

# Sustainability report 2019/20



## SUSTAINABILITY REPORT 2019/20

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COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

This report constitutes Ambu's compliance with the statutory disclosure on corporate social responsibility and gender distribution of Board and management, see the Danish Financial Statements Act, section 99a and 99b.

## CEO statement

Ambu was founded 83 years ago with the mission of making a difference in patients' lives and to change the world for the better. We – the guardians of Ambu today – carry this legacy with us and feel a responsibility towards future generations to seek sustainable paths for our business.

In the past year, we have finished a journey we started ten years ago. A journey to remove phthalates from our products. It is a pleasure to be able to state that as of 1 October 2020, all products shipped from our manufacturing sites are phthalate-free. You will hear our Head of Biosafety, Annette Bitz, tell more about this project in this report. You will also meet other subject matter experts from the Ambu organization.

Our next biosafety target is to enable us to launch PVC-free products, and we are changing our product development organization in order to optimize towards this target. This is part of our circular product design efforts which also include product recycling and responsible packaging.

Another area for increasing sustainability is to reduce our CO2 emissions or move to renewable energy. We aim for a reduction of 50% in our CO2 emissions compared to our baseline year of 2018/19.

During the past year, we have established a foundation for disclosure of ESG key figures, and in the coming year, we will work on setting additional targets and forming action plans to improve our performance within these figures.

As a signatory of the UN Global Compact, we work with the four principles on human rights, labour rights, the environment and anti-corruption, and contribute to the UN SDGs. With this report we disclose our progress and confirm our commitment to the UN Global Compact principles.

We will continue to report on our progress every year as we strive to set the standard for sustainability in the area of single-use medical devices. With the mission of making a difference in patients' lives and changing the world for the better.

Juan Jose Gonzalez, CEO



## Sustainability targets

Sustainability is anchored as one of the four pillars in our strategy: Grow sustainably, for our people and our planet.



We will actively contribute to sub-goal **8.4**: *Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.*

During 2019/20, Ambu established a Sustainability & ESG department, signed up as a signatory with the UN Global Compact and started working strategically with the UN Sustainable Development Goals.

From this year, Ambu will report its ESG achievements in a separate report. This will create a platform which emphasizes our journey towards becoming a more sustainable company and the steps we are taking on this path.

Our approach to sustainability is structured within four main areas:

1. Product governance
2. Environment and climate
3. Social capital
4. Business Ethics & Compliance.

‘Product governance’ concerns internal processes to ensure product quality and safety – key components in delivering high-quality and safe products for patients worldwide. The essential ‘Environment and climate’ area describes our policy and commitment to working towards sustainable growth. ‘Social capital’ captures our development of our employees and addresses human capital issues that are essential to our success. ‘Business Ethics & Compliance’ is an emerging area within Ambu, where focus is on establishing a global compliance management system and programmes within all relevant compliance areas.

We are in the process of establishing a five-year overview of a range of ESG indicators. For some of the indicators, high-quality data and five years of history are available, while for other indicators the available data goes back only a few years, or the quality of the early data needs to be improved.

We believe there is value in working with the establishment of the indicators in their current form and developing from here by strengthening our data registration, collection and controls and setting further targets for relevant indicators as we move forward.

In the following, you will meet some of our employees and their story on how they have contributed to the way we conduct our business in a sustainable and compliant manner.

Our sustainability targets are listed at the bottom of the page. In addition, we are committed to:

- Phasing-in new sustainable plastic technologies
- Engaging in possible partnerships in relation to waste and take-back of products at hospitals.

Our targets and our commitments are the result of our engagement with stakeholders and of having worked to understand their expectations on sustainability and aligned them with our business strategy.

### Governance of sustainability & ESG

To succeed in our sustainability endeavours, top-level commitment and representation across lines of business is crucial. Consequently, we have a Sustainability Steering Committee consisting of Executive Vice Presidents and Vice Presidents representing Finance, Innovation, Global Operations, Sales, Human Resources, Investor Relations and Legal as well as our Corporate Business Ethics & Compliance Officer. The Director of ESG and the steering committee meet monthly to make sure that ESG activities and targets are anchored and executed across Ambu’s functions and operations. Our CEO and CFO approve policies, reporting and selected processes.

### Our sustainability targets are



100% **phthalate-free** products by 2020

Completed



95% of new products released after 2025 to be **PVC-free**

On track



100% **recyclable, reusable or compostable** packaging applied by 2025\*

\*If suitable solution and/or technology exists

Initiated



Work towards reducing our **carbon emissions** by 50% by 2025 compared to 2019 baseline

Initiated



40% **female managers** in 2023 (managers meaning employees with HR responsibilities)

Almost there

## Product governance

Before a product is used with patients, it has been through a long process, as it must pass the eye of the needle in the innovation process, which includes product verification (laboratory testing) and validation of both product and processes and upscaling in production. The product must also be approved by numerous external bodies such as the relevant certifying bodies, the US FDA / MDR administrations, country-specific authorities etc. To ensure the success of the external approval processes, an adequate quality management system must be in place – in Ambu we are certified according to ISO 13485, MDSAP and CE for medical devices, and ISO 9001 for non-medical devices.

### Cybersecurity

Ambu continuously implements measures to monitor and respond to data breaches and cyberattacks.

We ensure that we undertake internal and external security assessments, including vulnerability

assessments and assumed breach tests on a regular basis. We have enabled additional security measures to mitigate phishing and spam mails being delivered to our employees, and we have renewed our password policies to mitigate the risk of password dictionary attacks or other forms of brute force hacking of individuals. In addition, we continuously improve and strengthen our IT Infrastructure security.

To increase cybersecurity in Ambu, mandatory training is planned for all employees. The knowledge level of cybersecurity is changing from awareness-based to training-based.

To ensure the cybersecurity of our endoscopy monitors, we continuously scan for errors or weaknesses that need to be addressed. Most errors and weaknesses are found to be irrelevant as the monitors are closed for incoming connections and the application level is isolated from the Linux OS. The monitors do not contain sensitive patient information and therefore do not pose a risk of leaking sensitive information.

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*“It’s important that our customers can rely on Ambu products meeting specifications and quality”*

- Vibeke Lillie Gadsbøll, Director Corporate QA Systems

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## Quality: Across the company, for the patients

*“Meeting and upholding quality standards in our systems, processes and products is our licence to operate as a medical device manufacturer,”* explains Vibeke Lillie Gadsbøll, Director Corporate QA Systems at Ambu, when asked about the importance of quality at Ambu.

Vibeke and her team are responsible for Ambu’s global quality management system – a structured system of procedures and processes that cover all aspects of Ambu’s operations, from management responsibilities, design control, risk management, process and production controls to product surveillance and more. Specifically, the team ensures that Ambu’s global quality management system is in compliance with applicable regulatory requirements, and that QMS certifications are continuously maintained.

### A collaborative effort

Having a certified quality management system is just one piece of the puzzle. Before a medical device can be brought to the market, the product itself needs to meet certain requirements. The requirements and standards depend on the product type and the geographical market which the given product is entering. To accommodate this, close collaboration is required between departments like Innovation, Manufacturing, Marketing and Quality as well as regulatory experts.

