscule amounts of blood. The rapid response time helps to save lives, reduces the negative effects associated with blood loss and makes the treatment safer for the patient – both at home and in clinical settings.

Voluntary sustainability reporting

As a small company, Redsense Medical is under no regulatory obligation to prepare a sustainability report, but chooses to do so anyway – in line with the vision to save lives – as the economic, social and environmental aspects of sustainability are naturally intertwined with our core concern, to increase patient safety.

We hold a transparent assessment of the impact of our activities in these regards to be indispensable in the evaluation of what we have accomplished respective to our vision.

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Redsense Medical AB is headquartered in Halmstad, Sweden, where the company was established in 2006.

The cover photo was taken at Prince Bertil's path, one of Halmstad's most beautiful hiking trails. Gently tracing the shoreline, the routing connects the city with the magnificent scenery and prolific birdlife that surrounds it.

Leading past ancestral activities such as quarries and fisheries, the trail passes both recreational areas adapted for accessibility and Halmstad's modern and high-tech sewage treatment plant, eventually finding its way into the protected nature reserve Møllegård. In itself, the trail can be seen a perfect illustration of the responsible interaction between humans, the environment and innovation that Redsense holds to be the prerequisite for sustainability.

In active dialogue with our stakeholders

Redsense Medical's key stakeholders are:

- ▶ **Patients**
- ▶ **Nurses, physicians and clinics, and their management**
- ▶ **Our employees**
- ▶ **Suppliers and partners**
- ▶ **Investors and shareholders**

Our key tool for understanding the needs of our stakeholders is active dialogue. That is how we learn what expectations our stakeholders have of us, explore their relevant needs and create the basis for sustainable success in the company.

The dialogue we have with our stakeholders consists primarily of personal discussions. We also carry out structured evaluations, where our patients and healthcare professionals are given the opportunity to provide us with feedback on usability, expectations, functionality and needs.

Personal discussions and meetings

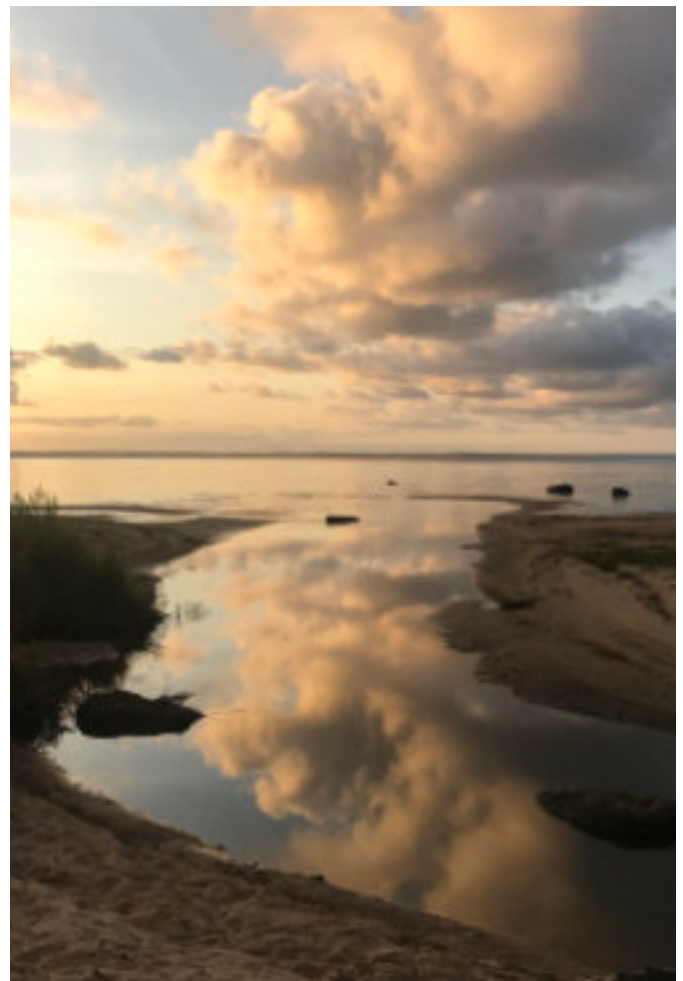
We survey the needs of our stakeholders through personal discussions and meetings. When we become aware of stakeholder needs, we bring that information into our development process, where we work to build sustainable innovations and establish behaviours that contribute to improving the benefit and safety of stakeholders.

