

# Sustainability Report

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2019/20

Statutory Report of  
Danish Financial  
Statements Act  
sections 99 (a) and (b)

Stina,  
Ostomy device user

Making life easier

## Meeting our 2020 targets

Coloplast has reached its 2020 targets to increase share of renewable energy, recycle more of our waste and increase the diversity in our management. With these achievements, Coloplast has a solid foundation to do more.

## New 2025 ambitions

As part of the corporate strategy process, Coloplast has reviewed existing efforts on sustainability, and has set new ambitions to support the UN Sustainable Development Goals.



To serve as the basis for our new sustainability strategy, Coloplast has systematically assessed our impact on the Sustainable Development Goals (SDGs). Our main contributions are on 'Good Health and Well-Being', 'Responsible consumption and production' and 'Climate Action' (SDGs 3, 12 and 13).

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## Highlights from 2019/20

# 44%

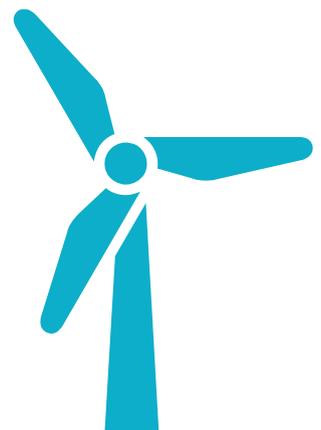
Reduction of injuries with absence since 16/17

# 41%

of production waste is recycled

# 100%

of electricity use in production is matched with renewable sources



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This report constitutes our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting the broader UN goals.

We welcome feedback on its contents.

# INTRODUCTION

## CEO letter

# CEO letter

Coloplast is a purpose driven company. We work to make life easier for people with intimate healthcare needs. We already help millions – and we aspire to help even more in the years to come.

However, helping more people with intimate health care needs presents a dilemma: helping more people means making more products and therefore potentially increasing the impact on the environment.

We embrace that challenge and therefore we are setting a new ambition for sustainability to support the UN Sustainable Development Goals and the Paris Agreement's goal to limit global temperature increase to 1.5 degrees.

## Reducing emissions

First, we will continue to minimise our footprint while being a growth company. Both within our own operations and beyond. We already match our electricity consumption with renewables, but we will also be phasing the use of natural gas within the next five years. Effectively making our production carbon neutral by 2025.

## Improving products and packaging

Second, we will address the challenge from the materials we use in products and packaging, which by and large are plastics.

Plastics are the only relevant materials to use in our products due to product performance as well as hygiene and quality standards. Our products will

continue to be made of plastics, but we will identify and support the development of new sustainable technologies. As the technologies mature, we will integrate renewable materials such as bio-based or recycled plastics. While regulation puts strict limitations on our products, there are more possibilities when it comes to packaging. So that will be one of our focus areas and by 2025, 80% of our packaging will consist of renewable materials.

Let me be clear, it is our priority to make sustainability easier for our users without compromising product safety and clinical performance. Our users do not choose their conditions and they should never be concerned about using Coloplast products in any way.

## Always striving for responsibility

Respect and responsibility are core values to us, and we will always strive to improve how we operate responsibly. This year, we are setting new ambitions to reduce workplace injuries, we continue to increase the diversity of our leadership and we continue to strengthen our culture of integrity.

I hereby confirm our commitment to the ten principles of the UN Global Compact as well as our support to the UN Sustainable Development Goals.



Kristian Villumsen  
President and CEO



# Business model and risks

## Business model

Coloplast develops and markets products and services that make life easier for people with private and personal medical conditions within Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology.

Coloplast employs around 12,500 people and operates globally with sales subsidiaries in more than 40 countries. The company has production sites in Denmark, Hungary, the United States, China, Costa Rica and France.

## Risks

Coloplast is mindful of the risks posed towards society such as, but not limited to, labour and human rights in our direct operations and in our supply chain, fraud among distributors and environmental strains from our production. Coloplast has policies in place for relevant risks on these four topics, which are addressed throughout this report. The policies are published along with this report on [Coloplast.com](https://www.coloplast.com).

## Climate change risks

As an outcome of the new corporate strategy, Strive25, Coloplast has established an internal working group to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

As formulated by the TCFD, the industry which Coloplast is in, is not considered to have high exposure to climate change risks. However, the preliminary risk assessment performed by the working group reveal potential long-term exposures to both physical and transitional risks within our supply chain and manufacturing.

Examples of physical risks include increase of extreme weather events such as flooding or wildfires, which potentially could affect our supply chain and manufacturing.

Examples of transitional risks include carbon taxes and market changes. Coloplast experiences increased focus on environmental performance of products from users as well as authorities.

In the coming financial year, further risk assessments and scenario analyses will be conducted to get a deeper understanding of these risks and related exposures. Through this process the risks are also evaluated by the Executive Leadership Team and the Board of Directors.

### Our position on plastic

As a manufacturer of medical products made of plastic, Coloplast has a responsibility. We embrace that responsibility and have clear priorities:

- Product safety and clinical performance cannot be compromised
- Single use products are the easiest and safest option for our users
- Sustainability should be easy for our users
- We need to identify new materials and support the development of new technologies
- Partnerships across the industry are essential

Read more on page 13 or read our full position paper on plastic on [Coloplast.com](https://www.coloplast.com)

# INTRODUCTION

## Our approach to sustainability



# Our approach to sustainability

The purpose of Coloplast inherently supports social development in society. By making life easier for people with intimate healthcare needs, we enable people to be active and take part in society.

It is our priority to make sustainability easier for our users without compromising product safety and clinical performance. Our users do not choose their conditions and they should never be concerned about using Coloplast products in any way.

Respect and responsibility are core values at Coloplast and Coloplast works continuously to improve and ensure responsible operations. Coloplast therefore has a solid foundation for working with sustainability.

As part of our corporate strategy, Strive25, we have assessed our impacts, and to advance sustainable development, Coloplast has set new priorities. While we have an on-going commitment to responsible operations, we will do even more to reduce our

emissions as well as reducing the impacts from our products and packaging.

As a company growing 7-9% annually, we are challenged with making absolute reductions of our emissions. Nonetheless, it is our ambition to use 100% renewable energy by 2025, and we will contribute to solving the problems associated with plastics. To deliver on our 2025 ambitions, we will invest up to DKK 250 million over the next five years.

## Coloplast and the UN Sustainability Development Goals

Our mission

**Making life easier for people with intimate healthcare needs**



Our 2025 ambition

**Reducing emissions**



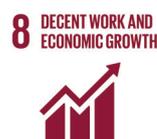
Our 2025 ambition

**Improving products and packaging**



Our on-going commitment

**Responsible operations**



## INTRODUCTION

### Our progress and ambitions

# Our progress and ambitions

| 2020 targets                                  |   | Achieved       |
|---|---|----------------|
|   | Reduce phthalate use by 44%                                 | 53%            |
|   | Reduce injuries by 33% compared to 16/17-level              | 44%            |
|   | 35% of production waste is recycled                         | 41%            |
| 2025 ambitions                                |   | Status 2019/20 |
| Reducing emissions,<br>p. 9-11                | 100% renewable energy                                       | 67%            |
|   | 50% electric company cars                                   | 1%             |
|   | 10% reduction and then freeze of air travels                | 45%            |
|   | 5% limit on air freight                                     | 4%             |
| Improving products and packaging,<br>p. 12-15 | 90% of packaging recyclable                                 | 75%            |
|   | 80% of packaging consists of renewable materials            | 70%            |
|   | 50% recycling of production waste                           | 41%            |
| Responsible operations,<br>p. 16-28           | Train all white-collar employees in Code of Conduct         | 98%            |
|   | Reduce occupational injuries by 30% compared to 19/20 level | n/a            |
|   | 30% representation of female senior leaders                 | 24%            |
|   | 75% share of diverse teams                                  | 51%            |

# INTRODUCTION

## Governance of sustainability

# Governance of sustainability

To support the new sustainability strategy, Coloplast has strengthened the governance of sustainability.

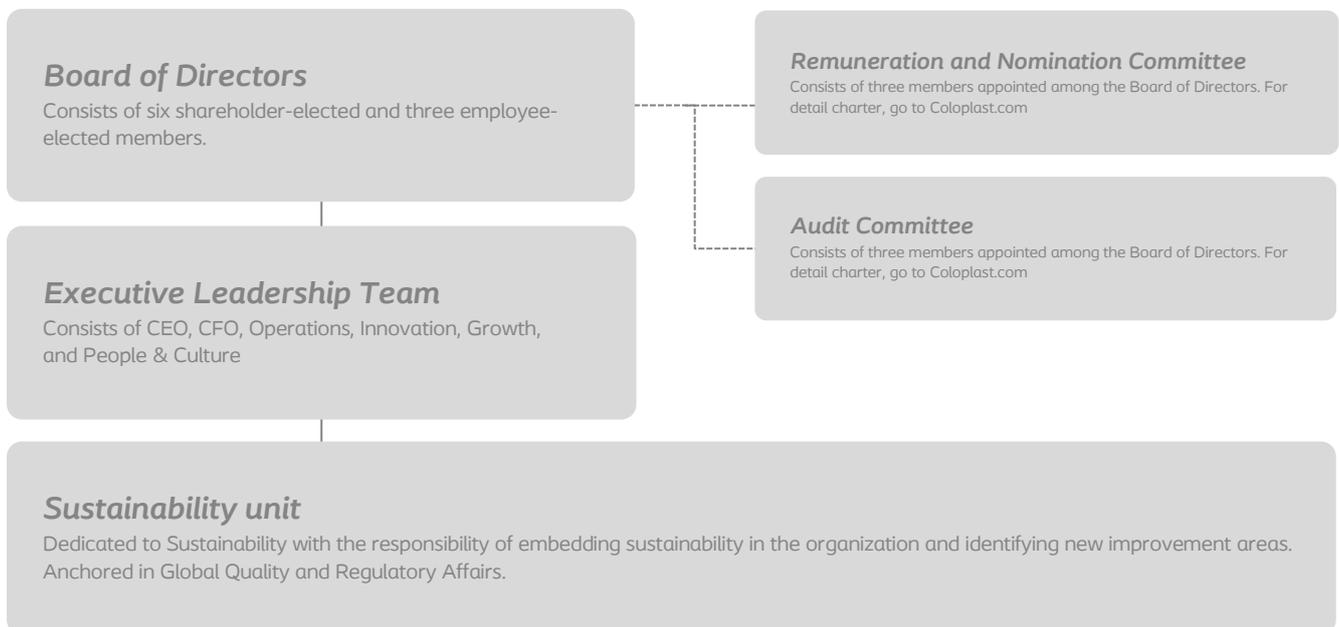
Coloplast prefers that sustainability activities are embedded within and executed by the relevant line organisation. However, to ensure that the sustainability strategy is embedded

in the organisation, Coloplast has established a new Sustainability unit with the responsibility of implementing the ambitions as well as identifying further strategic opportunities.