Through Ambu’s quality policy, top management commits to ensuring compliance with regulatory requirements, to ensuring quality of our products and to ensuring an effective quality management system supporting this. The quality policy provides the framework for how we ensure quality across Ambu and supply safe and effective Ambu products for patients around the world. *“When you register a product on the market, you make a commitment to its functionality, quality and delivery, which is why we as a company put great efforts into meeting and upholding the quality standards for our devices, and why my team is required to work closely with all the relevant stakeholders in a product’s life-cycle,”* says Vibeke Lillie Gadsbøll and continues:

*“We do this not only because it’s necessary for us to get our products to the market but also because it’s the right thing to do. It’s important that our customers can rely on Ambu products meeting specifications and quality.”*

## Environment and climate

### Climate change and environmental policy

Our 'Climate change and environmental policy', available from our website, describes our intentions to minimize our negative environmental impact and reduce our contribution to climate change.

### Policy deployment

We have incorporated environmental considerations as an integral part of our business activities. Internally, making them directly manageable, environmental and climate indicators are monitored continuously, and we have set ambitious sustainability targets. Externally, making them indirectly manageable, we review our suppliers and their products with regard to environmental and social aspects during the total life cycle of the products.

### Progress and activities

Progress on our sustainability targets is described below.

#### 100% phthalate-free products

As a result of many years of dedicated work, collaboration and integrity, and due to the prioritizing of safety, reduction of risk and the development of better

products for our patients and healthcare professionals, we have successfully substituted the harmful phthalates in our products in the current financial year.

As of 1 October 2020, Ambu no longer manufactures products containing phthalates, classified as harmful to reproduction or as endocrine disruptors. Stocks of products containing phthalates will still be held, both by Ambu and by our customers, but production has stopped with regard to all existing products and future products.



We actively contribute to sub-goal 3.9: *By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination*

#### Conflict minerals

Ambu is committed to the responsible sourcing of conflict minerals (tin, tungsten, tantalum and gold – generally referred to as 3TG) in our supply chain, and to complying with applicable requirements, such as the Dodd-Frank

## A phthalate-free company

This financial year, Ambu reached its target of eliminating harmful phthalates from all products. Phthalates are most commonly used as plasticizers, which are added to plastics to act as a softener and increase the flexibility, transparency and durability of the material. Due to their chemical components, some phthalates can be harmful. As of 30 September 2020, Ambu has ceased to manufacture products that contain harmful phthalates.

*"This is a target which has been in progress for almost ten years, and so reaching it now is a great milestone for us,"* says Annette Bitz, Head of Biosafety at Ambu.

### A complex process

The target was born from a customer need, and in order for Ambu to meet that need, the company was required to investigate which plasticizers could be used as a suitable substitutes, and only then could the project to have 100% phthalate-free products begin.

*"From the outset, we shared with our customers that we were willing to listen to their need for phthalate-free products, but we also pointed out that this was far from an easy process. It wasn't simply enough for us to substitute the phthalates. It was crucial for us to find the exact right substitutions. We were not willing to compromise on the functionality, durability or longevity of the final products. It was also important for us that the substitution did not impose a cost burden on our customers,"* says Annette Bitz.

The project commenced with a substitution of phthalates in the Ambu face masks and laryngeal masks because these products are used in direct contact with patients. Initially, the phthalate target was intended to only cover medical devices, however, this was soon extended to include the full product portfolio, including training equipment such as the Ambu manikins.

### A collaborative effort

*"We had to ask all our suppliers to remove phthalates from their products, and then we had to test the products. It has been an immense collaborative effort amongst all the parties involved, and it's wonderful to see that the effort has paid off,"* says Annette Bitz.

This past financial year, Ambu worked on substituting phthalates in circuits and VivaSight products, and as this was successful, Ambu has now reached the target of phthalate-free products in the entire product portfolio.

*"We were not willing to compromise on the functionality, durability or longevity of the final products."*

- Annette Bitz, Head of Biosafety

Wall Street Reform and Consumer Protection Act of 2010 as well as the EU Conflict Mineral Regulation (Regulation (EU) 2017/821).

Ambu carries out due diligence processes that include the reviewing of raw materials for potential content of conflict minerals used in our products. Where relevant, CMRT documentation is provided, and we issue product statements that our raw materials in specific products are not known to be sourced from conflict areas.

The 'Conflict Minerals Reporting Template' (CMRT) is a free, standardized reporting template developed by the Responsible Minerals Initiative (RMI) to facilitate the transfer of information through the supply chain regarding mineral country of origin and the smelters and refiners being utilized.

PVC-free products

We are working towards our target that 95% of the products we launch by 2025 will be PVC-free. In 2019/20, we substituted the PVC in our electrode for neonates making this a PVC-free product.

We will continue to explore new ways of minimizing the use of PVC in our products and bringing more PVC-free products to market in the coming years.



We actively contribute to sub-goal **12.4**: *By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to*

*minimize their adverse impacts on human health and the environment.*

Responsible packaging

Our target is 100% recyclable, reusable or compostable packaging by 2025, if a suitable solution and/or technology exists. Mapping of our packaging material and packaging solutions is ongoing. The mapping

requires a systematic approach to ensure the degree of detail we need to establish a baseline. Our approach consists of three areas of action:

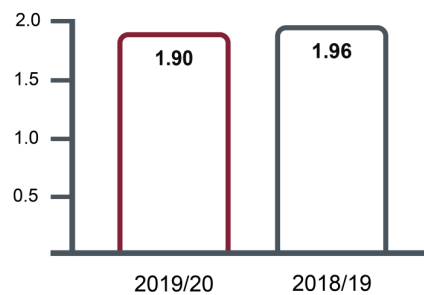
- **Mapping of existing packaging** material down to material type, volumes, whether it is reusable, recyclable or compostable, and how much recycled material it contains.
- Responsible packaging is **one focus area out of six** in our innovation process, and thus implemented in our circular design guide for sustainable innovation.
- A **global modular team** is mapping packaging solutions and is engaged developing the best



We actively contribute to sub-goal **12.5**: *By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.*

CO2 emissions and renewable energy

CO<sub>2</sub>e per ton manufactured products



In October 2019, we signed an agreement to install solar panels on the roof of our manufacturing site in Penang, Malaysia. The panels are expected to generate approximately 1,300 MWh of electricity a year, approximately 10% of the electricity used. As of September 2020, the panels have been installed, supplying renewable energy for our manufacturing site.



Ambu's manufacturing plant in Malaysia now has solar panels on the roof of all four buildings. The panels generate approx. 10% of the electricity needed per year.

## 7 AFFORDABLE AND CLEAN ENERGY



We contribute to **SDG 7** by sourcing some of our operational electricity needs from renewable sources.

We are looking into different ways of further reducing our carbon emissions in Ambu and reaching our target of a 50% reduction of carbon emissions in 2025 compared to 2018/19 baseline.

During 2019/20, we replaced ten injection-moulding machines with more energy-efficient ones at our manufacturing site in Xiamen, China. The new machines use 40% less kWh than the old machines and thus contribute to reducing CO<sub>2</sub> emissions.

### New sustainable plastic technologies

Our approach to finding new sustainable plastic technologies can be divided into three steps:

1. Define what 'sustainable plastic technologies' means in the context of Ambu being a medtech.

We define sustainable plastic technologies as materials that are chosen carefully for doing the job and that stimulate a circular economy of renewable, recycled or recyclable sources. This as opposed to virgin materials that might be finite or scarce or involve inducing conflicts in the value chain or at end-of-use.