On grounds of resource efficiency, we maintain a lean organization with relatively few employees, suppliers and partners. Therefore, we have elected not to use key figures such as Employee Satisfaction Index (ESI), Supplier Satisfaction Index (SSI) or Partner Satisfaction Index (PSI) to measure satisfaction, as the narrow base would limit the benefit.

Structured follow-up

We are currently about to initiate a survey of the extent to which our dialogue with stakeholders involve a sustainability focus, and we will deepen the dialogue in this area as appropriate based on the findings – for example, with major shareholders, on how sustainability issues deemed important by their respective stakeholders are reflected in their decisions. Structured dialogues will be carried out in the second half of 2021, and the findings will be evaluated and absorbed into practice in the first quarter of 2022.

In conjunction with the Board of Directors' annual strategy meeting, a sustainability-focused workshop will be conducted. Moving forward, relevant action points for the operation in view of sustainability will be addressed and monitored at each Board meeting.



“The Redsense Alarm facilitates home hemodialysis (HHD), which reduces the need to travel and thus also the carbon footprint per treatment.”



GLOBAL SUSTAINABLE DEVELOPMENT GOALS



We contribute to 4 of the Global Goals adopted by the United Nations

The 2030 Agenda was adopted by the international community in 2015 as an action plan for governments, businesses and communities in their joint resolve to improve people's lives and prospects and achieve a sustainable development for all. The 17 agreed goals cover different but indivisible and integrated aspects of sustainability in terms of economic conditions, social issues and environmental factors, and the ambition is to achieve them all in the course of 15 years. Redsense Medical actively contributes to four of these goals.

Goal 3 – Good health and well-being

is the goal that is at the center of our focus, since Redsense Medical has defined as its



mission to save lives and contribute to a safer hemodialysis.

There is a global trend of moving care out of hospitals in favor of patient-centric care at home. Home hemodialysis is more convenient for the patient, easier to personalize and can be performed more frequently, thus allowing the patient a more active part in society and greater freedom. The UN has affirmed that good health is a fundamental prerequisite for people's ability to reach their full potential and contribute to the development of society.

Our product ensures that blood leakage can be detected quickly, even in settings where staffing levels are lower. Redsense helps lower the barrier to adopting home hemodialysis and increases the safety of those who opt for this modality. Timely detection of blood loss reduces mortality and the risk of complications such as infections. Our unique innovation therefore contributes directly to Sustainable Development Goal 3, and our daily work increases patient safety and helps save lives.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

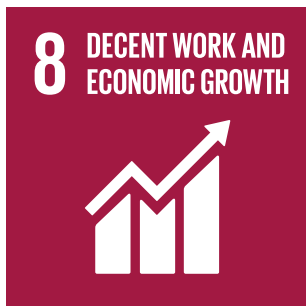
Goal 5 – Gender Equality

is, for Redsense Medical, a key element in sustainable growth. We strive to achieve gender equality and allocate tasks to the most qualified person, regardless of other factors. Both the Board of Directors and the management of the company have a balanced gender representation, which is described each year in the annual report.



Goal 9 – Industry, innovation and infrastructure

is a goal close to our heart, because eagerness to innovate is the power that propels us forward. When we develop new designs and novel products, we conduct a Life Cycle Assessment (LCA) to reduce the environmental impact during development and production. We actively work to improve the efficiency of our production cycle, avoiding wastage. We do not use prohibited substances.



Goal 8 – Decent work and economic growth

is addressed, outside our compliance with laws on working conditions, by upholding the right of association. We compensate the loss of income during parental leave.

The sensor patch we are offering is a combustible single-use item. In order to reduce our CO₂ emissions, we are working to optimize the supply chain from a perspective of sustainability. We only travel on the company's behalf when digital meeting platforms are found to be inadequate for the task at hand. The choice of transport mode is guided by time and safety requirements.



What is the impact of Redsense Medical's activities?

The environment

Redsense is determined to contribute to a sustainable development and a better environment. We aim to reduce the direct and indirect environmental impact of the company. The management of natural resources is an essential matter, and we attach particular importance to it.



Long-term hemodialysis is associated with environmental impacts during treatment in the form of significant consumption of water, energy, transport to and from the clinic, and medical consumables. Patients generally repeat their treatment several times a week for many years.