The sustainability unit is placed within Global Quality and Regulatory Affairs, a department that is involved with the

decision-making around Coloplast products throughout the value-chain.

In addition, the Executive Leadership Team will function as steering group for sustainability going forward.





# Reducing emissions

As a growing company, we are challenged with making absolute reductions of our emissions.

It is our ambition to use 100% renewable energy by 2025, making our production carbon neutral. We will also challenge our behaviour to reduce our emissions related to how we travel and ship our products. We will reduce business travel by 10% and convert 50% of our company car fleet to electric vehicles within the Strive25 strategy period.

Finally, we will also take our ambitions beyond our own operations and work with suppliers. For Coloplast to decouple environmental impact from economic growth, we need to work with our suppliers. Both in terms of identifying new materials with lower environmental impact and by collaborating with our suppliers to ensure environmentally friendly and socially responsible operations. During the coming financial year, Coloplast will set a concrete target to ensure progress on this topic.

### Measuring carbon emissions

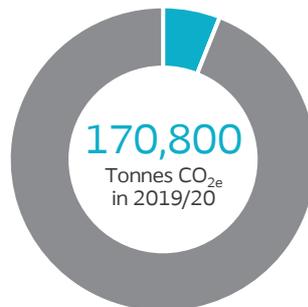
Coloplast has adopted the Greenhouse Gas Protocol as the basis for measuring our greenhouse gas (GHG) emissions.

Scope 1 emissions are direct emissions from owned or controlled sources.

Scope 2 emissions are indirect emissions from the generation of purchased energy, for example electricity.

Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain.

Full datasets are listed together with our accounting principles on page 33.



-  Scope 1
-  Scope 2
-  Scope 3

## 2025 ambition

**100%**

renewable energy

**50%**

electric company cars

**10%**

reduction and then freeze of air travel

**5%**

limit on air freight

## SDG impacted

**Goal 13**

'Climate action'

# Scope 1+2: Carbon neutral production

## Improving energy efficiency

Coloplast has an ambition to continuously reduce energy used per product produced. In combination with using energy from renewable sources, this is the most efficient way Coloplast can reduce climate related impacts from production.

As a growing company, Coloplast is expanding production. This year, the energy efficiency gains stem from utilising the full production capacity as well as benefitting from energy efficiency projects at older sites.

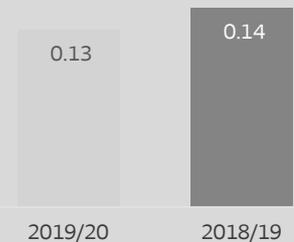
## Using energy from renewable sources

To support SDG 13 of taking urgent action to combat climate change, Coloplast is purchasing renewable energy certificates for electricity consumption at all production sites. Electricity accounts for more than 60% of total energy consumption in production. Coloplast currently cover 100% of electricity use with renewable energy, effectively reducing greenhouse gas emissions with more than 28,000 tonnes.

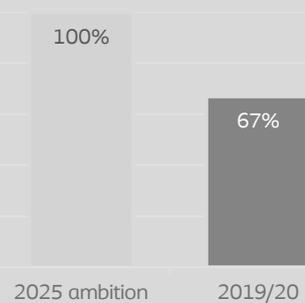
With the new sustainability strategy, Coloplast will be advancing its efforts on renewables. It is our ambition that production will be running on 100% renewable energy by 2025 as we will phase out the use of natural gas, for example by transitioning to electrical heat pumps. In addition, Coloplast will be replacing our Renewable Energy Certificates covering electricity use with Power-Purchasing Agreements that ensures additionality by establishing new renewable power sources on Coloplast's request. Coloplast believes this will have a direct impact on reducing emissions.

## Key figures

### ENERGY USED PER PRODUCED UNIT (KWH)



### SHARE OF RENEWABLE ENERGY



# Scope 3: Reducing while growing

## Reducing impact related to raw materials

For Coloplast to decouple environmental impact from economic growth, Coloplast needs to work with suppliers. Both in terms of identifying new materials with lower environmental impact and by collaborating with suppliers to ensure environmentally friendly and socially responsible operations.

During the coming financial year, Coloplast will set a concrete target to ensure progress on this topic.

## Transportation of goods

Transportation of goods accounts for approximately 13% of Coloplast's total greenhouse gas emissions. With Coloplast's growth rates, transportation needs will increase going forward and, consequently, total greenhouse gas emissions from transportation of goods will also increase.

Coloplast works to mitigate emissions from transportation of goods by substituting air with sea and ground transportation whenever possible. Shipping goods via air transportation emits up to 20 times more greenhouse gases on a given distance compared to shipping goods by sea.

Coloplast users are often very dependent on receiving a stable and adequate supply of products. In case of any extraordinary events in the supply chain, Coloplast will prioritise users' needs for products and, if needed, ship products by air to ensure that products

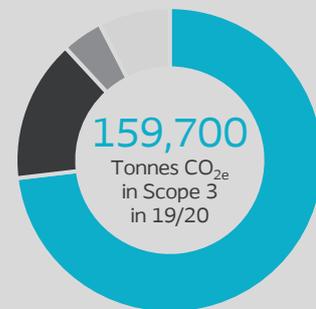
reach users in time. Going forward, Coloplast will limit the use of air freight to 5% of total shipped miles.

## Business travel

Despite growing across all geographies, Coloplast wants to reduce emissions from company air travels by 10% compared to 18/19-levels. Coloplast will limit the number of trips, while promoting emission efficient choices when travelling. Coloplast will also strengthen digital meeting and working from home capacities in the organization. The Covid-19 situation has accelerated the organisation's capabilities, and Coloplast will invest in improved IT-equipment to facilitate more digital collaboration. Due to Covid-19, the use of air travel has been reduced by 45% and well beyond the 10% target. However, once the situation normalises, Coloplast remains committed to limit air travel to 10% less than 18/19 levels and then freeze.

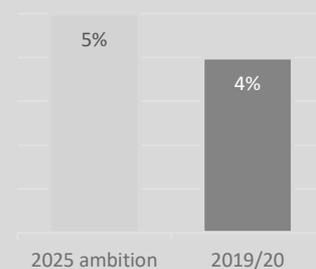
Coloplast also operates a car fleet consisting of around 1,900 cars, which based on fuel consumption annually emits 10,600 tonnes of GHG. To reduce its impact, Coloplast will shift to electric company cars with a target of 100% by 2030 and 50% by 2025.

## Key figures



- Raw materials
- Transportation of goods
- Business travels
- Company cars

### SHARE OF PRODUCTS TRANSPORTED BY AIR



### SHARE OF ELECTRIC COMPANY CARS





# Improving products and packaging

As a manufacturer of medical products made primarily of plastic, Coloplast has a responsibility to contribute to solving the problems with plastic waste and wants to contribute to the UN SDG 12 on responsible production and consumption.

However, within healthcare there are distinct clinical and regulatory limitations to reducing plastic waste.

Coloplast users depend on Coloplast products to live the life they want, and product safety and clinical performance cannot be compromised. Coloplast users do not choose their conditions and they should not be concerned about the environmental impacts of their products and packaging.

Coloplast incorporates environmental performance when developing new products, but we can do better in designing our products and packaging to be recyclable and made of materials with less environmental impact.

While there are strict limitations to our products, there are more possibilities when it comes to packaging, so we will start by eliminating unnecessary packaging, using materials with less impact and designing our products to be recyclable.

The medical device sector is heavily regulated and developing new relevant plastic materials is an industry-wide challenge that we cannot solve by ourselves. We need to partner up with suppliers and other industry actors to find solutions both when it comes to products and the needed infrastructure to handle plastic waste and recycling.

With the 2025 ambitions, Coloplast is committed to contribute to responsible consumption and production as expressed by the UN Sustainable Development Goals 12.

## 2025 ambition

**80%**

of packaging consists of renewable materials

**90%**

of packaging is recyclable

**50%**

of production waste is recycled

## SDG impacted

**Goal 12**

'Responsible Consumption and Production' (12.2, 12.4, 12.5)

# Eco-design and recyclability

## Sustainability in product development

The primary method used by Coloplast to address environmental challenges is the incorporation of eco-design principles when developing products and processes. This means:

- Using less materials per product
- Using raw materials with lower environmental impact such as renewables
- Avoid substances of concern
- Improve product and packaging recyclability
- Minimising the total carbon footprint from production and distribution

Life cycle assessments therefore guide Coloplast's environmental efforts, covering everything from raw materials to waste management, energy consumption, disposal and transportation of goods.