Sustainable plastic technologies at play:

- Recyclable materials: Plastics that are easy to recycle through mechanical or chemical separation and shape into new products by other industries (or ideally ourselves).
- Biobased materials: Plastics that are responsibly sourced from biological sources, e.g. polymers based entirely/partially on oil from by-products from the sugar industry.
- Recycled content: Polymers that are collected post-consumer or post-manufacturing and recycled into new products in a closed loop.

## Circular approach to product design

In our efforts to work towards a more sustainable future, Ambu has chosen to look backwards. In fact, all the way back to the beginning of a product cycle – namely, the product design. One of three sustainability pillars defined by Ambu concerns circular design and pertains to sustainability related to the choice of materials, parts, processing, modules, products, packaging etc.

*"We want to make Ambu's sustainability efforts grow and become more integrated in the company, and we want a circular economy mindset to lead this,"* says Nicklas Funk, Sustainability Engineer at Ambu.

### Six design principles

Nicklas Funk has focused on product design and created a guide setting out six principles [see next page] that support the company's innovation projects and guide towards more sustainable processes and outcomes. The principles raise important questions and provide solid advice on steps that can be taken to make a product development project more sustainable.

*"It's important for us to have these guiding principles as they help build internal skills, make sustainability an integral part of every project and put all the considerations behind our product innovations into a larger perspective. They also help us, as a company, to speak the same language when it comes to sustainability,"* explains Nicklas Funk.

### A time of opportunity

In light of the growth and expansion journey that Ambu is on, Nicklas Funk finds this to be the optimum time to invest in more sustainability in the company, and says:

*"Right now, in Ambu, there is a lot of focus on innovation and ways of ensuring long-term growth for the company, and that also means that there is plenty of opportunity right now for embedding a thoroughly sustainable mindset into the company. At Ambu, our work is dedicated towards optimizing workflows and improving the quality of patient care. Imagine if, through our product design efforts, we could provide sustainable solutions that make a positive impact on the environment around us, as well."*

*"Imagine if, through our product design efforts, we could provide sustainable solutions that make a positive impact on the environment around us"*

- Nicklas Funk,  
Sustainability  
Engineer





Our sustainable plastics strategy is two-fold:



**Reduce and avoid the impact of materials used.** Ideally, we want to reduce the impact of the materials used or even avoid some to lower the impact proportionally.



**Rethink materials and design for a circular economy.** We look at how we design our products and how the materials play a part.

The sustainable plastics technologies must comply with biosafety and quality requirements. Biobased plastics and recycled content are of special concern, as we have an obligation to our users that the materials are safe to use.

2. Map the materials in our products to understand where we may be able to rethink the materials and how they are used in the design for upcoming projects.

This is done for strategic products, where new projects are coming up, but is still ongoing for our entire portfolio of products and packaging.

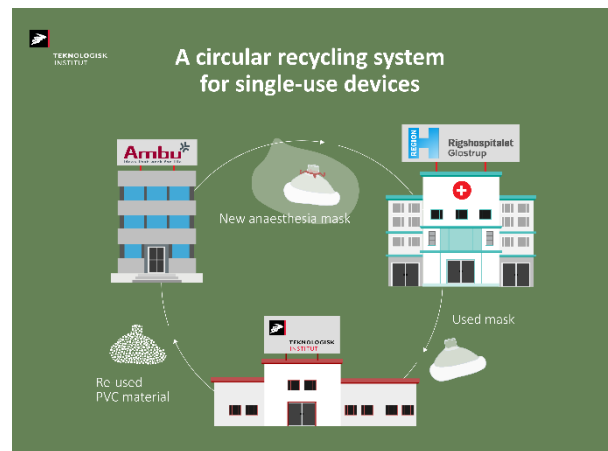
3. Screen and test the feasibility of the new technologies from a technical, environmental and economic point of view.

A working group was established in 2020, gathering employees from different fields of expertise. Official kick-off of the working group will be in November 2020, where scope and future actions will be decided.

Engaging in partnerships

In alignment with our own wishes and the wishes of our stakeholders for increased circularity of materials and products, we seek to engage in helping hospitals ensure the recycling of our products after use. The reality is, though, that hospital waste in general is regulated throughout the world to minimize the risk of contamination. In the EU, for example, medical devices which come in contact with bodily fluids must be handled as hazardous waste, and the waste directive states that it must be burned. The regulation is understandable when considering the risk of contamination but is a major barrier for recycling of the high-quality materials medical devices are made of.

We will continue to explore possibilities for recycling medical devices both through exerting our influence and in our practice.



Recycling of products after end-use

From 2016 to 2019, Ambu was involved in a project on the safe and effective recycling of non-phthalate PVC anaesthesia masks together with Danish governmental organizations (Capital Region of Denmark and Rigshospitalet Glostrup) and private partners (the

**Sustainable innovation by circular design**  
R&D focus areas



**Healthy substances**

Reassure the use of chemicals when choosing materials to avoid exposure to substances of concern and enable safe cycling.



**Circular packaging & logistics**

Rethink packaging and the way we ship our products from suppliers to customers and cycling beyond end-of-life.



**Green materials innovation**

Rethink the way we enable cycling of greener materials in our parts and our products.



**Manufacturing cascades**

Reduce and recirculate materials, energy and water from side streams of our processes to make more from less through cascaded use.



**Circular product design**

Redefine the product structure to keep the materials at the highest possible value at all times enabling cycling by design.



**System innovation**

Reconfigure the system through pilots and partnerships to achieve actual take-back and recycling in key regional markets.

Danish Technological Institute and the Plastic Industry Association). The project was funded through the 'Environmental Technology Development and Demonstration Program' initiative known as MUDP in Denmark. The purpose was to develop a circular recycling system for Ambu's anaesthesia mask and look into the whole process from sorting anaesthesia masks at the hospitals, removing plasticizers and additives using a super critical carbon dioxide process, grinding the recycled material and finally using the new raw material for the injection moulding of new anaesthesia masks.

An anaesthesia mask covers the patient's nose and mouth and is used on patients when administering anaesthetics. It is made solely of soft PVC containing no harmful phthalates. PVC used in medical devices is of a very high quality, and there are very strict requirements for documenting added ingredients. As most hospital waste – approximately 40% – consists of this kind of material, there is a considerable environmental potential.

Our learnings from the project:



- 1,500 used PVC anaesthesia masks were collected by the hospital in ten weeks. The source sorting was done at the hospital by the involved departments with only a 1% sorting error rate. The positive engagement from hospital staff, and especially the interest expressed by other departments and hospitals, was a positive surprise.



- The super critical process does not damage the PVC material, but only removes virus, bacteria, plasticizers and additives. However, since the process only removes 80% of the plasticizers and additives from the facemasks, the recycled PVC cannot be used in medical devices that are in direct patient contact due to regulatory restrictions. Upscaling of the recycled PVC material will moreover require further process development to ensure a more homogeneous material to allow satisfying injection moulding.



## The importance of clinical trials

For Ambu as a medical device manufacturer, clinical trials are an important part of bringing products to the market. Depending on the needed outcome, the clinical trials can involve manikins, cadavers, animals or lastly humans. The type of trial, the need for testing, and the potential outcome of the clinical trials are all factors which need to be carefully considered to ensure the right testing at the right time during the lifetime of a product.

