



United Nations Global Compact 2021 Communication on Progress

Convatec Group Plc
15 June 2022

Introduction

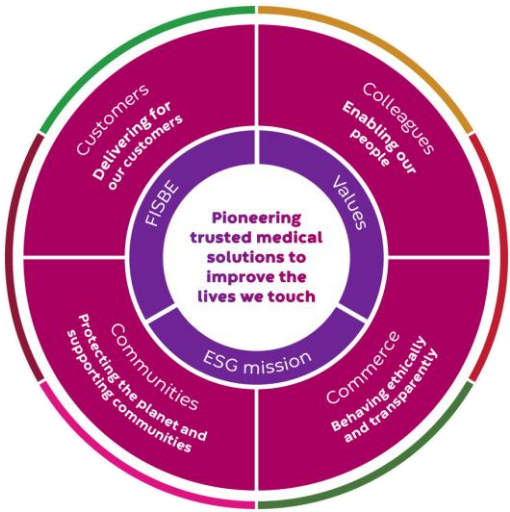
Convatec Cares

ConvaTec joins over 15,000 other companies as a member of the United Nations Global Compact (UNGC) – an initiative in which companies pledge to align their strategies and operations with the UNGC’s 10 Universal Principles on human rights, labour, environment and anti-corruption. As part of our membership in the UNGC, we commit annually to learn from each other and play our part in advancing shared goals. This document serves as our 2021 Communication on Progress, an annual requirement of UNGC members to highlight the targets and activities guiding their progress.

During 2021 we made important progress across a range of ESG topics, including the development of our new ESG framework, ‘Convatec Cares’. Convatec Cares centres on four pillars or ‘voices’ that are core to our vision and organise our many ESG-related programmes, commitments, targets, and KPIs. These are: Delivering for our customers; Enabling our people to thrive; Protecting the planet and supporting communities; and Behaving ethically and transparently.

Our ESG approach aligns with other global public and private actors, as demonstrated by our alignment with the United Nations Sustainable Development Goals (SDGs), particularly SDGs 3, 4, 8, 10, 12, and 13. It’s clear we do not exist in isolation and that we’ve carefully considered where we can move the needle.

We established our new ESG Steering Committee which includes six Convatec Executive Leadership Team members. The Committee completed a wide-ranging peer review and gap analysis and refreshed the materiality matrix to inform and validate the new framework. This work has culminated in the launch of a new set of ESG Targets that articulate short, medium and long-term commitments aligned to topics and activities which are most material to our stakeholders and impactful on the Group. As part of this work, we confirmed our commitment to the Science Based Targets initiative and to reach net zero by 2045.



Statement of support

Our continuing support of the 10 Principles of the UN Global Compact is highlighted on page 39 of our 2021 Annual Report and Accounts. The relationship between our ESG activity and the United Nations Sustainable Development Goals (SDGs) is also detailed.

I am pleased to confirm that Convatec reaffirms its support of the 10 Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this annual Communication on Progress, we describe our actions to demonstrate company's ongoing commitment to the UN Global Compact and its principles to guide our business strategy, culture and our ways of working. We are also committed to sharing this information with our stakeholders.

Karim Bitar
CEO

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights

Approach

We are committed to creating a working environment where everyone is treated fairly with respect, dignity and consideration and where there are opportunities for all. Our Human Rights and Labour Standards Policy, which incorporates principles and guidelines set out in the United Nations Universal Declaration of Human Rights, Modern Slavery Act and the UN Guiding Principles on Business and Human Rights, addresses a range of issues including equal opportunities, anti-harassment and dignity at work. Many elements of our Human Rights and Labour Standards Policy are reflected in our Code of Conduct.

Our approach to human rights includes:

Our customers (ARA pages 40-42)

Policies

- Ethical Issues and New Product Development Policy: <https://www.convatecgroup.com/media/1611/ethical-issues-and-new-product-development-policy-version-10-november.pdf>
- Privacy Policy: available at <https://www.convatecgroup.com/privacy-policy/>

Implementation

- Convatec conducted 187 supplier audits in 2021 to ensure product safety.
- In 2021, we reviewed our legacy product quality disclosures to bring 2022 approach into line with industry practice.
- We operate a privacy governance framework to ensure that we protect and properly process personal data and comply with all privacy regulations including the European Union General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA)
- Annual data privacy training is required of all colleagues.