As an outcome of the sustainability strategy, Coloplast is currently strengthening governance of eco-design to accelerate eco-design of products and packaging.

Coloplast expects to see the effect in packaging soon, but the impact on new eco-friendly products on the market will not materialise before 3-4 years' time.

## Single use is easiest and safest

Because most of Coloplast's products are contaminated after use, they must be disposed of properly due to risk of infection. This means that Coloplast's products are incinerated or sent to a landfill after disposal. However, Coloplast designs product packaging to be recyclable when possible.

## Reducing packaging

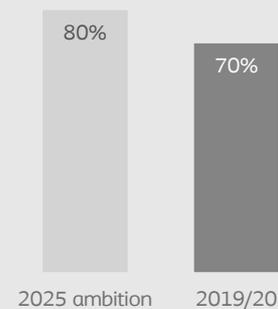
Reducing environmental impact from products is limited due to regulations and product quality. However, there are more possibilities when it comes to packaging, and Coloplast is starting by eliminating unnecessary packaging, using materials with less impact and designing our packaging to be recyclable.

Coloplast has the ambition to increase the share of recyclable packaging to 90% by 2025 as well as increasing the share of renewable materials in packaging to 80%.

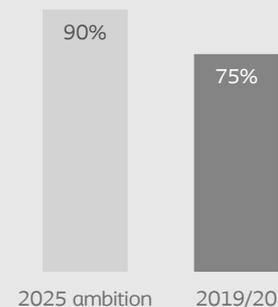
Other ways to improve include minimising packaging or switching to materials with less environmental impacts. Previous examples includes the updated version of SpeediCath® Flex with new packaging that contains no aluminium. This reduces the product's carbon footprint up to 16%.

## Key figures

### SHARE OF PACKAGING CONTAINING RENEWABLE MATERIALS



### SHARE OF RECYCLABLE PACKAGING



# Reducing and recycling waste

## Reducing waste

Coloplast has the ambition to continuously reduce the amount of production waste generated per produced unit. For the third year in a row, Coloplast has reduced waste generated per product. The improvements this year can be explained by implementing new production technologies within Ostomy Care.

## Waste recycling

Reporting a recycling rate of 41%, Coloplast has reached the target to increase the recycling rate of production waste to 35% by the end of 2020. A major contribution to this achievement has been a project at the Tatabanya site to recycle our mixed polymer waste into rubber flooring. This is a breakthrough, as recycling mixed polymers traditionally has been a challenge from a technological perspective.

As part of the new sustainability strategy, Coloplast is committed to make further improvements by increasing our recycling rate to 50% by 2025.

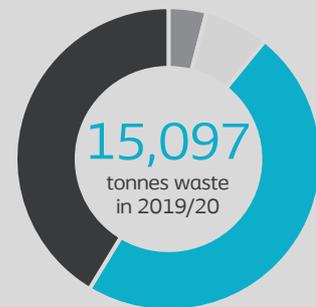
## Water management

Coloplast uses very limited amounts of water for production. Water is primarily used for sanitation purposes and gardening. Whenever water is used, our focus is to reduce.

## ISO14001

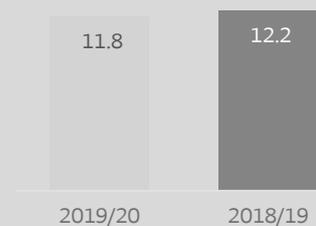
Our environmental management system is certified on the internationally acknowledged ISO14001 environmental certification scheme. Today, eight out of nine production sites, including our corporate headquarters, are certified according to the ISO 14001 standard. The newly established site in Costa Rica is not certified yet.

## Key figures

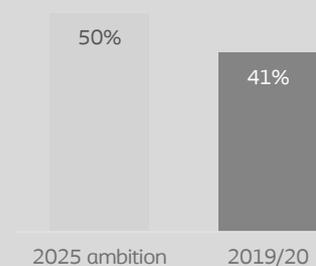


- Incinerated
- Recycled
- Hazardous waste
- Landfill

### WASTE GENERATED PER PRODUCED UNIT (GRAMS)



### RECYCLING RATE OF PRODUCTION WASTE





# Access to healthcare

Through Coloplast's corporate partnership programme, Access to Healthcare, Coloplast is committed to improving conditions for people who need care in the areas of ostomy, continence and wound care. Established in 2007, the programme has so far supported more than 70 projects in more than 10 countries. The programme is part of Coloplast's continued efforts to raise the standard of care. Examples of projects initiated this year includes projects to raise patient awareness on bowel management and mapping living condition for ostomy in Japan as well as providing funding for the International Spinal Cord Society (ISCoS) to develop their e-learning platform, [www.elearnsoci.org](http://www.elearnsoci.org), which seeks to raise the standard for patient education and caregiver training.

All projects are created in collaboration with local stakeholders. The focus of individual Access to Healthcare projects varies, but the projects address similar themes. It is important that the projects create value for people with intimate

healthcare needs and help them live with dignity.

Access to Healthcare projects bring together practitioners, users, NGOs and other public and private partners to empower users, train practitioners and advocate for better care.

Access to Healthcare projects also support the long-term ambitions of Coloplast by bringing us closer to users and helping us to gain new or deeper insights into the needs of other stakeholders, including healthcare practitioners, civil society and policy makers.

## Responsible advocacy

Coloplast also works in partnership with many different external stakeholders to share our views on the issues that affect our industry, clinicians and the rights of users. Coloplast conducts advocacy both directly as a company and in coordination with external partners, including national and regional industry associations.

## On-going commitment

Improving conditions for people who need care

## SDG impacted

### Goal 3

'Good Health and Well-Being' (3.8, 3.b)

### Goal 4

'Quality Education' (4.b)

### Case study - Raising the standard of care for spinal cord injured in China

Today, the around two million Chinese citizens, who are spinal cord injured, deal with several challenges on a daily basis: the medical costs are high, the recovery time is long, the work ability significantly reduced, and the social support limited. These conditions not only affect the patient itself, but also their families and the society in general.

To improve the quality of life for spinal cord injured and to help them back into society, Coloplast is committed to a three-year plan together the China Association of People with Physical Disability and the China Foundation for Disabled Persons. The focus is on enhancing the quality of the clinical practice, developing educational content, and appealing to the government to strengthen the policies around this area.



# Product quality

## Quality standards

It is essential to Coloplast's mission to deliver safe and reliable products. That is why Coloplast has a unified global quality management system with established uniform global processes to manage quality and risks throughout product development, production, delivery as well as extensive post-market surveillance.

All customer feedback, complaints and adverse events are handled on an individual basis, identifying the root cause, and generating input for mitigations, product improvements as well as future new product development.

As part of a regulated industry, Coloplast's products and quality management system live up to strict regulatory standards established by authorities worldwide such as the FDA, Japanese Ministry of Health, the International Standardization Organization, and the European Commission. Compliance to these standards is verified on site through external audits by independent auditors and Notified Bodies.

All Coloplast sites involved in Design, Production, packaging and Central Distribution are certified according to one or more of the following standards: ISO9001, ISO13485, MDSAP, MDD. This year, Coloplast had 74 full day audits on quality and system conformity, which is lower than the total of 94 audit days last year. The decrease is attributed to Covid-19 situation, which has led to some audits being postponed.

### Medical Device Regulation

The European Commission has issued completely new and highly increased requirements to the Medical Device industry as laid down in the Medical Device Regulation (MDR). Since this new regulation was published Coloplast has revised and updated every aspect of the quality management system as well as revisited all relevant product documentation focusing on Interventional Urology and Wound Care. Coloplast is now in the process of obtaining MDR certification in due time before the deadline for compliance which is May 2021.

## Product recalls

If customer feedback or internal controls reveal that already distributed products have quality defects with a potential risk for the safe usage, Coloplast will initiate a voluntary product recall to remove the products from the supply chain as well as the market.

Coloplast had two product recalls during the financial year 2019/20:

- **Elefant®**  
In September 2020, Coloplast initiated a recall of four batches within the EU due to an identified weakness on the packaging welding during the manufacturing process.
- **Double Loop Ureteral Stent Kit**  
In October 2019, Coloplast initiated a recall of 9 batches within the EU due to a packaging anomaly that potentially could compromise the sterility of the devices.

## On-going commitment

Deliver safe and reliable product to our users

## Key figures

2

Product recalls in 2019/20

0

FDA warning letters

# RESPONSIBLE OPERATIONS

## Substances

Coloplast is mindful when selecting materials and substances used in products and complies with international and local regulations and standards, including EU's chemicals legislation, also known as REACH, the California proposition 65 list and more. All Coloplast products are biocompatible and safe for the intended purpose, and Coloplast adopts a proactive approach in scouting for alternative substances to the few unwanted chemical substances in the products.

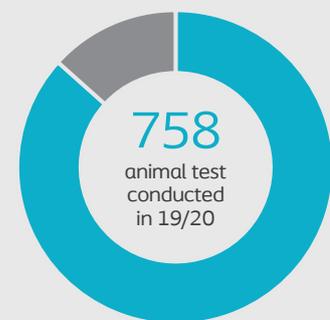
Coloplast has set up a structured monitoring process to detect and identify changes in regulations, science and technology early on. This enables Coloplast to identify opportunities and risks early on and proactively substitute relevant substances if needed. The results and risks are reported quarterly to management and feeds into Coloplast product development. Coloplast is experiencing increased attention from users and markets on substances and will increase communication and initiatives on this topic during the next financial year.