*"When bringing medical devices to the market, we need clinical data to substantiate that the products meet the relevant performance and safety requirements. However, there is always a balance to strike. We want to conduct the necessary clinical trials, but we do not want to subject patients to testing of our products if it is not deemed appropriate,"* says Helene Gustafsson, Director, Global Clinical Affairs at Ambu, and elaborates:

*"It's important to consider the outcome of the clinical trials. Will a given trial only provide us with the relevant knowledge for bringing a product to market, or maybe prove real-world clinical performance, too? Does the type of trial that we choose match the outcome needed? These are all questions that we discuss every day in Global Clinical Affairs to assess the impacts of conducting any clinical trial."*

### An ethical approach

As part of assessing the type of, the need for and the outcome of clinical trials, Ambu makes sure that the trials are conducted in accordance with Good Clinical Practice (GCP), which leads to a very high level of ethical standards. Ambu has established an internal ethical committee charged with assessing that our clinical trials are planned and conducted in accordance with applicable regulations and legislation, as well as advising on further ethical considerations.

*"It's a given that we comply with the regulations issued by the local competent authorities in the countries where we conduct clinical trials. On top of that, hospitals most often have an ethical committee of their own. However, we want to make sure that we address all ethical and clinical aspects internally before approaching the ethical committee of a hospital or a local authority. We – as a medtech company – have a responsibility for conducting only relevant and necessary clinical trials to support our products."*

***"Does the type of trial that we choose, match the outcome needed?"***

- Helene Gustafsson, Director, Global Clinical Affairs

The conclusion is that there is a readily available engagement at the hospitals and potential for recycling of plastic medical devices. Proceeding with recycling of medical devices requires the development of procedures that eliminate contamination risk during the handling of the used plastic, especially in a COVID-19 context.

**Take-back system**

Ambu has entered into an agreement with Sharps Compliance in the USA. Sharps Compliance facilitates collection containers for Ambu's single-use duodenoscopes and all items necessary to properly package containers for DOT-compliant shipping.

Upon receipt, Sharps Compliance ensures that batteries and electronics are recovered and processed by certified recyclers. Plastics are treated through the Sharps Compliance patented waste conversion process to generate electricity.

**Environmental impact from single-use products**

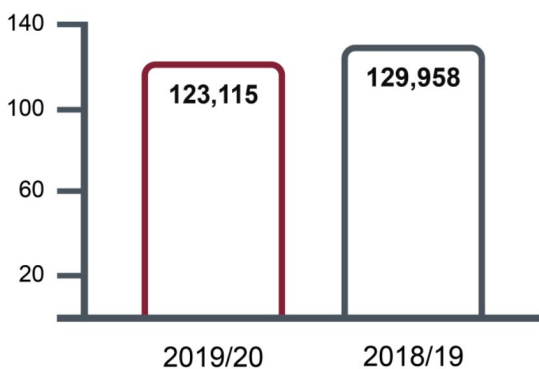
We continue our endeavours to advocate single-use products in order to stop cross-contamination of patients. Apart from working vigorously to reduce the environmental impact of our products, we see a growing number of studies mapping the environmental impact of reusable products vs single-use products. Due to the use of detergents and personal protective equipment, the indication is that reusable bronchoscopes are associated with the same or a higher level of material and energy consumption as well as emissions of CO<sub>2</sub> equivalents and resource consumption compared to Ambu® aScope™ 4 Broncho single-use scopes.

Please visit [www.ambu.com/impact](http://www.ambu.com/impact) for access to the studies and more information on the environmental impact of using reusable vs single-use endoscopes.

**Environmental improvements**

During 2019/20, a more efficient and closed-loop water-cooling system was installed at our manufacturing site in the USA. In August, we saved 416 cubic metres of water compared to the same month last year. As the saving should be consistent moving forward, we expect to see savings in water consumption in 2020/21.

**Water consumption in M<sup>3</sup>**



At our manufacturing site in Xiamen, we installed an exhaust gas collection system to reduce emissions of volatile organic compounds. A comparison of emission measurements prior to and after the installation shows a

significant reduction in emissions of between 2 to 15 times. The result is a onetime snapshot of the reduction.

**Waste**

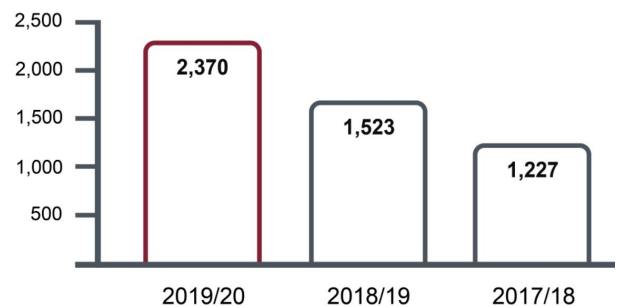
To ensure the accuracy and completeness of our waste data, we have clarified our definition of waste, waste categories and waste handling methods. The purpose of the clarification is to ensure a common understanding and the consistent reporting of all waste, even if waste management systems differ from country to country.

We have established a full overview of all waste generated at our manufacturing sites in Malaysia, the USA and at our HQ. At our manufacturing site in China, we have a full overview of our production waste, but next year we need to establish an overview of the mixed residual waste generated, as mixed residual waste has so far been disposed of in local commonly available containers.

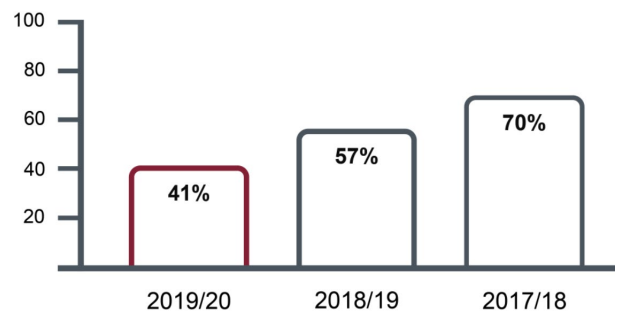
In the past year, we have seen an increase in waste volumes and a reduction in waste sent for recycling compared to previous years. The increase in waste volumes is due to more waste being generated, but also to changes in the way waste is registered at our manufacturing sites.

The decrease in the proportion of waste being recycled is ascribable to the above-mentioned changes to registration practices at our manufacturing sites.

**Waste in metric tonnes**



**Waste recycled in %**



## Social capital

### Attracting and retaining employees

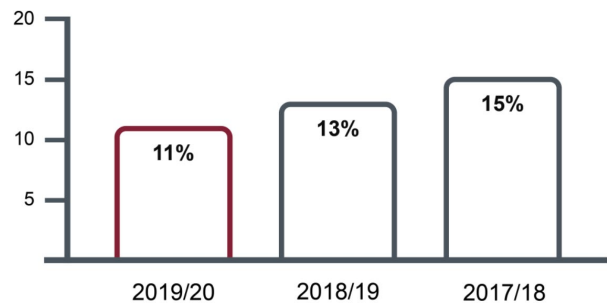
#### Graduate programme

During 2019/20, we launched a graduate programme to promote young talents and ensure a diverse talent pipeline with respect to gender, nationality and qualifications.