Targets

- Align existing quality metrics to industry standards and our continued focus in product safety by Q4 2022

Measurement

- Eight voluntary recalls were implemented in 2021 based on distributed products not meeting enhanced requirements of the quality system, with no risk or harm posed to patients.
- No issues were reported to data protection authorities.

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights (cont.)

Our colleagues (ARA pages 43 to 49)

Policies

- Human Rights and Labour Standards Policy: as described above, our Policy applies to our own operations and employees, and specifically addresses the United Nations Universal Declaration on Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Ten Principles of the United Nations Global Compact.
- Code of Conduct: our Code defines our core principles of ethical business practice and our standards for professional and personal behaviour.

Implementation

- We require all employees to complete Code of Conduct training and follow the Code at all times.
- In 2021 and 2022, we have focused on strengthening our approach to DE&I and Wellbeing through a new framework, targets, and activities (ARA 45-46)
- We expanded our Journey to Safety Excellence program with 'Total Safety Leadership' training and certification for 42 colleagues.

Targets

- We set a target for at least 95% of employees to have completed Code of Conduct training by the end of 2023 and in subsequent years.
- As part of our refreshed commitments to ESG targets, we have set health and safety targets to increase our operations hazard observation rate, and to reduce operations lost time injury rate.
- We are actively updating our human rights related policies to reflect updated laws and industry codes. In 2021, we updated our Code of Conduct and Global Third Party Manual.

Measurement

- Health & Safety: We maintained a Group-wide Lost Time Injury Rate per 200,000 hours worked remained below 0.27. The focus on engagement and eliminating hazards at source is reflected in the continued increase in Hazard Observation reporting, realising an 8% increase from 2020, providing continuous improvement opportunities protecting all our employees.

Our communities (ARA pages 53-59)

Policies

- Environmental Policy
- Charitable and Political Contributions Policy

Implementation

- We are developing Science Based Targets and reducing our emissions to do our part in fostering a cleaner environment in our local and global communities.
- Developing a robust community investment scheme to ensure our community efforts have positive impacts

Targets

- Achieve net zero carbon in line with our Science Based Target initiatives target by Q1 2045.
- Reduce our combined Scope 1 and 2 greenhouse gas emissions by 5% against a 2021 baseline by Q4 2022.
- Establish new NGO partnership(s) and funding commitments by Q4 2022.
- Contribute responsibly to a range of HCP and patient education programmes. Set specific targets for 2023 and subsequent years on reach and impacts.

Measurement

- In 2021, over \$350,000 in cash and products was donated to non-governmental organisations whose activities advance health, education and disaster relief
- In 2021, progressed Scope 1 and Scope 2 GHG reductions, with a 9.5% reduction year-on-year at manufacturing sites
- As at May 2022, we donated over \$1.1 million of cash and products to the humanitarian response to the war in Ukraine.

Our value chain (ARA pages 50-52)

See the description on the following page.

Human Rights

2. Businesses should make sure that they are not complicit in human rights abuses.

Approach: We believe our risk of modern slavery in our supply chain to be low. In 2021, we had only one risk identified by the third-party risk intelligence platform we use (Risk Methods), which includes over 150 suppliers. See more details on our approach to preventing incidents of modern slavery and human trafficking in our operations and supply chain in our Modern Slavery Act Statement, found here: <https://www.convatecgroup.com/corporate-responsibility/corporate-responsibility-reports/>.

Policies

- Human Rights and Labour Standards Policy: The Policy clearly states that “Convatec does not accept nor condone any form of modern slavery whether forced, compulsory or trafficked labour. Without limitation, Convatec does not engage sweatshop labour, convict labour or indentured labour under penal sanction.”
- Code of Conduct: as described above, our Code defines our core principles of ethical business practice and our standards for professional and personal behaviour. The Code includes sections on human rights, discrimination and harassment.
- Global Third Party Compliance Manual: Our Manual addresses issues of human rights and the prohibition of child labour, compulsory labour and human trafficking. Each third party that goes through our due diligence process will receive online Anti-Bribery and Anti-Corruption training that requires the third party to certify adherence to the Manual. All new Direct and Contract Manufacturing suppliers, and existing suppliers when their contracts are renewed, are also required to comply with the Manual.
- We maintain an independently provided Compliance/Speaking-Up helpline and web link for employees and third parties for seeking guidance and to report suspected deviations or breaches.