## Animal testing

Animal testing is a standard method for documenting the safety of medical devices. By having a precise account of the composition of Coloplast products, animal testing can be avoided. However, in some cases animal testing is necessary due to legal requirements and safety assessments.

All animal testing used by Coloplast are performed by Good Laboratory Practice certified laboratories. This year, Coloplast used 758 animals for testing in relation to pre-clinical safety documentation, which is less than half of the animal tests last year. One of the reasons for the significant decrease is that we have substituted animal tests with chemical characterisation screening analyses. The reported number of animals test accounts for all animals used for testing. Coloplast does not use transgenic animals in testing. For more information on Coloplast's approach to animal testing, please read our Animal Testing Policy available on [Coloplast.com](https://www.coloplast.com).

## Key figures



- Rodents (include mice, rats and guinea pigs)
- Other animals (include rabbits, pigs and dogs)

### Case study – Avoiding and phasing out phthalates

In the medical device industry, phthalates are used to soften products like catheters and urine bags. Phthalates are commonly used to make PVC plastics more flexible and durable. Although Coloplast products are safe to use, Coloplast recognises that there are concerns about the use of phthalates. Coloplast has therefore adopted a precautionary approach and limits the use of phthalates in products. Coloplast offers phthalate-free alternatives to 97% of our product range containing classified phthalates. Coloplast has also worked to reduce the use of phthalates in the existing portfolio and has reduced the absolute use of phthalates by 56% since 2015. For more information, please see our official phthalates policy on [Coloplast.com](https://www.coloplast.com)



# People and culture

## Evolving how we lead

To enable strong execution of our new corporate strategy, Strive25, Coloplast has introduced a *leadership promise*: we aim high, we simplify, we empower, and we are inclusive. Our leadership promise builds on the strong foundation of our existing company culture and our Mission.

During the coming financial year, all Coloplast leaders will be introduced to our Leadership Promise and our senior leaders will play a vital role in bringing this to life in the organization as we evolve the way we lead.

## Talent for the future

Attracting and developing talent is a core element of ensuring Coloplast has the best people for the future. We hire for careers, not just jobs, which means that we mobilise and develop talent to secure strong succession. This is reflected in our ability to fill 67% of critical managerial positions with internal candidates.

## Employee turnover

As a growing company, Coloplast has expanded the total workforce by 2,000 employees over the last four years. Through the next strategy period, we will continue to expand the number of leaders and employees as we grow.

Over the last two years, Coloplast has decreased voluntary turnover rate from around 13% to 8.2% this year. The decrease can be attributed to global, regional, and local initiatives, and this

year, voluntary turn-over has further decreased due to the Covid-19. Coloplast expects and plans for post-pandemic normalizations in turnover and will focus on maintaining healthy turnover levels.

## Employee engagement

This year, we introduced a simple, intuitive and mobile enabled engagement survey platform. Engagement is measured questions covering a variety of themes such as company culture, leadership, well-being, and the strategic direction of the company.

Coloplast tracks engagement among all employees twice per year. Results are distributed to local management teams for them to act on their results and maintain high engagement levels. We believe that the real value is driven through team discussions and actions taken based on the survey results. The engagement score is based on a 0-10 scale, where 10 indicates the highest engagement level. This year's engagement survey showed a score of 7.9 with a response rate of 88%. This is above Healthcare industry benchmark and on par with the 2018 engagement level.

## On-going commitment

Motivate and engage employees in our mission

## Key figures

**12,568**

employees at year-end

**67%**

of critical managerial positions filled by internal candidates

**8.2%**

voluntary employee turnover in 2019/20

**7.9 out of 10**

employee engagement score

# RESPONSIBLE OPERATIONS

## Inclusion and diversity



# Inclusion and diversity

It is part of Coloplast's DNA to respect the individual and to secure equal opportunities for all. We believe that diversity leads to better innovation, performance and decisions.

Inclusion and diversity should be ingrained in our culture and we therefore integrate inclusion and diversity into all people processes such as recruitment (also when we use external vendors), performance evaluation, and succession planning. The value of diversity will show when it is led right, and we have therefore integrated inclusive leadership into our leadership promise and expect all leaders to master this as we evolve how we lead.

Coloplast has re-stated our commitment to inclusion and diversity by joining the CEO pledge together with the other members of the Danish Diversity Council. In addition, our policy on inclusion and diversity has been re-visited and published on [Coloplast.com](https://www.coloplast.com).

## Inclusive workplace environment

Coloplast is committed to developing an inclusive organisation, where people bring their differences to work each day, fulfil their potential and have a strong sense of belonging because of – and not in spite of – their differences. Coloplast prohibits any kind of discrimination or harassment of employees due to e.g. their gender, age, ethnic origin, religious belief, marital status, sexual orientation, disability or physical characteristics. This is formalised in a new Anti-Harassment and Anti-Discrimination policy as well as

an Anti-Retaliation policy that has been published on [Coloplast.com](https://www.coloplast.com).

## Diverse Teams

Coloplast recognises that all diversity factors are important and has set a commitment to increase the diversity at team level. A diverse team to us is one who represents both gender-, nationality-, and generation diversity. To increase the share of diverse teams, we track and monitor the mix of diversity in all teams on director level and above.

It is Coloplast's ambition to reach a share of 75% diverse teams before 2025 through natural turnover. This year, the share of diverse teams is 51%, which is the same as last year. However, in teams at VP level and above, we have already seen an increase of team diversity of 5 %-points moving from 49% last year to 54 % this year. This progress can be explained by our senior management focus on the topic and the fact each leader at VP+ level has created tangible 5-year action plans for how they will deliver on diverse teams within their area of responsibility during the strategy periods.

## On-going commitment

### Year-on-year

increase in share of female representation in senior leadership

### Year-on-year

increase in share of diverse teams

## SDG impacted

### Goal 5

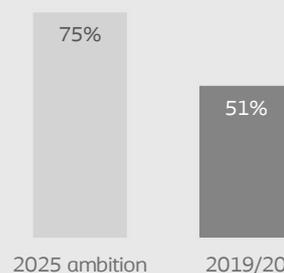
'Gender Equality' (5.5)

### Goal 10

'Reduced Inequalities' (10.3)

## Key figures

### SHARE OF DIVERSE TEAMS



# RESPONSIBLE OPERATIONS

## Inclusion and diversity

### Gender representation in management

According to the Danish Financial Statements Act, section 99b, Coloplast defines other management levels as all positions at or above manager level. With 43% female managers at this level, Coloplast maintains an equal distribution between male and female in management.

However, when looking at senior leadership alone, there is an under-representation of females. Therefore, Coloplast works with an ambition to show a year-on-year increase of female leaders in senior leadership through natural turnover until a balanced representation is reached. Senior leadership is defined as Vice President and above. This year, the share of female senior leaders is 24%, which is an increase of 3 percentage points compared to last year. The improvement is achieved through increased focus on inclusion and diversity as well as assigning ownership and accountability to senior leadership.

### Gender pay gap

Coloplast is committed to fair and equal treatment of all employees. This implies equal remuneration for equal work. Therefore, Coloplast lets skills, experience and personal talent determine matters related to compensation. Across management-levels in Coloplast, there is equal remuneration between female and male leaders. Based on a weighted average median salary between individual management levels, the gender pay gap

is less than 2% in favour of male leaders. When taking other factors into consideration such as age, educational background, professional tenure, which also influence remuneration level, Coloplast considers this gap to be within acceptable limits.

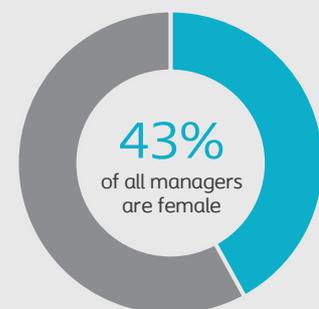
### Gender representation among Board of Directors

Coloplast aims for its Board of Directors to consist of the best qualified individuals. With 2 out of 6 shareholder-elected board members being female at the end of the financial year, Coloplast maintains an equal gender representation among Board of Directors in compliance with the Danish Financial Statements Act, section 99b.

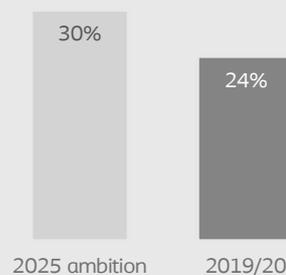
### Employing people with disability

Coloplast works to employ people with disability globally. This includes ensuring reasonable accommodations at sites as well as proactively hiring people with disability. For example, Coloplast has worked with a local NGO to employ people with hearing impairment at the Tatabanya site. Other sites where Coloplast works to employ people with disabilities include China, Denmark, France and Germany.

### Key figures



### SHARE OF FEMALE SENIOR LEADERS (VP-LEVEL AND ABOVE)



### 2 out of 6

Shareholder-elected board members are female



# Business ethics and compliance

Coloplast sells products and operates in more than 140 countries, and business cultures and regulations vary around the world. Coloplast abides by national and international laws as well as specific requirements for our industry through our well-established Code of Conduct and compliance setup.

## Coloplast BEST our Code of Conduct

The Coloplast Business Ethical Standards (Coloplast BEST) is our Code of Conduct and our guide leading the way to global excellence when it comes to operating an ethical company.

Coloplast value employees' ability to use good judgment and common sense at all times, rather than learning a set of rules by heart. That is why Coloplast BEST is value-based rather than rule-based and has the ambition of installing a compliance mind-set throughout the organisation.