Having a graduate programme means that the best and brightest minds are attracted to Ambu, bringing fresh perspectives from their professional and academic backgrounds, which are shared across our various departments as the graduates go through their rotations, and thereby helping us on our way to becoming the innovation-driven company we want to be.

This year, we have 11 graduates in the streams of Data & Analytics, IT, Innovation and Marketing.

### Global employee turnover in %



The decrease in employee turnover is particularly due to a long-term effort at our manufacturing site in Noblesville, Indiana, USA. All blue-collar and indirect blue-collar employees were previously hired through an external agency, which resulted in very high turnover rates. Various initiatives were introduced, including direct

## A strong growth culture

Ambu's most important asset is its people. This financial year, approximately 1,000 new employees were hired into the company, which now has more than 4,000 employees worldwide.

*"For us in Ambu's HR departments, it has been a busy year bringing so many talents into Ambu. Being part of a company that works directly towards helping doctors and improving patient care is immensely gratifying, and that is one of the reasons many have chosen to join Ambu,"* says Christoffer Bjørk Petersen, Head of Business Partnering & Development, and continues:

*"Attracting and bringing in talent is one element. We also focus on ensuring that our people have proper onboarding and a structured lifecycle in the company in order to unlock their passion and potential and strengthen their performance throughout their time with Ambu."*

The Ambu culture and way of working aims to challenge and support the employees in their daily tasks. Graduate programmes, leadership development courses and networking groups are some of the many steps Ambu is currently taking to create space for talent to learn and grow in their roles.

### Growing as individuals and as a company

*"To make sure that we fully support our current growth strategy, it's vital that we hand-pick the brightest minds, help them develop and integrate them properly into the Ambu culture,"* says Christoffer Bjørk Petersen.

When new employees join the company, they are greeted by their colleagues and introduced to Ambu's key functions, business and culture. From the very beginning, regular check-ins and alignment on objectives and time for feedback become the norm, and this continues well into the time employees become Ambu veterans. These efforts ensure that Ambu's employees are given the chance to make themselves heard, develop their skillset and carry their ambitions forward, regardless of their location or position.

### Dare to hire differently

Ambu is an innovation-driven company. Therefore, new ways of thinking, different perspectives and a strong culture that harmonizes it all, is key to Ambu's success.

*"We have to dare to hire differently and to train our leaders to look beyond their own mirror images. For instance, there has to be an even gender distribution amongst the applicants considered for each open position. In fact, we will halt a recruitment process to go back and ensure that we have a truly diverse pool of candidates. And thereafter, inside the company, we have to continue to foster a culture of inclusion. Ambu is a global company with a rich heritage and is growing exponentially, and our people, mindset and culture must reflect that,"* explains Christoffer Bjørk Petersen.

*"We have to dare to hire differently and to train our leaders to look beyond their own mirror images."*

- Christoffer Bjørk Petersen, Head of Business Partnering & Development

hiring, to increase retention and have succeeded in bringing turnover down to around 30%, which is low compared to the Indiana average, although high compared to the Ambu average.

**Gender diversity**

*Report on the gender composition of management, pursuant to section 99 b of the Danish Financial Statements Act.*

**Diversity and gender policy**

Our ‘Diversity and gender policy’ and Code of Conduct for employees, available from our website, describe our intention to ensure and enhance diversity, including gender diversity. As a global company, we want to encourage diversity and create equal opportunities for all, regardless of gender, age, ethnicity, political opinions, sexual orientation and religious beliefs.

**Policy deployment**

Ambu believes that a diverse and inclusive work environment ensures an agile and innovative business. Therefore, we focus on employee diversity, gender composition and our social responsibility for ensuring equal opportunities, which is integrated in our recruitment and promotion processes.

Ambu continues to work for a balanced and equal gender representation at all management levels, thus ensuring a solid talent pipeline.

**Progress and activities**

Ambu will continuously work to increase the share of the underrepresented gender at all management levels to meet our target of 40% female managers in 2023.

The following initiatives are aimed at promoting the underrepresented gender:

- In recruiting managers, the proportion of candidates of the underrepresented gender short-listed for a position must equal the proportion of applicants of the underrepresented gender for the position.
- In connection with internal promotions to managerial positions, efforts will be made to ensure that both genders are represented in the field of applicants, in so far as this is possible.
- Ambu has implemented a talent management training programme to further progress.

Gender diversity female/total (%)	2019/20	2018/19	2017/18
All employees	60%	58%	57%
Managers, WC*	36%	37%	37%
All managers, WC*, IBC, BC	41%	43%	42%
Executive leadership team**	25%	–	–

\*WC: White-collar, IBC: Indirect blue-collar, BC: Blue-collar.

\*\*The executive leadership team was established 1 January 2020.

While we generally see an even distribution of women vs men working at Ambu, our manufacturing site in Penang, Malaysia, has a majority of women working at the site,

and we see a higher proportion of women in management positions there. In Ambu Penang, 86% of managers were women in 2019/20.

Looking at all managers, and not only white-collar managers, Ambu has reached its target of 40% female managers. The above-mentioned initiatives will be used as long-term levers to increase gender diversity on the executive leadership team.

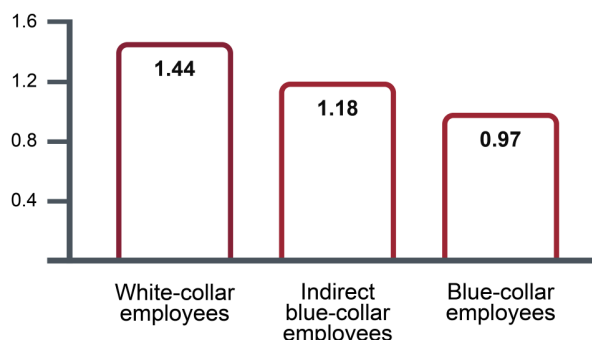
**Gender pay ratio**

A pattern of gender-based pay inequality can indicate risks related to workplace inequality and thus the inability to attract female talent. When pay is equal between genders, the female median salary is covered one time by the male median salary.

To prevent the comparison from being skewed by differences in employee groups, Ambu has calculated the gender pay ratio for three employee groups, as this provides a more accurate, though not detailed, presentation of how Ambu is doing in terms of equality of pay.

**Gender pay ratio in 2019/20**

*Shows how many times the female median salary can be covered by the male median salary*



At Ambu, we have equal pay for the same type of job regardless of gender. However, the ratio of 1.44 for white-collar employees is a result of compiled data across countries and job levels. The underlying data for white-collar employees at same job level shows equal pay.

**Labour rights**

Labour right principles and social responsibilities are reflected in our social responsibility policy.

**Social responsibility policy**

Ambu offers fair working conditions for all employees in alignment with applicable labour laws and good practice, which is elaborated on in ‘Ambu’s Policy on Corporate Social Responsibility’, available from our website.

**Policy deployment**

We want to ensure the safety of our employees in the workplace, a good professional and social atmosphere in the company as well as a high level of employee satisfaction, which will continue to make Ambu a great place to work.

### Progress and activities

It is a challenge to grow as much as Ambu does and still ensure safe and sound working conditions. It requires commitment by managers to ensure integration into the existing culture as well as strong onboarding processes to ensure the alignment of requirements and expectations. The monitoring of working conditions includes following up on sickness absence, lost-time incident frequencies and employee satisfaction in general.