Implementation

- To support our internal assessment of suppliers’ compliance with the terms set out in our Manual, we operate a process managed by a third-party provider, EcoVadis. This process includes an evidence-based assessment which follows existing best practice and codes and is based on a comprehensive set of ethics, labour rights, health and safety, and environmental criteria which are closely aligned with the requirements set out in our Manual. Each assessment is tailored to fit the size, sector and geography of the individual supplier and covers issues including: health and safety, working conditions, child and forced labour, discrimination, energy and greenhouse gas emissions, water and waste management, use of chemicals, local pollution, corruption and bribery, information management, and the supplier’s own supply chain assessment processes.
- In 2021, we expanded the use of EcoVadis. With 67 suppliers assessed in 2021, we increased the number of suppliers assessed by 24% from 2020. Over two-thirds of our suppliers which were re-evaluated had increased their overall score. As part of our continuous improvement activities, we have reviewed these scorecards with our partners and have created corrective action requests focused on driving year-on-year improvements in their ratings. As in previous years, the ratings generated for Convatec suppliers have continued to outperform the average of all vendors monitored across the EcoVadis platform.
- As of December 2021, we include an assessment of potential new suppliers’ ability to participate in EcoVadis as part of our new sourcing process. This assessment is part of the Request for Information (RFI) and Request for Proposal (RFP) phases. In 2021, four out of seven RFI/RFP events requested details of EcoVadis status. The remaining three did not require assessment due to the type of service. Convatec requests the commitment of newly engaged suppliers to completing EcoVadis with a 6-month period from contract award.
- We also evaluate our suppliers using a business review process that focuses on the quality of the product manufactured, the standard of documentation in place and other performance indicators. We use a third-party platform, Risk Methods, that feeds alerts and insights on labour standards and compliance issues directly to category managers. Suppliers are added to the platform in real time after selection. We also carry out cyclical quality audits assessing compliance with relevant regulations, as described below. All new Direct Material and Contract Manufacturing suppliers receive and are required to certify adherence to our Manual.
- Each year we publish a Modern Slavery Act (MSA) Statement in accordance with the UK Modern Slavery Act 2015. This statement serves as an opportunity to reassess our approach to eliminating risks and incidents of modern slavery and human trafficking in our operations and supply chains. In assessing our progress in 2021, we identified several key areas for improvement in 2022, and are taking the following actions:
 - Improve the methodology for creating a ‘heat map’ of modern slavery risk within our supply chain
 - Improve our risk assessment in the sourcing process, to identify human rights-related risks before contracting with partners
 - Expanding our audit program, which had atrophied during the pandemic, and ensuring it covers our riskiest suppliers
 - Clarifying the actions we take upon identifying incidents of modern slavery and human trafficking in our operations and supply chain

Targets

- In addition to our targets on Code of Conduct and updating our policies as described above, we are also committed to ensuring that, by Q4 2023, 80% of Convatec’s spend is supported by suppliers with whom we have requested their participation in our EcoVadis platform.

Measurement

- In 2021, we had only one risk identified via the third-party risk intelligence platform we use (Risk Methods), which assesses over 150 of our suppliers.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Convatec recognises and respects the right of employees to establish and join organisations which are designed to engage in collective bargaining and other initiatives to further and defend the interests of the workforce. Our position is disclosed in our Human Rights and Labour Standards Policy which is available on our website, https://www.convatecgroup.com/media/1325/human-rights-and-labour-standards-policy-statement_final.pdf

Our position is reiterated on p. 48 of our ARA, where we discuss payment of a living wage

Labour

4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

5. Businesses should uphold the effective abolition of child labour.

See (2) above and pages 50-52 of our ARA for discussion of our approach to human rights and labour standards.

Approach: We believe our risk of modern slavery in our supply chain to be low. In 2021, we had only one risk identified by the third-party risk intelligence platform we use (Risk Methods), which includes over 150 suppliers. See more details on our approach to preventing incidents of modern slavery and human trafficking in our operations and supply chain in our Modern Slavery Act Statement, found here: <https://www.convatecgroup.com/corporate-responsibility/corporate-responsibility-reports/>.

Policies

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- We maintain an independently provided Compliance/Speaking-Up helpline and web link for employees and third parties for seeking guidance and to report suspected deviations or breaches.