Redsense's products thus contribute adversely to the consumption of resources and the amount of waste generated in connection with treatment, as the single-use sensor patch is not recyclable and is only recovered for energy. On the other hand, it contributes positively to reduced transport emissions in connection with treatment, because it facilitates hemodialysis in the home, which, according to studies, is considered to reduce the carbon footprint per treatment.



Our product development includes an environmental impact assessment to minimize the environmental impact of the products at all stages, and the choice of materials aims to be as sustainable as possible within

the restraints of our applications. We further endeavor to exert a positive influence on our value chains and contribute to reducing unnecessary transport.

All our clinical trials are planned and conducted in accordance with ethical principles based on the Declaration of Helsinki and in accordance with the ICH principles of Good Clinical Practice as well as the laws and recommendations in force in the respective countries. We do not conduct animal studies. Furthermore, we abide fully by all legal and regulatory requirements for clinical trials, product development, production, goods declaration, sales, and marketing. Our regulatory approvals represent a sign of quality, demonstrating our ability to maintain a high quality of products and processes.

Social conditions

We work together to achieve our jointly set goals and thus create an environment that promotes job satisfaction and inspires motivation. The individual competency of all employees is important, and needed, to achieve our objectives in all areas. Every employee shall be offered the opportunity of relevant training to improve their competence. The remuneration paid shall be proper and fair and in line with individual performance and contribution to the objectives.

We strive to exert a positive influence in our value chains. When we choose manufacturers, suppliers and partners to conclude agreements with, our process takes account of aspects such as the working environment, health, safety, and social conditions.

Our employees

Our employees constitute the company's most important asset. Together, we have created a company focused on innovation, entrepreneurship and gender equality, where individual initiative is rewarded. We work together to achieve our goals in an environment of job satisfaction and wellbeing. All roles and responsibilities strive daily to save lives and increase patient safety.

The CEO holds an annual briefing for the Board and the employees on the Code of Conduct. It is important that all have knowledge and understanding of what the company's Code of Conduct entails. Everyone is encouraged to report any deviations from the Code of Conduct to the company, pursuant to the Whistleblower Policy.

Human rights

All employees are important to the company, and are attached equal value and rights regardless of gender, ethnicity, religion or belief, disability, sexual orientation, and age. The employees represent the company's greatest asset and it is thanks to their innovative and creative ideas that the company has developed into what it is today.

We place the job satisfaction of our employees at the heart of the operations, using our innovation to save lives around the world in a united accomplishment. Redsense Medical is working to achieve equality in all parts of the operations. All shall be subject to the same rights and obligations. We do not accept unequal, abusive treatment, harassment, sexual harassment, bullying or discrimination.

We do not accept illegal labor or child labor. Everyone is entitled to parental leave with



OUR SUSTAINABILITY EFFORTS

compensation of up to 90 percent of the salary. Everyone has the right to unionize and enjoy the freedom of association.

Anti-corruption

We work to comply with laws and regulations in the markets in which we are active.

We have zero tolerance for undue influence and bribery and act to counter corruption in all its forms. Our operations branch off across a large number of countries through our distributors and suppliers, and we take action if we become aware of any undue influence in any part of the value chain.

We observe local industry rules in our customer interactions. For example, we comply with the agreement on interoperability standards between the Swedish Association of Local Authorities and Regions and Swedish MedTech. We expect compliance with corresponding rules in other countries where the company or its distributors market its products.