#### Employee satisfaction surveys

Employee satisfaction surveys are performed regularly by Ambu, most recently in February 2018. The results are followed by a process which involves working attentively to improve identified focus areas, while maintaining a continued focus on already successful areas.

#### Occupational health and safety

The health and safety officers at our locations are responsible for systematic training and for checking that safety procedures adequately meet risk levels, and for the overall purpose of ensuring a safe workplace for all employees. Likewise, systematic registration, reporting and follow-up are performed on all work accidents. We continuously monitor safety at our HQ and manufacturing sites. Safety training is tailored to local needs and allows flexibility to take account of local laws and traditions.

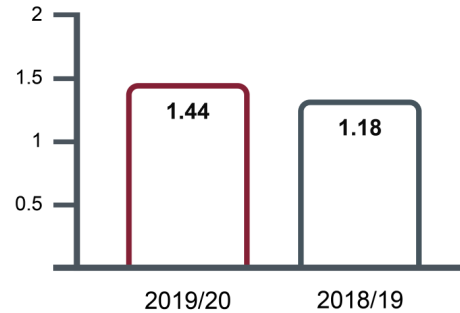
Beginning in the last financial year, we report on our lost-time incident frequency (LTIF). LTIF is calculated as the number of lost-time incidents per one million hours

worked. LTIF covers incidents that result in incapacity to work for one or more calendar days in addition to the day of the incident.

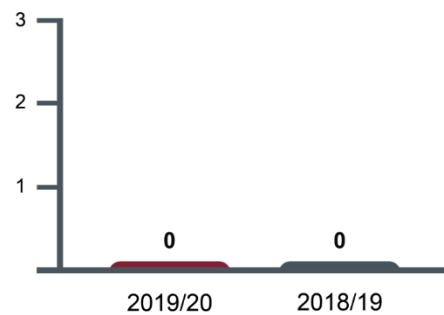
#### Safety performance indicator

The lost-time incidents frequency rate corresponds number of incidents with lost time per million hours worked.

#### The lost-time incidents frequency (LTIF)



#### Fatalities



## Value-based healthcare

How many patients can you operate in a day? This question reflects a volume-based view of healthcare. How many patients can you operate in a day, while making sure that their quality of life improves? This question, on the other hand, shows a value-based view of healthcare.

Value-based healthcare is a holistic approach that shifts the focus from the volume of healthcare provided to the value of that healthcare.

*"In our work, we listen carefully to our customers' needs and industry trends through extensive research and fieldwork, then we bring that intel back to the drawing board in our R&D department, and then through health economic studies and academic articles that we produce in my team, we verify and communicate the economic and clinical value that Ambu's products bring to our customers,"* says Casper Barsøe, Director, Market Access at Ambu.

#### Measuring the value

The 'value' in value-based healthcare is derived from measuring the health outcomes for patients against the economic cost of bringing forth this value.

*"We want to be able to continuously justify the value of our technologies, and through the health economic studies and article publications, validate the products we bring to the market and their pricing,"* says Casper Barsøe.

With the health economic studies and articles as a foundation, Ambu's Market Access team also invests their time in sharing their findings with clinical societies, procurement teams, reimbursement authorities, ministries and more. This is so that there is an aligned understanding amongst the various stakeholders of the value that the Ambu portfolio brings to healthcare systems. Casper Barsøe elaborates:

*"As a supplier, it is our responsibility to bring value to the healthcare sector by providing cost-effective solutions and work with the other stakeholders in a healthcare system, so that the patient is properly cared for."*

*"We verify and communicate the economic and clinical value that Ambu's products bring to our customers."*

- Casper Barsøe;  
Director, Market  
Access

The increase in the lost-time incidents frequency is primarily due to a doubling from two to four lost-time incidents at our manufacturing site in Noblesville, USA. Three of the four incidents related to slipping or tripping. Therefore, awareness of slipping and fall hazards has been in focus at town hall meetings, daily shift meetings and on weekly safety walks. Preventive measures are good housekeeping and awareness when walking around and not stepping over carts, pallets or other items.

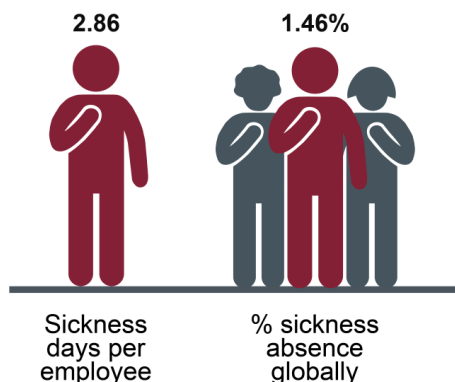
At our manufacturing site in Penang, three out of five incidents were due to failure to follow instructions or not using appropriate tools. Awareness to avoid similar incidents has been in focus at meetings with all operators.

### Sickness absence in 2019/20

Sickness absence is a new ESG indicator beginning this financial year. A disproportionately high sickness absence level is costly and recognised as an indicator of a challenged work environment, e.g. with regard to safety or occupational health and safety diseases.

We have chosen to disclose sickness absence figures even though we recognize challenges with the completeness of data (see 'Accounting policies'), as we believe it is essential to monitor and follow up on this indicator. Going forward, we will improve our data registration and collection and also follow up to ensure transparency and insight to sickness absence globally.

### Sickness in 2019/20



## Business Ethics & Compliance

### Human rights

Human rights principles are reflected in our Code of Conduct for employees and our Code of Conduct for Business Partners.

### Code of Conduct – Human rights

Ambu respects and supports the international human rights principles and standards for labour as defined by the United Nations. This implies minimum standards for freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour. This is elaborated in our Code of Conduct for employees and our Code of Conduct for Business Partners, available at [www.ambu.com/coc](http://www.ambu.com/coc).

### Policy deployment

We work strategically and continuously to implement our Code of Conduct for Business Partners in our value chain based on risk assessments and spend. Likewise, we introduce our employees to our Code of Conduct in different ways to ensure awareness of the policy and our whistleblower hotline.

### Progress and activities

In the past financial year, we held four virtual meetings with all our global people managers. Based on our values 'Results with speed', 'Collaboration' and 'Integrity', we went through the purpose of and intent behind our Code of Conduct, and real-life dilemmas were discussed.

The Code of Conduct underpins our ability to behave in a manner consistent with our values:

- The Code of Conduct sets out a common framework around how we are expected to behave and do the right thing
- We depend on each other to be mindful of our ethical responsibilities and thus to know, understand and live the Code of Conduct
- If we come across a situation that is inconsistent with our Code of Conduct, we must speak up. We value the courage it takes to raise concerns.

After the meetings, the people managers held similar meetings with their employees, gathering real-life dilemmas to be used in future eLearning. All of this to ensure that we know and understand our Code of Conduct in order to comply with it.

Our whistleblower hotline encourages and enables all customers, business partners as well as our own employees to raise serious concerns about misconduct and improper management, including fraud, bribery, serious breaches of occupational health and safety standards, serious issues directed towards an employee, for example, discrimination, violence or sexual assault, or serious violations of local policies.

We ensure compliance with the EU's General Data Protection Regulation (GDPR) when handling personal data. Employees throughout Europe have been trained to ensure that we comply on basis of knowledge and understanding. There is a completion rate of 96%.