Implementation

- To support our internal assessment of suppliers’ compliance with the terms set out in our Manual, we operate a process managed by a third-party provider, EcoVadis. This process includes an evidence-based assessment which follows existing best practice and codes and is based on a comprehensive set of ethics, labour rights, health and safety, and environmental criteria which are closely aligned with the requirements set out in our Manual. Each assessment is tailored to fit the size, sector and geography of the individual supplier and covers issues including: health and safety, working conditions, child and forced labour, discrimination, energy and greenhouse gas emissions, water and waste management, use of chemicals, local pollution, corruption and bribery, information management, and the supplier’s own supply chain assessment processes.
- In 2021, we expanded the use of EcoVadis. With 67 suppliers assessed in 2021, we increased the number of suppliers assessed by 24% from 2020. Over two-thirds of our suppliers which were re-evaluated had increased their overall score. As part of our continuous improvement activities, we have reviewed these scorecards with our partners and have created corrective action requests focused on driving year-on-year improvements in their ratings. As in previous years, the ratings generated for Convatec suppliers have continued to outperform the average of all vendors monitored across the EcoVadis platform.
- As of December 2021, we include an assessment of potential new suppliers’ ability to participate in EcoVadis as part of our new sourcing process. This assessment is part of the Request for Information (RFI) and Request for Proposal (RFP) phases. In 2021, four out of seven RFI/RFP events requested details of EcoVadis status. The remaining three did not require assessment due to the type of service. Convatec requests the commitment of newly engaged suppliers to completing EcoVadis with a 6-month period from contract award.
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Targets

- In addition to our targets on Code of Conduct and updating our policies as described above, we are also committed to ensuring that, by Q4 2023, 80% of Convatec’s spend is supported by suppliers with whom we have requested their participation in our EcoVadis platform.

Measurement

- In 2021, we had only one risk identified by the third-party risk intelligence platform we use (Risk Methods), which assesses over 150 of our suppliers.

Labour

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Approach

In 2021, we engaged more than 3,000 colleagues at all levels of the business, including Board members, to help us shape our companywide DE&I and Wellbeing framework. This work culminated in the articulation of a new model that our programmes and commitments from 2022 will align to, under four key areas:

- Cultivate an inclusive culture for our colleagues
- Build a diverse workforce with greater gender and ethnic diversity across our leadership
- Support wellbeing as a priority for colleagues and the wellbeing of others
- Enhance our reputation through leveraging our scale, partnerships and programmes

Policies

- Code of Conduct
- Human Rights and Labour Standards Policy

Implementation

- We are committed to increasing gender and other forms of diversity including age and ethnicity across all parts of our business through the continuous and effective implementation of our Diversity, Equity & Inclusion and Wellbeing strategy. In particular, we track employee diversity through our HR systems, and the Board will continue to review our diversity profile on an annual basis.
- Our three established Employee Resources Groups (ERGs), LGBTQIA+ (Pride), Black Employees (BEN) and Women's Network, continue to grow their memberships and strengthen engagement of key populations across our communities with significant executive support and sponsorship. In 2021, our ERGs promoted and celebrated key moments on the calendar such as Pride month, Black History Month and International Women's Day. Our ERGs have CELT-level sponsorship and ambitious plans to grow further, with all our ERGs expanding their footprint throughout 2021.
- Further integrate Convatec's core value of 'Growing together' as a lever in performance management.

Targets

- Reach at least 40% females in combined CELT and senior management by Q4 2024
- Reduce voluntary turnover to less than 10% by Q4 2023

Measurement

- As at 31 December 2021, women represented 30% of our Board membership, 32% of our senior management team and 27% of the executive leadership team. Our Diversity, Equity & Inclusion and Wellbeing target is to reach at least a combined 40% females in senior management and executive leadership team roles by Q4 2024.

Environment

7. Businesses should support a precautionary approach to environmental challenges, and

8. undertake initiatives to promote greater environmental responsibility.

Approach

During 2021 we refreshed our climate change and environmental strategy, and we have begun outlining our commitment and delivery plans supporting our sustainability objectives. This follows on from the achievement of the targets set in 2018 and the successful early achievement of our 2023 Scope 1 and Scope 2 GHG emissions reduction target of 10%, with a reduction of 18.5% by the end of 2020. As part of the strategy, we have confirmed a 2021 baseline for our Scope 1 and 2 GHG emissions, our commitment to SBTs as well as achieving carbon net zero (Scope 1, 2 and 3) by 2045, to ensure we contribute to the global effort to address climate change.