All Coloplast employees (including board members, executives, officers, directors and managers) are required to follow the principles laid out in Coloplast BEST.

Coloplast is committed to having high standards for working with users and organisations both in terms of respecting the boundary between clinical expertise and our own product knowledge and when handling personal data.

With the purpose of assessing our employees' understanding of different compliance related topics we regularly send out tests. The results help us define

which training and awareness campaigns should be initiated. This allows a tailored and targeted effort to strengthen our culture of integrity. In addition, general awareness activities take place on a regular basis including a campaign against harassment and discrimination.

To read Coloplast BEST, please visit [Coloplast.com](https://www.coloplast.com).

## Continuous training efforts

Regular training in Coloplast BEST is mandatory for Coloplast employees. Coloplast continues expanding its training activities and developing new formats to support employees' engagement and understanding, especially those in high-risk parts of the organisation. We believe it is key to support our culture of integrity.

## On-going commitment

**100%**

of all white-collar employees trained in Code of Conduct

## SDG impacted

### Goal 16

'Peace, justice and strong institutions' (16.5, 16.6 and 16.b)

## Key figures



# RESPONSIBLE OPERATIONS

## Business ethics and compliance

### Distributor handling

Coloplast has dedicated resources to conduct risk assessments and due diligence and to create action plans for compliance improvements where needed. Coloplast has implemented a system to manage our integrity and compliance risks related to our tier one distributors. Through this process, Coloplast engages in dialogue with distributors about the compliance situation in their market and the expectations set forth in our Coloplast's Global Distributor Code of Conduct.

### Bribery risk assessment

Coloplast's Group Business Ethics and Compliance unit performs bribery risk assessment on an on-going basis to continuously have a good understanding of where specific attention is needed. The risk assessments are performed internally together with the relevant business units to ensure a complete overview of the business and its risks.

Based on the risk assessments, Coloplast has initiated implementation of local compliance programmes. Coloplast monitors and reviews processes and controls on an on-going basis.

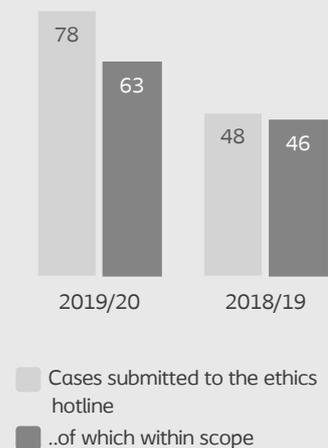
### Ethics hotline

Coloplast has a global Ethics Hotline, which enables employees and others to report breaches of our Code of Conduct anonymously. All reported cases are addressed internally by a committee of senior management. The outcome is reported to the Audit Committee on a quarterly basis.

Coloplast encourages an open and honest culture, where employees are free to raise questions and concerns. In 2019/20, Coloplast has received a total of 78 cases, 63 of which have been within the scope of the Ethics Hotline, i.e. relating to the topics and subjects that may be reported via the hotline. Coloplast views the increase in cases as a positive outcome of making it easier to submit cases via mobile devices as well as internal communication activities aimed at raising concerns. These efforts support our culture of integrity. In addition, all cases submitted to direct management or local or regional compliance officers have been included in the Hotline procedure. Most cases reported have been related to conflicts of interest or fraud against Coloplast. All relevant cases have been investigated and followed up with appropriate remediation and sanctions, in some instances this means termination of contract.

## Key figures

### CASES SUBMITTED TO ETHICS HOTLINE



# RESPONSIBLE OPERATIONS

## Business ethics and compliance

### Data privacy

By pursuing online activities targeted at users, Coloplast is collecting and handling more personal data. Users trust Coloplast with information about their personal life, and it is a priority for Coloplast to treat this data with the utmost respect and confidentiality. Many countries have legislation in place obligating companies to handle personal data securely. Coloplast handles and protects personal data in accordance with national law – and with the same approach across our company. Internal audits and third-party audits are used to ensure secure and reliable data handling.

In May 2018, the new EU Regulation on Protection of Personal Data (GDPR) came into effect. To ensure compliance with GDPR, Coloplast has updated its policies and procedures and created a data privacy governance structure. Coloplast is certified according to ISO 27001 on information security and further facilitates awareness and training about data privacy via internal messages, e-learning and dedicated intranet sites, as well as training sessions, for relevant employees.

A Data Protection Officer within Coloplast is fully dedicated to focus on data privacy and is supported by local privacy representatives from our subsidiaries. The Data Protection Officer reports to Coloplast management on a regular basis and engage with representatives of important group functions in a Data Privacy Board. In addition, the efforts and status on data privacy is reported annually to the Audit Committee.

### Ethical marketing practices

Coloplast respects the boundary between the clinical expertise of clinicians and our own product expertise. Our dialogue with users is focused on product and lifestyle issues, and not on medical support. This is Coloplast's promise to clinicians.

To ensure that this boundary is respected, our staff are trained by clinicians, and our specialists who speak on the phone use assessment tools developed by our medical marketing team that have been endorsed by global and national advisory healthcare boards.

Coloplast will recommend solutions within our own portfolio and clearly advise patients to contact their clinician if they wish to undertake an appliance change. Coloplast always recommends listening to the advice of the healthcare professionals.

# RESPONSIBLE OPERATIONS

## Business ethics and compliance

### Community Engagement

Respecting local cultures, regulations and customs is important to Coloplast. Coloplast wants to contribute to the local communities in which the company operates. Either through donations or involving local NGOs. In light of this, Coloplast also considers tax management to be an important part of community engagement as taxes contribute to value generation.

#### Donations

To ensure that our donations are meaningful and benefit both the local community and Coloplast as much as possible, Coloplast has a policy on donations, which leverages cash and product donations. Coloplast wants to focus donations on activities that either seek to empower our users, support the local community or engage our employees. The policy on donations is based on Eucomed Guidelines for grants and WHO's guidelines for donating medical equipment. Read the policy in full on [Coloplast.com](https://www.coloplast.com).

In response to the COVID-19 outbreak, Coloplast has donated Comfeel products, cash and medical personal protection equipment to authorities and NGOs across several markets. In relation to the Australian bushfires in the beginning of the year, Coloplast supported Australian Red Cross to help bushfire affected communities.

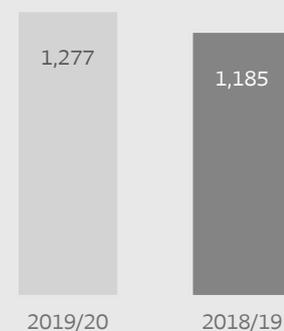
#### Responsible tax management

Coloplast sees taxes as an important part of our business. Respecting local tax laws and regulations are important to Coloplast's reputation and brand. In addition, taxes contribute to the economic value generation in the countries where Coloplast operates. The Coloplast tax contributions include corporate income tax, employee taxes, indirect taxes, property taxes, custom duties, excise duties and other local taxes

In Coloplast, taxes are paid where business activities generate value in accordance with internationally accepted standards. Coloplast does not allow commercial needs to override compliance with applicable laws, nor base commercial activities on tax avoidance schemes. To ensure this, Coloplast maintains an open and transparent relationship with local tax authorities and bases tax decisions on our commercial strategy. Within these principles, Coloplast will pursue tax opportunities and avoid double taxation. Read the tax policy in full on [Coloplast.com](https://www.coloplast.com).

### Key figures

#### TAXES PAID (DKK MILLION)



## 23.2%

Effective tax rate in 2019/20



# Employee health and safety

Providing a safe and healthy work environment for employees is a core value for Coloplast. Safety is everybody's responsibility in Coloplast, both managers and employees.

## Reducing occupational injury

Coloplast has never had a fatal workplace injury. The most common injury for both white- and blue-collar employees are behaviour-based, for instance stumbling and falling. Targeting such behaviour-based injuries, Coloplast has for the last three years worked to strengthen safety culture across all production sites, larger distribution centres, headquarters as well as selected sales subsidiaries. The purpose is to change mindsets by enforcing three safety behaviours across all sites and management layers:

- You see it, you own it
- Think twice
- Dare to care

In addition to reducing injuries, the campaign has contributed to more than a fivefold increase in the reported near-miss accidents and safety observations. Coloplast considers this a positive development and a sign of a strengthened safety culture.

This year, Coloplast's lost-time injury frequency is 2.5 ppm, which accounts for 57 accidents. Coloplast has thereby achieved the target to reduce the LTI freq. to 3.0 ppm by 2020. This corresponds to a 44% reduction compared to 2016/17 level. The lowered injury rate this year can be attributed to continued focus on safety

behaviour at the sites and the larger distribution centres. In addition, the sales organisation has been working from home due to the COVID-19 pandemic, which has reduced the risk of injuries significantly for this employee group.

Coloplast has set a new target to reduce the LTI rate to 2.0 ppm by 2025. Interviews at the sites and at HQ have been conducted to identify corner flags for action and to set local safety targets. This includes more specified training addressing different job functions within the company, e.g. driving salesforce, warehouse workers and production workers.

## Ensuring safety under COVID-19

During the COVID-19 pandemic, a top priority for Coloplast has been to keep our employees safe while still keeping production running in order to serve our customers with the products they need to keep a high quality of life. Coloplast has had no fatal cases of COVID-19.

Global contingency plans and guidelines for how to react if an employee has been infected, have been shared with the local leaders across all sites. Furthermore, multiple safety measures have been implemented at distribution centres and production sites to ensure that production and distribution can continue in a safe and stable way. All in all, Coloplast is proud that leaders as well as employees have shown a true safety mindset in the state of emergency.