### Bribery and anti-corruption

Our Code of Conduct for employees and our Code of Conduct for Business Partners, available from our website, describe our zero-tolerance policy on bribery and corruption

### Code of Conduct – Bribery and anti-corruption

As a global company, Ambu is dedicated to ensuring that our business is conducted in an ethical and transparent way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. It is important that we act with integrity in all our dealings. Bribery and corruption harm the societies in which such acts are committed and prevent economic growth and development. It is Ambu's policy to comply with all applicable anti-bribery and transparency laws and to accurately reflect all transactions in Ambu's books and

records. Ambu takes a zero-tolerance approach to acts of bribery and corruption by any employee or anyone acting on our behalf.

#### Policy deployment

Our Code of Conduct for employees and our Code of Conduct for Business Partners and underlying policies provide clear guidance on e.g. gifts, entertainment and hospitality and interactions with healthcare professionals.

#### Whistleblower hotline

Ambu's whistleblower hotline received five reports in 2019/20. Three fell within the scope of our Code of Conduct, while two were handled by local HR departments.

Two reports regarded occupational health and safety and concerns, more specifically whether safety measures in relation to COVID-19 were being followed appropriately. The cases were investigated and closed without further consequences.

One report concerned harassment. The case was investigated and ended with the termination of the employee not respecting our Code of Conduct.

Whistleblower hotline	2019/20	2018/19
Total number of reports	5	0
Number of reports within scope	3	0

## Business ethics and compliance: An organizational virtue

*"Business ethics and compliance guide the company's behaviour, relationships and growth. As we are a company on the path of expansion, and because we have a close relationship with our stakeholders, today more than ever, it is vital to promote business ethics and compliance and act with integrity,"* responds Casper Venbjerg Hansen, Director, Corporate Business Ethics & Compliance, when asked about the importance of business ethics and compliance at Ambu.

As a global and growing company, Ambu must ensure adherence to national and international guidelines and standards, and several initiatives towards achieving this are already in progress.

*"We're working on building compliance programmes and ethical standards in relation to marketing materials, training for sales representatives and guidelines for interactions with healthcare professionals because we strive to have a large degree of transparency in our relationships with our customers and key opinion leaders in the industry. We are also increasing awareness on our Code of Conduct and whistleblower hotline so that even though the company grows, everyone is aligned on what is right and what is wrong in an Ambu context, and everyone knows where and how to report concerns,"* explains Casper Venbjerg Hansen.

#### A compliance management system

Ambu is also in the process of implementing an overall compliance management system that incorporates different compliance programmes. The system provides a framework for compliant behaviour in terms of eight specific elements and acts as a tool for assessing the progress of these elements.

*"Through the compliance management system – which contains elements like risk management, policies and procedures, and communication and training – we can measure our level of maturity. This allows us to continuously monitor and evaluate our compliance efforts,"* says Casper Venbjerg Hansen and continues:

*"Overall, through compliance processes, guidelines and our new compliance management system, we can ensure that we adhere to all the standards set for us in healthcare systems around the world and that there is consistency and authenticity in the way we work and what we provide. This is a responsibility we all carry as a part of Ambu – from the Board, to the management, to the leadership, to the individual employees. There is still much work to be done, but our ambitions are high, and we're on the right track."*

*"This is a responsibility we all carry as a part of Ambu – from the Board, to the management, to the leadership, to the individual employees"*

- Casper Venbjerg Hansen, Director, Corporate Business Ethics & Compliance Officer



### Gender diversity and board attendance

Report on the gender composition of the Board of Directors (members elected at the annual general meeting), pursuant to section 99 b of the Danish Financial Statements Act.

At the general meeting on 17 December 2019, one female candidate was elected for the Board of Directors. Ambu's target of one female board member was met. Ambu will continually work on finding suitable female members to join, as well as working to ensure general diversity in the composition of the Board of Directors with respect to the age, gender, educational and professional background of its members.

Governance indicators	2019/20	2018/19	2017/18
Gender diversity, Board of Directors	17%	0%	0%
Board meeting attendance rate	95%	100%	97%

CEO pay ratio is to be found in "Remuneration report".

### Political contribution policy

Ambu does not financially support political parties, political campaigns, candidates for political office, or a person acting in an official capacity of a political party, but may support third-party organizations that provide such support, for example regional, national or local industry associations or think tanks.

Ambu supports employees' rights to engage personally in political activity. Employees should, however, use their own time and money for such activity, and must never use Ambu facilities or resources to support political candidates or parties. Employees must also never give the impression that Ambu supports or endorses any candidate, campaign or issue the employees are personally involved in. Employees may establish political action groups that are funded solely through voluntary employee contributions.

## Sustainability and ESG data collection

We continuously strive to develop our sustainability and ESG data collection and reporting in order to support our business and provide our stakeholders with relevant and transparent sustainability and ESG data.

We are at the beginning of a journey towards ensuring data registration, collection and reporting covering all relevant sustainability and ESG indicators and expect to develop further in the coming years.

### Business changes impacting sustainability and ESG data

No mergers or acquisitions impacted ESG data for 2019/20.

### New sustainability and ESG indicators

- Gender diversity, Board of Directors
- Board meeting attendance rate
- CO2 related to revenue
- CO2 related to ton of manufactured products
- Renewable energy share
- Gender diversity all
- Gender diversity, executive leadership team
- Employee turnover rate
- Sickness absence

### Revised sustainability and ESG indicators

- Scope 1 emissions have been recalculated for the previous years, as the CO2 emission factor previously used for natural gas was incorrect. Previously, a factor from IEA of 380 g CO<sub>2</sub>/kWh was used. This has now been changed to a factor from the United States EPA of 181 g CO<sub>2</sub>-eq/kWh. The validity of the new factor has been checked by comparing the value with the conversion factor published by other institutions (the Danish Energy Agency, GHG protocol, DEFRA etc.). As emissions from burning natural gas constitute more than 80% of our Scope 1 emissions, the correction of the emission factor has a significant impact on the total Scope 1 emissions.
- Furthermore, Scope 1 emissions from last year have additionally been recalculated due to the wrong allocation of emissions from district heating between Scope 1 and Scope 2. District heating was included as a Scope 1 emission, but according to the Greenhouse Gas Protocol it is a Scope 2 emission. District heating was reported for the first time last year, where HQ was included in the scope. CO<sub>2</sub> emissions from district heating remain the same, and total CO<sub>2</sub> emissions have not changed, the only difference being the allocation between Scope 1 and Scope 2.
- Waste has been clarified and defined as what is left when manufacturing or consumption ends. It is material that has to be disposed of so that it does not accumulate to be a nuisance. Total waste volume consists of the sum of waste sent for recycling, for energy recovery and for landfill/disposal respectively.
- Water consumption has been clarified and defined as the sum of all water consumed. The sum of all water drawn into the boundaries of the company from all sources, including surface water, groundwater, rainwater and any municipal water supply. Water consumption is the gross amount of consumption, therefore cleaned/purified waste water cannot be deducted.
- Gender diversity is expanded to comprise several levels and all employees.

### Discontinued sustainability and ESG indicators

None.

