

Communication On Progress Report

Coloplast Hungary Ltd. 2007



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1. Company data

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|---|------------------------------|
| Name of the participating company/organization: | Coloplast Hungary Ltd. |
| Country: | Hungary |
| Sector: | Medical device manufacturing |
| Reported period: | 2007 |

2. Statement of continued support for the Global Compact by the CEO or other senior executive

Coloplast's success and reputation is due to its efforts to listen to its customers and it provides the best possible solution to their problems. We ensure natural environment where our customers can be open. We mark out from our competitors with this attitude. This thoughtfulness, open-mindedness and sensitivity towards other people's problems distinguished Coloplast from its competitors then and now. Listening and responding is an interaction, which must work both inside and outside the company because our employees also have problems, expectations, and ideas just like users. We need to provide answers and solutions for them, too.

Both our workers and users must feel trust and closeness to us. For who, we feel close to, we share our thoughts and problems more candidly and easily with. Besides, we must ensure an environment for them where they can feel that we act in a mature and responsible way both ethically and socially.

If we listen to somebody, we become responsible for him or her. That is why I think that Coloplast as an employer has a lot of responsibilities. We must provide our customers with the most innovative products in the shortest time, as our mission is to improve their quality of life. We must also meet our employees' expectations and we became responsible for our immediate environment when we started our common work 7 years ago.

I am convinced that if we would like to act to the satisfaction of our customers, employees and nearest environment, it is worth keeping ethical standards strictly. I am pleased that today, when choosing a workplace, keeping, respecting and accepting the principles of Global Compact is an important factor. We are on the right track if these principles come to fruition in their natural ways, if they are evident for everyone, if we do not have to follow them as rules but they live in harmony with us in our everyday life. If any of these must be forced to be kept, it is not sure that everyone believes in them. I would like to act as an ambassador of this naturalness further on and I am convinced that we are on the right track getting an ethical compass from Global Compact, which we can realize better together.

Boris Kovac
General Manager

3. Description of practical actions

Actions taken to implement the Global Compact principles and Quantative measurement of performance

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

| Commitment Systems | Actions | Performance GRI indicators |
|---|--|-------------------------------|
| ISO 14001 OH-SAS 18001 Code of Conduct | Coloplast code of conduct on human rights and labor standards implemented Production site in Tatabánya has received a Health and Safety Certification according to OHSAS 18001. Corporate intranet based tool for registering, reporting and taking action for workplaces related issues have been implemented. Tool for mapping and minimizing repetitive work has been developed and implemented and regularly updated. New workplaces set-up involvement with workers Interactive communication with the employees Open doors policy Matrix groups for special programs (ergonomic team, eco-mapping, auditor team) Employee ESLM -yearly employee satisfaction measurement Growing people PDP – Personal Development Plan for all employee Quarterly workers forum – dialogue with the management Knowledge sharing, involving employee into process improvement Good Work Practice weekly audits - 103 employee involved | HR 1 HR 2 HR 3 HR 4 |

Principle 2: Business should ensure that they are not complicit in human right abuses

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|--|-------------------------------|
| Code of Conduct | Coloplast code of conduct on business ethics and human rights are implemented. All business contract of Coloplast Hungary contains the acceptance of principles of the Coloplast code of conduct Training all employees for code of conduct | HR 2 HR 3 |

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

| Commitment Systems | Actions | Performance GRI indicators |
|-----------------------------|--|-------------------------------|
| Work Safety representatives | The workers have elected 10 work safety representatives. Coloplast Hungary provides them special trainings and monthly forums with the management, where they can express request of the represented workers. Employee Satisfaction Loyalty Measurement - ESLM database tool - Personal Development Process | HR 5 |

Principle 4: Business should support the elimination of all forms of forced and compulsory labour

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|---|-------------------------------|
| Code of Conduct | Coloplast code of conducts on human rights and labor standards. All workers contracted with undefined contract Ethical program for subcontractors | HR 7 |

Principle 5: Business should support the effective abolition of child labour

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|--|-------------------------------|
| Code of Conduct | Declaration on Child Labour issued All forms of child work are prohibited and in all subcontractors are forced by contract to keep the regulations of the Hungarian Labour Law. | HR 6 |

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|--|-------------------------------|
| Code of Conduct | Coloplast code of conduct on human rights and labor standards further implemented Rate in the management and global percentage. | HR 4 HR 10 HR11 |

Principle 7: Business should support a precautionary approach to environmental challenges

| Commitment Systems | Actions | Performance GRI indicators |
|---|---|-------------------------------|
| ISO 14001 Sustainable report GRI report | Coloplast Hungary prepared Sustainability Indicator track sheet based on GRI indicators, and follows its sustainability performance in monthly bases. Energy saving is a key performance indicator in internal reporting. Coloplast has started to report externally on emissions of climate gases in order to focus more on global warming. Tatabánya site is ISO 14001 certified, Nyirbátor site certification is planned 18 months after the production startup. “Environmental sound daily-life practices” training for the workers | 3.13 |

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|--|-------------------------------|
| | Subcontractor trainings about environmental and safety EHS forums for industry sector Energy audit based on EU energy audit scheme | EN1 –EN 16 1.1 |

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|---|-------------------------------|
| | Plastic waste to oil conversion research with non-profit innovation company , EHS seminars to discuss environmentally risk free cooperation (40 contracted company with 200 employee participated) | EN1 –EN 16 1.1 |

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

| Commitment Systems | Actions | Performance GRI indicators |
|--------------------|--|-------------------------------|
| Code of Conduct | Internal communication and training in the code of conduct emphasized. Dialogue with external stakeholders, business contract contains enclosure about code of conduct Code of conduct on corruption and bribery approved by Executive Management and the Board of Directors Training to all employees Brochure to all employees developed and distributed Posters with principles developed Intranet question sheets – Dilemmas to explain | SO2 |

4. Company data

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