## On-going commitment

Ensure a safe and healthy work environment for employees

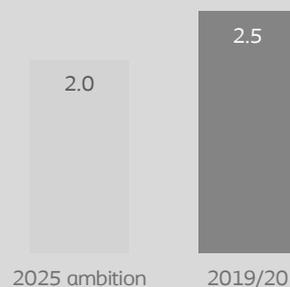
## SDG impacted

### Goal 8

'Decent work and economic growth' (8.8)

## Key figures

### LTI FREQUENCY (IN PPM)<sup>1)</sup>



<sup>1)</sup> Parts per million (ppm): number of injuries resulting in absence from work of one day or more per one million working hours

# RESPONSIBLE OPERATIONS

## Employee health and safety

### Reducing repetitive work

Coloplast emphasises an ergonomically correct workplace layout whenever manual labour is required in production. Therefore, Coloplast systematically works to reduce repetitive work and reduce the strain from unavoidable repetitive workplaces by rotating workstations. Coloplast has developed a system for measuring this type of work, which enables improvements and accurate tracking of progress. Since 2008, Coloplast has more than halved the amount of stations considered to require 'high' and 'very high' repetitive work.

### ISO 45001

Coloplast's health and safety management system is certified according to Occupational Health and Safety standard, ISO 45001, which has replaced OHSAS 18001 across all production sites. The ISO-certification is a management system used to ensure that sites adhere to the same rules globally and continuously improve their performance. All production sites and selected distribution sites are ISO45001-certified which means a coverage of 96% of Coloplast employees in production, distribution centres and Coloplast headquarters in Denmark

### Offering healthy choices

Coloplast performs workplace assessments globally, and through the Coloplast Life programme, Coloplast provides different options to make healthy choices as easy as possible for employees. This could be local activities such as "Bike to Work" and running clubs after work.

Other initiatives include free medical screenings and health checks at Coloplast's Nyírbátor site as well as free flu vaccinations at Coloplast UK.

Coloplast Life also focuses on mental health on a local basis. For example, Coloplast has a stress policy including professional stress-counselling in Denmark.



# Procurement

## Screening potential suppliers

Through standardised auditing in the approval process for new raw material suppliers, Coloplast ensures that the ten principles of the UN Global Compact are integrated into procurement decisions.

For all new raw material suppliers, Coloplast explains our standards on human rights, labour, environment and anti-corruption. This information is also included in the final contract with the supplier in our Supplier Code of Conduct. In high-risk countries, all potential raw material suppliers are audited by an external partner according to local regulations, Coloplast's Supplier Code of Conduct and the UN Global Compact Principles.

If an issue is identified, Coloplast and the supplier then agree on any necessary improvements, which form the basis for a corrective action plan and provides the means for dialogue. Coloplast prefers to work with suppliers to improve standards rather than walking away.

Through this approval process, Coloplast maps relevant risks and ensures on-boarding of suppliers that are willing to improve local conditions if necessary. Coloplast has audited 100% of suppliers within scope of the programme.

## Improving local conditions

In some cases, local Coloplast teams can provide advice to suppliers regarding cost-efficient best practices that comply with local regulations. In total, Coloplast has improved standards together with more than 30 raw material suppliers.

## Monitoring existing suppliers

Coloplast annually monitors social and environmental risks among approved suppliers. The purpose is to ensure all suppliers are evaluated at minimum every three years. The evaluation is based on the severity of initial findings, the supplier's response to their corrective-action plan as well as how long ago their initial assessment was performed. Based on the evaluation, Coloplast will select suppliers to be re-approved according to Coloplast standards. This year, Coloplast has not been able to visit all suppliers within scope due the lockdowns caused by Covid-19.

## On-going commitment

### 100%

of raw material suppliers screened for human rights

## SDG impacted

### Goal 8

'Decent Work and Economic Growth' (8.8)



# Basis of preparation

## Reporting standards

This report complies with the Danish Financial Statements Act, section 99a and b and the requirement specified by the EU non-financial reporting directive. In addition, Coloplast is a participant in the UN Global Compact and thereby committed to provide a Communication on Progress.

## Defining materiality

Disclosures in this report is selected according to Coloplast's materiality assessment. Coloplast bases its materiality assessment on an analysis of significant economic, environmental, and social impacts of Coloplast's activities. The analysis is based on internal priorities as well as experience from dialogue with and direct involvement of customers, investors, policy makers, employees and media. Find the full materiality assessment on page 37.

## Scope

Unless otherwise noted, the data and reporting included in the performance tables cover the entire Coloplast organisation, i.e. production sites, distribution centres, administration, sales and representative offices.

For water, waste and energy, the reporting scope covers Coloplast's production and distribution centres. Coloplast has nine production sites including the corporate headquarters (Mørdrup, Humlebæk, Tatabanya 1 and 2, Nyírbátor, Zhuhai, Mankato, West River Road/Minneapolis, Sarlat and Cartago) and 12 distribution sites (Hamburg, Atlanta, California, Champlan, Kungsbacka, Bologna, Madrid, Lognes, UK distribution , Tatabanya, Vaughan, Tokyo).

## Change in accounting policies

As part of the annual reporting cycle, Coloplast evaluates reported non-financial disclosures according to best practice, investor queries as well as reporting frameworks such as the Global Reporting Initiative. This year, Coloplast has the following changes:

- Business travels is based on the VDR standard from 18/19 and onwards.

In some cases, data from earlier financial years has been corrected, which can result in updates to figures in previous years' reports. Changed are based on materiality and in case of material changes to previous figures, a note to that effect is provided in the text or in the accounting policy.

## PERFORMANCE TABLES

### Environment data



## Environment data

### Waste

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

Waste is based on invoiced or weighted amounts from the production sites, distribution centres and corporate headquarters and is reported based on the consumption registered in Coloplast's EHS SharePoint site. Waste splits pertaining to disposal methods are reported based on data registered in Coloplast's EHS SharePoint site.

Waste per unit produced is calculated based on data registered in Coloplast's EHS SharePoint site and number of units produced by Coloplast.

|  | Unit   | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|--|--------|---------|---------|---------|---------|
| Total waste generation                       | Tonnes | 15,097  | 14,206  | 13,770  | 13,015  |
| ...of which goes to hazardous waste handling | Tonnes | 608     | 632     | 601     | 496     |
| ...of which goes to landfills                | Tonnes | 1,028   | 1,089   | 1,042   | 934     |
| ...of which goes to incineration             | Tonnes | 7,219   | 7,943   | 7,629   | 7,488   |
| ...of which is recycled                      | Tonnes | 6,242   | 4,543   | 4,498   | 4,098   |
| ...per unit produced                         | Grams  | 11.8    | 12.2    | 12.5    | 13.0    |

### Water

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

Total water use includes invoiced or metered amounts from production sites, global distribution centres and corporate headquarters and is based on consumption registered in Coloplast's EHS SharePoint site.

|                 | Unit | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|-----------------|------|---------|---------|---------|---------|
| Total water use | m3   | 248,709 | 234,299 | 258,171 | 292,235 |

# PERFORMANCE TABLES

## Environment data

### Energy

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters at production sites, global distribution centres and corporate headquarters, and it is based on consumption registered in Coloplast's EHS site in SharePoint. Energy per unit produced is calculated as total energy consumption in kWh per number of unit produced by Coloplast. Electricity from renewable sources are related to Coloplast's purchased electricity certificates and is disclosed as a percentage of total energy.

|   | Unit     | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|----------|---------|---------|---------|---------|
| Total energy use                                  | MWh      | 162,340 | 163,367 | 157,999 | 148,872 |
| ...of which renewable energy                      | %        | 67      | 67      | 33      | -       |
| ...per unit produced                              | kWh/unit | 0.13    | 0.14    | 0.14    | 0.15    |
| ...of which natural gas                           | MWh      | 52,836  | 53,535  | 51,791  | 52,032  |
| ...of which coal or fuel distilled from crude oil | MWh      | 5       | 7       | 15      | 25      |
| ...of which electricity                           | MWh      | 109,499 | 109,036 | 105,198 | 96,105  |
| ...of which district heating and cooling          | MWh      | 0       | 788     | 944     | 710     |

# PERFORMANCE TABLES

## Environment data

### GHG emissions

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

Data for Scope 1 and 2 emissions covers all Coloplast production sites (Denmark, Hungary, France, US, China and Costa Rica), selected offices (Denmark and US) and global distribution centres (Germany, Hungary and US). New sites are included in the reporting on the date of takeover from the developer (owned sites) or by the first day of occupancy (leased/rented sites). Data on Volatile organic compounds (VOCs) is based on consumption handled in air cleaning systems. Data on Hydrofluorocarbon (HFC) gasses is obtained from local registrations or invoices. Emissions from power consumption are based on International Energy Agency country specific GHG emission factors, not including production and transmission losses. Emissions from the other consumption categories are based on emission factors from IPCC (HFC's), International Energy Agency (district heating) and the Danish Energy Agency (natural gas and oil). Emission per unit produced is measured as total emissions (scope 1 + 2) in tonnes CO<sub>2</sub>e divided by the number of units produced by Coloplast. Emission per revenue is measured as total emissions (scope 1 + 2) in tonnes CO<sub>2</sub>e divided by revenue in million DKK.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Therefore scope 3 reporting is rounded to nearest hundred and is limited to include six categories relevant to our operations:

1. Raw materials: Covers all ingoing raw materials registered in Coloplast's production data management system. Does not include OEM/contract manufactured goods, production equipment and other capital goods, processing aids and other supporting materials.
2. Transportation of goods: Based on data from suppliers. Covers all distribution internally in Coloplast as well as distribution of finished goods from warehouses to customers in Emerging Markets. Only suppliers with a spend above 2% of total distribution costs are included. In 2019/20, emissions from transportation of goods accounts for 98% of spends.
3. Business travels: Based on data from Coloplast's global travel agents and calculated by using the VDR standard for calculation of corporate travel. Data from Coloplast's global travel agent accounts for 67% of total business air travel costs and the remaining 33% has been extrapolated based on the average amount of CO<sub>2</sub>e per spend from Coloplast's global travel agent to ensure completeness of data.
4. Leased company cars: Covers emissions from all leased company cars that are registered in Coloplast's Sharepoint databases, which is based on information from leasing providers and from local affiliates. Emissions are calculated using manufacturer information on average CO<sub>2</sub> emissions per car per km and, where available actual consumption data, from local fleets timed the average distance traveled per car. To accommodate actual driving patterns, Coloplast adds 30%.
5. Energy consumption in sales offices, subsidiaries and local/regional warehouses: Covers all sales offices, subsidiaries and regional warehouses, which primarily are leased. Emissions from sales offices, subsidiaries and warehouses are based on the number of FTE's working here and is calculated using a conversion factor of 54,6 kg CO<sub>2</sub> per FTE per m<sup>2</sup> from the Danish Energy Agency.
6. Original Equipment Manufacturing (OEM): Covers GHG emissions from outsourced production, e.g. finished goods produced by external suppliers under the Coloplast brand. Emissions from outsourced production is calculated using Coloplast' average CO<sub>2</sub> emission per produced finished good timed with the amount of finished goods produced by external supplier.

For complete definition of the six categories and what is left out of scope 3, please see the GHG accounting principles in full on [Coloplast.com](https://www.coloplast.com).

# PERFORMANCE TABLES

## Environment data

### GHG Emissions (continued)

(Part of PwC's limited assurance report 2019/20)

|  | Unit             | 2019/20                                     | 2018/19            | 2017/18  | 2016/17  |
|--|------------------|---|--------------------|----------|----------|
| Scope 1 / direct energy                            | Tonnes CO2e      | <b>11,100</b>                               | 11,300             | 10,700   | 11,500   |
| ...of which natural gas                            | Tonnes CO2e      | <b>10,800</b>                               | 11,000             | 10,400   | 10,400   |
| ...of which coal or fuel distilled from crude oil  | Tonnes CO2e      | <b>1</b>                                    | 2                  | 4        | 7        |
| ...of which VOCs and HFC gasses                    | Tonnes CO2e      | <b>300</b>                                  | 270                | 270      | 1,100    |
| Scope 2 / indirect energy                          | Tonnes CO2e      | <b>0</b>                                    | 7                  | 16,600   | 30,800   |
| ... of which electricity (market-based)            | Tonnes CO2e      | <b>0</b>                                    | 0                  | 16,600   | 30,800   |
| ... of which electricity (location-based)          | Tonnes CO2e      | <b>28,600</b>                               | 33,800             | 33,100   | 30,800   |
| ...of which district heating and cooling           | Tonnes CO2e      | <b>0</b>                                    | 7                  | 9        | 6        |
| Scope 1 + 2 / total emissions, direct and indirect | Tonnes CO2e      | <b>11,100</b>                               | 11,300             | 27,300   | 42,300   |
| ...per unit produced                               | Grams CO2e/unit  | <b>8.6</b>                                  | 9.7                | 24.1     | 42.2     |
| ...per revenue                                     | Tonnes CO2e/DKKm | <b>0.6</b>                                  | 0.6                | 1.7      | 2.7      |
| Scope 3 / other relevant indirect emissions        | Tonnes CO2e      | <b>159,700</b>                              | 155,800            | 160,900  | 142,000  |
| ...of which raw materials                          | Tonnes CO2e      | <b>108,800</b>                              | 93,800             | 88,500   | 81,000   |
| ...of which transportation of goods                | Tonnes CO2e      | <b>22,900</b>                               | 21,400             | 28,100   | 19,600   |
| ...of which business travels                       | Tonnes CO2e      | <b>6,400</b><br><b>(9,300)<sup>1)</sup></b> | 12,600<br>(18,800) | (16,400) | (12,400) |
| ...of which leased company cars                    | Tonnes CO2e      | <b>10,200</b>                               | 10,700             | 10,400   | 10,200   |
| ...of which OEM Manufacturing                      | Tonnes CO2e      | <b>6,900</b>                                | 6,700              | 7,400    | 9,100    |
| ...of which sales offices and subsidiaries         | Tonnes CO2e      | <b>4,500</b>                                | 4,400              | 4,100    | 3,800    |

<sup>1)</sup>Business travels figures from 18/19 onwards is based on more accurate data based on the VDR method. Figures based on previous accounting method are included in brackets.

## PERFORMANCE TABLES

### Social data



## Social data

### Anti-corruption

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

White-collar employees trained in Code of Conduct accounts for the percentage of active white-collar employees at the end of the accounting year, who have either completed an e-learning module or received face-to-face training and completed a test in our Code of Conduct. Numbers are based on registrations in Coloplast's learning management system. Only employees that have been with Coloplast for more than 45 days is in scope for reporting.

Cases submitted to the ethics hotline include all cases reported to the ethics hotline. The scope of relevant cases for the ethics hotline includes violations of all topics covered by our Code of Conduct, Coloplast BEST. Only cases within scope of topics and subjects reported via the hotline are followed through. This does not mean that the cases are necessarily substantiated.

|   | Unit   | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|--------|---------|---------|---------|---------|
| White-collar employees trained in Code of Conduct | %      | 98      | 99      | 99      | 95      |
| Cases submitted to the ethics hotline             | Number | 78      | 48      | 18      | 11      |
| ...of which within scope                          | Number | 63      | 46      | 13      | 8       |

### Employees

(Part of PwC's limited assurance report 2019/20)

#### Accounting policy

Occupational injuries and accidents (LTI freq.) are calculated as the number of injuries per one million working hours for Coloplast employees. An occupational injury is defined as an injury resulting in absence from work for more than one day. Occupational injuries are recorded in Coloplast's EHS site in SharePoint. Working hours from Coloplast's production sites are collected from the attendance system and working hours from sales offices and subsidiaries are collected from Coloplast's EHS SharePoint site.

|   | Unit      | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|-----------|---------|---------|---------|---------|
| Occupational injuries and accidents (all employees) | LTI freq. | 2.5     | 3.0     | 4.3     | 4.5     |

# PERFORMANCE TABLES

## Social data

### Employees (continued)

(Not part of PwC's limited assurance report 2019/20)

#### Accounting policy

Employee headcount includes all active full-time and part-time contracts. European markets include: UK, Germany, France, the Nordics, Benelux, Austria, Switzerland, Italy, Spain, Denmark and Hungary. Other developed markets include: USA, Canada, Japan and Australia. Emerging markets include countries not listed in the other categories for all remaining markets in Americas, Asia, Africa, Europe and Oceania plus production in China.

Female employees total, female managers, and female senior leaders all include both active employees plus employees on leave of absence. Managers include all positions at or above Manager level. Senior leaders includes the Executive Leadership Team, Senior Vice Presidents and Vice President positions.

Employee turnover indicates the share of employees who have left Coloplast within the last year out of an average employee headcount.

The employee engagement score is based on a 0-10 scale, where 10 indicates the highest engagement level.

|                            | Unit   | 2019/20           | 2018/19 | 2017/18 | 2016/17 |
|----------------------------|--------|-------------------|---------|---------|---------|
| Employee headcount         | Number | 12,568            | 12,234  | 11,738  | 10,905  |
| ...Blue-collar             | Number | 5,488             | 5,452   | 5,316   | 5,061   |
| ...White-collar            | Number | 7,080             | 6,782   | 6,422   | 5,844   |
| Regions                    |        |                   |         |         |         |
| ...European markets        | Number | 8,173             | 7,784   | 7,622   | 7,256   |
| ...Other developed markets | Number | 1,351             | 1,294   | 1,157   | 987     |
| ...Emerging markets        | Number | 3,044             | 3,043   | 2,927   | 2,662   |
| Gender diversity           |        |                   |         |         |         |
| ...Female employees total  | %      | 64                | 62      | 63      | 63      |
| ...Female managers         | %      | 43                | 42      | 41      | 42      |
| ...Female senior leaders   | %      | 24                | 21      | 20      | 14      |
| Employee turnover          | %      | 13                | -       | -       | -       |
| ...voluntary turnover      | %      | 8.3               | -       | -       | -       |
| Employee engagement        |        |                   |         |         |         |
| ...Response rate           | %      | 88                | -       | 93      | -       |
| ...Engagement score        | Index  | 7.9 <sup>1)</sup> | -       | 74      | -       |

<sup>1)</sup>Due to the introduction of a new engagement survey, the engagement score is not comparable with data previously reported.

## PERFORMANCE TABLES

### Governance data



# Governance data

## Governance

(Not part of PwC's limited assurance report 2019/20)

### Accounting policy

The attendance rate is measured as number of meetings attended per member divided by total number of meetings times number of members.