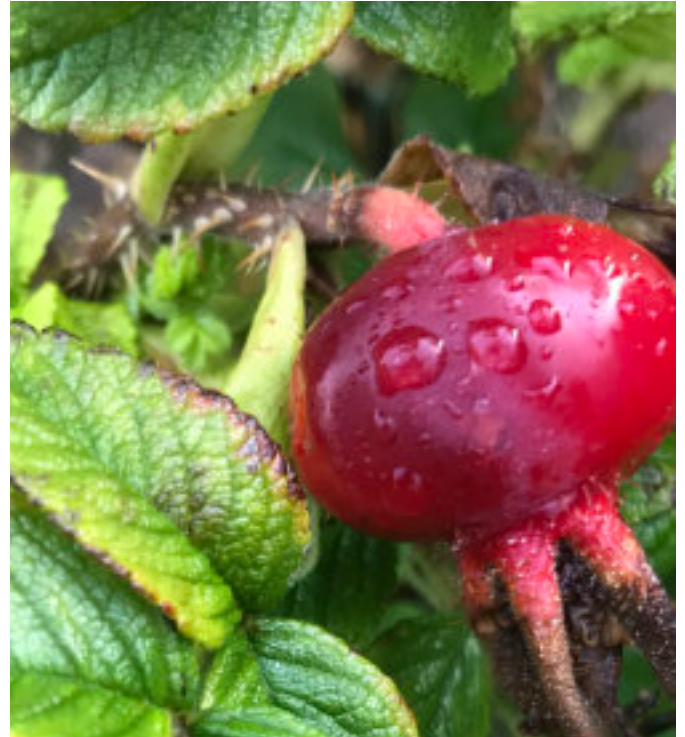
We expect our suppliers to observe internationally recognized principles of anti-corruption, occupational safety and health, and human rights. We monitor and evaluate our suppliers annually through contracts.

We work to counteract financial crime and promote the proper accounting of financial transactions, and we comply with the rules regarding Swedish corporate governance.

The Code of Conduct applies to everyone in Redsense Medical, from the Board of Directors to individual employees, and the content must be respected and observed. Everyone in the organization must report suspected breaches of the Code of Conduct. Where it is necessary to raise the concern anonymously, it can be done through our whistleblowing process.

Everyone has the right to raise concerns by whistleblowing, and the whistleblowing in itself is in no way punishable and cannot result in any corrective measures.

The above is followed up by calling on everyone in Redsense to report breaches of our rules and codes.



“Timely detection of blood loss reduces mortality and the risk of complications such as infections. Our unique innovation therefore contributes directly to Sustainable Development Goal 3.”

Sustainability governance

At its fundamental level, our sustainability governance is based on the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises on responsible business conduct. The Code of Conduct regulates how to behave and act as co-workers, board members and as a company in the area of sustainability. It is the responsibility of the employees and the board members to report deviations, raise concerns by whistleblowing, and highlight good practices.

The medical technology industry is characterized by high standards of product safety and regulatory compliance. In Europe, medical devices are regulated by EU directives and regulations, and they must bear the CE marking to be sold in the European market. Analogously, products to be marketed in the United States are required to obtain FDA clearance. In addition to financial requirements and guidelines, operations

Redsense is compliant with the following regulatory frameworks:

- **EU Medical Device Directive MDD, 93/42/EEG**
- **EU Medical Device Regulation MDR, 2017/745**
- **US FDA 21 CFR 820 QSR**
- **Canadian MDR, Medical Device Regulation SOR-98-282**

In turn, this implies that our products follow a large number of standards, depending on the type and classification of each product.

shall be carried out in an ethical and morally upright manner.

Key sustainability challenges

The Sustainability Accounting Standards Board (SASB) has identified six key sustainability-related challenges for medical technology companies. Here is how we address those:

► **Affordability and pricing**

In our countries of operation, dialysis is an available treatment option. We do not apply different pricing strategies for different countries.

► **Product safety**

Redsense's alarm system is designed to increase safety by detecting and drawing attention to blood leakage. The system is a medical device, developed and tested in accordance with current medical regulations. Our quality system conforms with the ISO 13485 standard.

► **Ethical marketing**

Our intention is to follow the applicable regulations for the marketing of medical devices in markets in which we are present.

► **Product design and life cycle management**

The product is designed in such a way that parts that have a greater impact on the environment are for repeated use, while the single-use items are kept as simple as possible. The instructions for use describe how the product should be cared for in order to achieve its maximum useful life.

OUR SUSTAINABILITY EFFORTS

▶ Supply chain management

We evaluate, select and monitor our suppliers depending on what they provide us with.

We ensure that they have the right resources, competences and abilities to deliver according to our standards.

▶ Business ethics

Business ethics are the ethical and moral principles that guide the company's actions.

We are driven by our values and ensure that our strategies and objectives remain embedded in them in order to incorporate good business ethics in the day-to day work. Everyone in the company and on the Board of must comply with the Code of Conduct and use the whistleblower function where appropriate.



“In everything from our strategy to individual decisions, we are guided by our vision – to save lives.”



Redsense Medical AB supports the Sustainable Development Goals.



THE GLOBAL GOALS