Our approach to protecting the environment is discussed on ARA pages 53 to 57 and 60-63.

Policies

- Reference to the precautionary principle is contained within our Environmental Policy Statement, available on our website: https://www.convatecgroup.com/media/1326/environmental-statement-v3_final.pdf.

Targets

- We will be fully compliant with the Taskforce on Climate-related Financial Disclosures (TCFD) in 2022.
- Achieve net zero carbon in line with our Science Based Target initiatives target by Q1 2045.
- Reduce our combined Scope 1 and 2 greenhouse gas emissions by 5% against a 2021 baseline by Q4 2022.

Implementation

- In 2021 a study was completed to help shape our climate change and environmental strategy, interviewing a range of stakeholders to assess needs and expectations, and to prioritise actions to address the factors affecting our business today. As informed by the study, the key elements of our refreshed climate change and environmental strategy are:
 - Governance, to facilitate and ensure coherent action across the company to reduce the Group's impact on the environment
 - Carbon & Energy, to update our targets to ensure carbon emissions reductions in our own operations are in line with the Paris Accord
 - Sustainable Product Design & Supply Chain, to ensure innovation in product design to reduce the cradle-to-grave carbon footprint, including assessing our value chain Scope 3 emissions
 - Waste, increasing attention to the environmental impacts of waste at the end of the production and use lifecycle
 - Water, addressing the impact of production and manufacturing on freshwater ecotoxicity and the consumption of water in waterstressed environments
- As discussed in (2) above, we use the third-party platform EcoVadis to score our suppliers on several key issues, including their impact on the environment.

Measurement

- In 2021, we progressed Scope 1 and Scope 2 GHG reductions, with a 9.5% reduction year-on-year at manufacturing sites.
- In 2021, we committed to the Science Based Target initiative to help us achieve our target of being carbon net zero by 2045.
- Energy efficiency – During 2020 and 2021, 38 new energy efficiency projects have been delivered across our sites, with a further 17 projects in planning or implementation phases.

Environment

9. Businesses should encourage the development and diffusion on environmentally friendly technologies.

Approach

- Our new product development (NPD) processes include a review of the proposed materials against certain externally compiled lists of 'substances of concern', including the requirements of California Proposition 65 and REACH25 and this approach is consolidated within our Ethical Issues and NPD policy. See more on page 41 of our ARA.
- As well as focusing on our key product development priorities, we are endeavouring to develop future, more sustainable portfolios.

Policies

- Ethical Issues and New product Development Policy: <https://convatecgroup.com/media/1611/ethical-issues-and-new-product-development-policy-version-10-november.pdf>

Implementation

- In 2021, we launched the pilot of a digital tool for our Green Design Guidelines (GDGs), which cover a range of aspects including consideration of carbon footprint, water footprint, circularity, substances of concern and non-quantitative 'red flags' (e.g. potential use of substances which are fully legal, but controversial). This tool assesses the sustainability of new products compared to existing products.
- As discussed in (2) above, we use the third-party platform EcoVadis to score our suppliers on several key issues, including their impact on the environment.

Targets

- Fully implement Green Design Guidelines (GDGs) as part of product development process and expand our GDGs digital tool user base to at least 50 users by Q4 2022.
- Ensure that by Q4 2023, 80% of Convatec's spend is supported by suppliers with whom we have requested their participation in our EcoVadis platform.

Measurement

- While piloted with a core group of eight trained users in 2021, the GDG tool has already assessed 12 existing products and it is expected that all existing products will be incorporated in 2022 to offer a baseline for comparison when assessing new products.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

In March 2021, we refreshed our Code of Conduct to reflect updated laws and industry codes and to enhance the provisions relating to product evaluation, sampling and corruption and bribery, including preventing the facilitation of tax evasion. Although we believe that our conflict-of-interest measures operated effectively in 2021, we are now piloting a web-based survey mechanism which invites managers to identify actual or potential conflicts of interest. As described above, annual training is required for all colleagues, and we have committed to ensuring at least 95% of employees are trained on our Code of Conduct on an annual basis by Q4 and in subsequent years. We maintain an independently provided Compliance/Speaking-Up helpline and web link for employees and third parties for seeking guidance and to report suspected deviations or breaches.

See ARA pages 50-52 for a discussion of our approach to behaving ethically and transparently, including our approach to combating bribery and corruption.