Board members consist of shareholder-elected board members. Employee representatives are not included. Board independence is based on independence criteria listed as part of the Danish recommendation on good corporate governance. Overboarded members accounts for board members with more than five mandates at listed companies according to ISS Proxy Voting Guidelines. For more on individual board members, please see [Coloplast.com](https://www.coloplast.com).

|  | Unit   | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|--|--------|---------|---------|---------|---------|
| Attendance Rates                                     |        |         |         |         |         |
| ...at Board Meetings                                 | %      | 96      | 96      | 95      | 98      |
| ...at Audit Committee Meetings                       | %      | 88      | 100     | 100     | 100     |
| ...at Remuneration and Nomination Committee Meetings | %      | 100     | 100     | -       | -       |
| Board composition                                    |        |         |         |         |         |
| ...Board members total                               | Number | 6       | 6       | 6       | 7       |
| ...Independent board members                         | Number | 3       | 4       | 4       | 5       |
| ...Overboarded members                               | Number | 1       | -       | -       | -       |
| ...Female board members                              | Number | 2       | 2       | 2       | 2       |

# Stakeholder engagement and materiality

## Stakeholder engagement

Coloplast's main stakeholders include shareholders, users, clinicians, employees, business partners and society in general. Coloplast has ongoing dialogue with its stakeholders through different channels and used these for the purpose of the materiality assessment:

### Users

Coloplast conducts annual satisfaction surveys, which target users in over ten countries. Furthermore, Coloplast engages with users when developing products and through our dialogue programme, Coloplast® Care, which aims to help users by providing needed guidance and support.

### Clinicians

Coloplast works with clinicians on advisory boards by engaging in semi-annual focus group meetings as well as facilitating education of healthcare professionals.

### Employees

Coloplast communicates to employees on a daily basis through the Coloplast intranet "Connect" and holds information meetings 4 to 6 times a year that are broadcasted to globally reaching more 1,500 employees. In addition, Coloplast conducts global engagement surveys bi-annually.

### Society

Coloplast has incorporated the UN Sustainable Development Goals into the materiality assessment to reflect the world community's priorities. Additionally, Coloplast works with relevant societal organisations through the Access to Healthcare partnership programme and maintains a sustained dialogue through regular updates on healthcare progress and challenges in local communities. Coloplast also engages external stakeholders through our public affairs work, where Coloplast seeks to maintain high standards of professionalism and transparency.

### Shareholders

The CEO and CFO together with an Investor Relations department facilitates dialogue with shareholders on a regular basis as well as hosting capital market days. For more information, please visit [coloplast.com/investor\\_relations](https://coloplast.com/investor_relations).

# APPENDICES

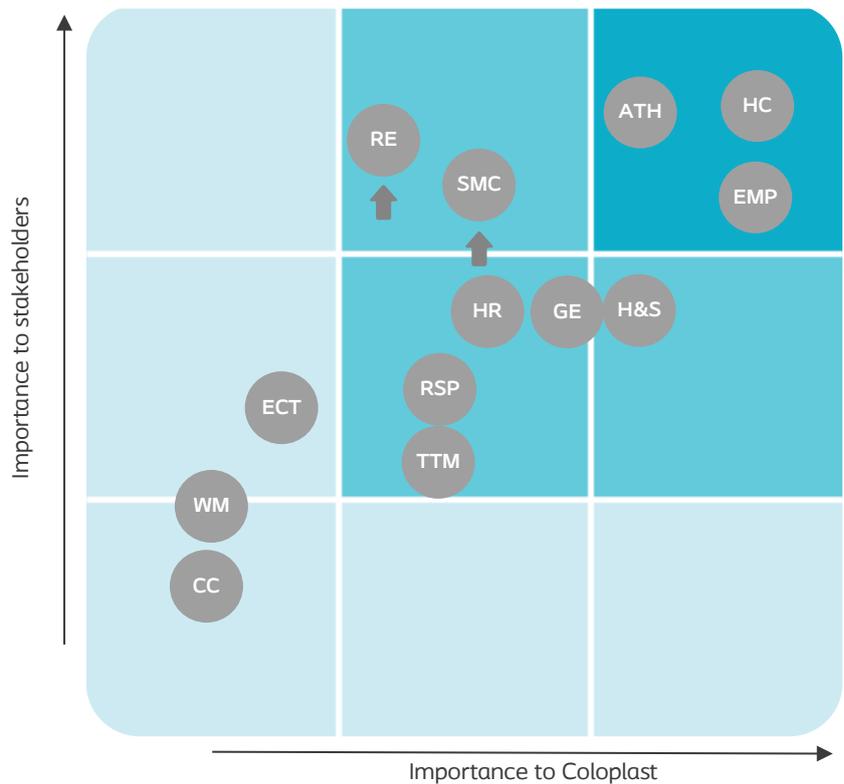
## Stakeholder engagement and materiality

### Materiality

Coloplast's materiality assessment is based on own assessments of topics as well external input. For example, more than 1,400 users were surveyed.

The material issues chosen are areas where Coloplast pose a potential risk or positive impact towards stakeholders and the UN Sustainable Development Goals.

This year, the materiality assessment has been updated with the insights generated from the impact assessment conducted as the baseline for the new sustainability strategy as well as the work with TCFD. The most significant change is the increased importance of climate change and sustainable materials to Coloplast users as well as regulators. Both have changed from 'medium' to 'high' importance.



### Material topics

- |   |   |  |
|---|---|--|
| <b>HC</b> Using zero hazardous chemicals                          | <b>GE</b> Achieving gender equality         | <b>TTM</b> Transparent tax management          |
| <b>EMP</b> Ethical marketing practices                            | <b>SMC</b> Sustainable material consumption | <b>RE</b> Renewable energy & energy efficiency |
| <b>ATH</b> Improving access to high quality healthcare            | <b>HR</b> Protection Human Rights           | <b>ECT</b> Ethical pre- and clinical trials    |
| <b>H&amp;S</b> Having a safe and healthy work place for employees | <b>RSP</b> Responsible sourcing of products | <b>WM</b> Water management                     |
|   |   | <b>CC</b> Sponsoring community charities       |

# Independent limited assurance report

## To the Stakeholders of Coloplast A/S

We have been engaged by Coloplast A/S ('Coloplast') to provide limited assurance on the Selected Social and Environmental data described below and set out in the Sustainability Report of Coloplast for the period 1 October 2019 to 30 September 2020.

## Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us to not believe that the Selected Social and Environmental data on pages 29 to 33 in the Sustainability Report 2019/20 not prepared, in all material respects, in accordance with the Accounting policies stated on pages 28 to 33 of the Sustainability Report 2019/20.

This conclusion is to be read in the context of what we say in the remainder of our report

## What we are assuring

The scope of our work was limited to assurance over the Selected Social and Environmental data on pages 29 to 33 in the Sustainability Report 2019/20 of Coloplast (the "Selected Social and Environmental data"), which includes:

- Waste
- Water
- Energy
- GHG emissions
- Anti-corruption
- Employees (Occupational injuries and accidents)

## Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information and, in respect of the greenhouse gas emissions stated on page 32, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board'. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## APPENDICES

### Independent limited assurance report

#### Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

#### Understanding reporting and measurement methodologies

The Selected Social and Environmental data needs to be read and understood together with the Reporting Criteria on page 28 to 33, which the management of Coloplast is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

#### Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Social and Environmental data. In doing so, we:

- conducted interviews with data owners to understand the key processes and controls for measuring, recording and reporting the Selected Social and Environmental data.
- performed limited substantive testing on a selective basis of the Selected Social and Environmental data at corporate head office and in relation to Coloplast's production sites to check that data has been appropriately measured, recorded and reported.
- performed analysis of data from reporting sites, selected on the basis of risk and materiality to the group.
- made inquiries to significant development in reported data.
- considered the disclosure and presentation of the Selected Social and Environmental data; and
- assessed whether Coloplast in relation to the reported greenhouse gas emissions data has complied with the principles of relevance, completeness, consistency, transparency and accuracy outlined in the Greenhouse Gas Protocol (2004).
- evaluated the evidence obtained.

# APPENDICES

## Independent limited assurance report

### Coloplast's responsibilities

Management are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Social and Environmental data that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Social and Environmental data;
- preparation of the GHG statement in accordance with defined Reporting Criteria. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.
- measuring and reporting the Selected Social and Environmental data based on the Reporting Criteria; and
- the content of the Selected Social and Environmental data.

Hellerup, 3 November 2020

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab (CVR no. 3377 1231)

Mogens Nørgaard Mogensen  
State-authorized public accountant

### Our responsibility

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Social and Environmental data is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Stakeholders of Coloplast.

Kim Tromholt  
State-authorized public accountant

The Coloplast story begins back in 1954. Elise Sørensen is a nurse. Her sister Thora has just had an ostomy operation and is afraid to go out in public, fearing that her stoma might leak. Listening to her sister's problems, Elise conceives the idea of the world's first adhesive ostomy bag.

Based on Elise's idea, Aage Louis-Hansen, a civil engineer and plastics manufacturer, and his wife Johanne Louis-Hansen, a trained nurse, created the ostomy bag. A bag that does not leak, giving Thora – and thousands of people like her – the chance to live the life they want.

A simple solution that makes a difference.

Today, our business includes Ostomy Care, Continence Care, Wound & Skin Care and Interventional Urology. We operate globally and employ about 12,500 employees.

### Our mission

Making life easier for people with intimate healthcare needs

### Our values

Closeness... to better understand  
Passion... to make a difference  
Respect and responsibility... to guide us

### Our vision

Setting the global standard for listening and responding



[Ostomy Care](#) / [Continence Care](#) / [Wound & Skin Care](#) / [Interventional Urology](#)

Coloplast develops products and services that make life easier for people with very personal and private medical conditions. Working closely with the people who use our products, we create solutions that are sensitive to their special needs. We call this intimate healthcare. Our business includes ostomy care, continence care, wound and skin care and interventional urology. We operate globally and employ about 12,500 employees.

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