

Communication on Progress

UN Global Compact 2009

1. Introduction

In 2009, Coloplast introduced a new framework for Corporate Responsibility. The new framework focuses on six stakeholder groups – end-users, healthcare professionals, our employees, business partners, the environment and society at large. In addition, there are a number of general corporate rules and guidelines, such as our Code of Conduct and anti-corruption, which cut across the six stakeholder groups. The structure of this year's Communication on Progress (CoP) report reflects this change.

With regard to the content of this CoP report we provide concrete information and figures when possible. We have also mentioned specific future goals.

2. End-users and healthcare professionals

As a producer of intimate healthcare devices, our biggest responsibility of all is to produce products in response to the wishes and needs of our end-users. One issue that end-users and healthcare professionals consistently report is that our products must be of high quality and safe to use. Therefore, we put great emphasis on high standards for quality control and product evaluation. Our main tools for ensuring a consistent quality are the international quality management standards ISO 9100 and ISO 13485. ISO 13485 is the obligatory industry quality standard for medical devices. In addition, we have chosen to implement ISO 9001, which requires us to survey customer satisfaction and ensure constant improvements. All production and development sites along with the distribution centers in Hamburg, Lisses, Marietta and the sales company in Hamburg are ISO 13485 / ISO 9001 certified.

End-users and healthcare professionals have most experience in the day-to-day use of our products. Coloplast allows for easy submission of complaints and conducts regular customer satisfaction surveys.

Phthalates

As mentioned in previous years' CoP reports, Coloplast acknowledges the potential harm of certain phthalates. Since 2007, we have worked according to a phthalates policy, which states that we should provide alternatives for potentially harmful phthalates in all products before 2011. The policy implies that all new products must be free of classified phthalates and that we will develop alternatives for products which currently contain classified phthalates. A key point of our phthalates policy is transparency. A complete list of our products containing and not containing classified phthalates can be found on www.coloplast.com. So far, we have developed phthalate-free alternatives for 60% of products containing phthalates and projects are ongoing to find alternatives for the remaining 40%.

Coloplast actively supports European efforts at limiting the use of potentially harmful phthalates.

3. Our employees

Coloplast puts great emphasis on employees' health and safety, which is defined in our Environment, Health and Safety (EHS) policy. Internal procedures have been designed in order to monitor, communicate, implement and evaluate our policies. This is done by a dedicated EHS department at corporate level in cooperation with local EHS managers at our major locations.

Coloplast follows the international occupational health and safety standard OHSAS 18001. Currently, seven out of ten production and administration sites are certified according to this standard along with one of our warehouses. This means that 57% of our employees are covered by OHSAS 18001. The employees who are not yet covered do however function under our regular EHS guidelines. In 2009, three new production sites in Nyírbátor (Hungary), Zhuhai (China) and Hamburg (Germany) were OHSAS

18001 certified. The distribution center in Marietta, USA is currently in the process of being certified as well. Our goal is to have all plants, distribution centers and corporate offices OHSAS 18001 certified.

Coloplast has worked for some years to reduce repetitive work in our production. We have developed our own system for mapping the degree of repetitive work. This system is currently under implementation, covering so far facilities in Denmark, Hungary and China. The results of the initial tests are good. We have designed a program to reduce repetitive work functions even further. In time, measuring the degree of repetitive work and monitoring of workplace accidents will be expanded to the rest of Coloplast.

We monitor workplace accidents in Denmark, China and Hungary as the frequency of Lost Time Injuries (LTI) in injuries per one million working hours. The latest figures from 2008/2009 show a LTI frequency of 6.5 – a reduction of approximately 40% over the last three years.

Coloplast conducts annual employee satisfaction surveys in order to map our employees' well-being and engagement. The surveys cover the entire organisation incl. subsidiaries. The surveys monitor employee well-being, engagement and values. The well-being and engagement indexes are related to our employees' performance satisfaction. The survey also measures how well Coloplast's values are integrated in our company policies according to our employees. In the 2009 survey, 88% of employees responded. The survey shows a high level of engagement, value and well-being, all of which are scored above 60 points out of 100.

In addition, Personal Development Plans (PDPs) are made in cooperation with all employees on an annual basis.

4. Business Partners

Coloplast has a systematic procedure in place to monitor and influence human rights, labour rights and environmental and business ethical standards amongst our suppliers.

Approximately 98% of all direct suppliers are evaluated annually according to a preliminary risk assessment. Depending on the risk level, we then conduct a site visit, a thorough social audit or ask the supplier to conduct a self-assessment. When we find problems or room for improvement, we detail the necessary changes in an action plan for improvement.

The findings may result in a revision of the risk profile, planning of a new site visit or social audit. Our first option is always to cooperate with the supplier to improve conditions. However, if a supplier fails to cooperate or improve, or if we find major problems, Coloplast reserves the right to terminate the cooperation.

Currently, the risk rating ranges for suppliers are:

- Low risk 20-30 %
- Medium risk 40-50 %
- High risk 20-30 %

The risk ratings are based on Coloplast's own methodology. Furthermore, the methodology for assessing the risk differs from the methodology used for last year's CoP report, so the figures are not readily comparable.

In 2009, we have terminated the cooperation with four suppliers due to ethical considerations.

5. Society

In 2007, Coloplast launched 'Access to Healthcare' – a 50 million DKK donation program, sponsoring intimate healthcare projects in developing countries. The goal of the program is to improve knowledge among local healthcare professionals and develop healthcare capacities. The program supports projects within ostomy, continence and wound and skin care. The single most important requirement for programmes is that they are sustainable beyond the funding period.

Notable projects launched in the reporting period include:

- A three-year programme of 12 master degrees on stoma care nursing in Mexico in association with the Universidad Panamericana. After finishing their education the masters conduct community workshops in which an estimated number of 3000 nurses, doctors, ostomates and friends will be trained.
- A two-year programme to establish three stoma clubs in China and subsequently train at least 500 ostomates. The program is made in association with the International Ostomy Association.
- A two-year sponsorship to develop national ostomy guidelines in China. The aim is to improve the life quality among Chinese ostomates. The project is conducted in association with China Nursing Association, the Chinese Ministry of Health and four Chinese hospitals.

In addition, Coloplast sponsors non-profit projects around the world including handicap sport tournaments, nurse educations and patient organizations. In 2009, for example, we sponsored the European Championships in Wheelchair Rugby.

6. The environment

One of the key tools in the management of our environment responsibility is the international environmental management standard ISO 14001. The certificate covers eight out of ten factories and we are working to get the remainder certified as well. In accordance with ISO 14001, we continuously optimise resource efficiency and cut down on production waste. In 2009, our production site in Nyírbátor, Hungary was certified. This means that approximately 60% of all Coloplast employees are now covered by ISO 14001. The remaining 40% are mainly employed in distribution centers, sales offices etc. which have very little environmental impact.

We are currently conducting life cycle screenings on all new products in order to eliminate hazardous materials and make our products more environmentally sustainable. For this, we use the internationally acknowledged software Simapro LCA, which is designed to calculate environmental impact of both the production processes and of the products themselves.

Climate policy

Coloplast acknowledges that the climate changes are partly man-made and that we have a responsibility in working proactively to minimise our climate impact. We have signed the UN initiatives 'Caring for Climate' and 'Seal the Deal' as well as the Copenhagen Communiqué on Climate Change and thus support a strong global climate agreement.

In 2009, we published a Climate Policy and Strategy, which aims at reducing CO₂ emissions. Our goal is to reduce CO₂ emissions per unit produced, regardless of growth in production. Screenings of our plants

are conducted to establish where reductions on electricity, gas and heat can be made. Some of the early results of the new climate policy include:

- Our new travel policy underlines that travel be kept at a minimum in order to reduce costs and CO₂ emissions. This initiative has been highly successful and travelling expenses have decreased approximately 21% at global level and 30% on corporate level.
- We are expecting to increase our recycling of plastic by 60 tonnes and recycling of adhesives used for ostomy bags by 240 tonnes.
- All process waste containing silver is sent for recycling. We estimate to be able to recycle around 600 kilos of silver each year.

Our emissions of greenhouse gases are calculated using the Greenhouse Gas (GHG) protocol. These results are reported to the Carbon Disclosure Project.

7. Anti-corruption

Coloplast does not accept bribery or corruption. Our Code of Conduct on Corruption and Bribery provide guidelines for employees on how to react in case they encounter corruption or bribery attempts. Crucially, it also details our approach to interacting with healthcare professionals and giving donations.

In 2009, we have developed an e-learning course on the Code of Conduct. With this course we are able to reach all relevant employees regardless of geographical location and to make sure that our policy on corruption and bribery is properly understood.

In addition, a special Code of Conduct for procurement in Coloplast has been developed and is available from our website. We have also published a brochure on Supply Chain Responsibility which we use to inform business partners on our expectations regarding ethics, work environment, human rights etc.