## ESG data summary

	2019/20	2018/19*	2017/18	2016/17	2015/16
<b>Environmental indicators</b>					
CO <sub>2</sub> e**, Scope 1 (metric tonnes)	957	944	845	842	1,337
CO <sub>2</sub> e, Scope 2 (metric tonnes)	18,249	17,141	13,768	14,899	14,886
CO <sub>2</sub> e per ton manufactured products (metric tonnes/ton)	1.90	1.96	1.65	1.78	2.06
CO <sub>2</sub> e related to revenue (metric tonnes/DKKm)	5.38	6.41	5.61	6.68	7.78
Energy consumption (GJ)	138,411	130,849	107,185	113,072	118,681
Renewable energy share (%)	0.13	0.05	–	–	–
Water consumption (m3)	123,115	129,958	101,142	116,233	100,007
Waste (metric tonnes)	2,276	1,661	1,226	1,426	1,382
Waste recycled (%)	41	57	70	65	59
<b>Social indicators</b>					
Number of full-time employees at end of year	4,187	3,108	2,795	2,607	2,450
Average number of employees	3,617	2,957	2,712	2,503	2,337
Gender – female/total (%)	60	58	57	57	58
Gender – female white-collar managers/all white-collar managers (%)	36	37	37	37	40
Gender – female managers/all managers (%)	41	43	42	–	–
Gender – female executives/executive leadership team (%)	25	–	–	–	–
Gender pay ratio, white-collar employees (times)	1.44	–	–	–	–
Gender pay ratio, indirect blue-collar employees (times)	1.18	–	–	–	–
Gender pay ratio, blue-collar employees (times)	0.97	–	–	–	–
Employee turnover rate, white-collar employees (%)	10	13	11	–	–
Employee turnover rate, all employees (%)	11	13	15	–	–
Sickness absence (%)	1.46	1.51	1.50	–	–
Sickness absence (days per employee)	2.86	3.19	3.21	–	–
Fatalities (number)	0	0	0	0	0
Lost-time incident frequency (number of incidents with lost timer per million hours worked)	1.44	1.32	–	–	–
<b>Governance indicators</b>					
Gender – female members of the Board of Directors (%)	17	0	0	–	–
Board meeting attendance rate (%)	95	100	97	–	–

\* In 2018/19, scope was changed for environmental indicators including HQ operations, resulting in a slight increase in numbers. The increase seen in the environmental indicators was primarily related to increased production.

\*\* Ambu is dedicated to reporting all greenhouse gasses (carbon dioxide, methane and nitrous oxide) and therefore always seeks to use conversion factors displayed as CO<sub>2</sub>e. Of nine conversion factors, two are not available as CO<sub>2</sub>e (electricity in China and district heating in HQ).

## Accounting policies

### Environment indicators

Scope for all environment and climate indicators is our headquarters (HQ) and our three factories in China, Malaysia and the USA. HQ consumption was added in 2018/19 and included from then on. Calculations before 2019/20 were based on IEA data from IEA Emission Factors 2018 © 2019 IEA Online Data Services. Prior-year figures were adjusted and calculated based on IEA statistics.

Greenhouse gas emissions are disclosed according to the Greenhouse Gas Protocol.

Scope 1 covers direct GHG emissions from sources that are owned or controlled by the company. Ambu includes LPG, natural gas and gasoline used at our HQ and manufacturing sites. Diesel and gasoline for company cars related to HQ and manufacturing sites are included. Energy consumption is converted to CO<sub>2</sub> emissions using publicly available conversion factors (See 'Factors' section). Energy consumption data is based on invoices.

Scope 2 covers indirect GHG emissions from the generation of purchased electricity or heat used by the company, where the greenhouse gas emissions physically occur at the facility where the electricity or heat is generated. Ambu includes electricity and district heating used at our HQ and manufacturing sites. Energy consumption is converted to CO<sub>2</sub> emissions using country-specific conversion factors (See 'Factors' section). Energy consumption is based on invoices.

Total energy consumption is summarized in GJ.

The renewable energy is generated by solar panels installed at our HQ and at our factory in Penang. The renewable energy volume from our HQ is based on a performance calculation, while the volume from Penang is based on meter readings.

Ton manufactured products includes packaging and is based on the number and weight of products distributed from our factories.

Water consumption is the sum of all water consumed. The sum of all water drawn into the boundaries of the company from all sources, including surface water, groundwater, rainwater and any municipal water supply. Water consumption is based on meter readings and invoices. At our HQ, there has been a change of meter reading practice. It has therefore only been possible to have a meter reading for 9.5 months. This value has been converted to a full-year figure by assuming proportional usage.

Waste is defined as what is left when manufacturing or consumption ends. It is material that has to be disposed of so that it does not accumulate to be a nuisance. Waste data is based on invoices from waste collectors and divided into total volume of waste, and the proportion that is sent for recycling.

### Social indicators

Scope for social indicators is all regular and temporary employees with an Ambu contract. People without an Ambu contract, e.g. interns, consultants and externally hired temps, are excluded. If another scope is applied, this is stated.

The employee turnover rate is calculated by comparing total number of both voluntary and involuntary leavers (retirees are included as voluntary leavers) with the number of Ambu employees at the end of the year. The employee turnover rate is only calculated for regular employees, thus not for temporary workers. Employees with a fixed-term contract and leavers due to death are excluded.

The gender pay ratio is calculated based on the full compensation, which includes total cash target, pension and car. The data shows the number of times the female median salary can be covered by the male median salary. Approximately 20 employees whose salary has not been paid out directly or has been difficult to estimate are excluded from the calculation.

Scope for the LTIF indicator is our headquarters (HQ) and our three manufacturing sites in China, Malaysia and the USA. Hours worked are reported for all employees at the site during the data period. LTIF is calculated as the number of accidents with lost time per million hours worked. The frequency is calculated both for regular and temporary employees, but does not include contractors or persons not directly employed by Ambu.

Scope of sickness absence % and days per employee is, in principle, all regular and temporary employees at Ambu. The data shows the annual number of absence days due to sickness per employee as well as the sickness rate (% sickness days compared to total working days in the year). Data for sickness absence is collected and reported by HR managers at our local offices and facilities. This results in challenges in terms of completeness of data as all local systems have not been able to capture the data in the desired format. Consequently, sickness absence for 2019/20 shows a deficient picture which includes data for only 3,522 (84%) of our 4,187 employees globally. We expect to be able to provide a full picture in 2020/21.

### Governance indicators

The gender diversity for members of the Board elected by the annual general meeting (AGM) does not include employee-elected members. Board meeting attendance rate is calculated only for the AGM-elected members on basis of each member's attendance at each Board meeting.

## Factors

The following conversion factors have been used to calculate greenhouse gas emissions.

Indicator	Factor	Reference
Scope 1	Global warming potentials of greenhouse gasses	Intergovernmental Panel on Climate Change (IPCC), Fifth Assessment Report: The Physical Science Basis, 2013
Scope 1	Carbon emissions from gasoline, diesel and LPG	Greenhouse Gas Protocol, Emission Factors from Cross-sector tools, 2017
Scope 1	Carbon emission from natural gas	United States Environmental Protection Agency, Emission Factors for Greenhouse Gas Inventories, 2020
Scope 2	Carbon emissions from purchased electricity in Denmark (average)	Energinet.dk, Environmental declaration for 1 kWh electricity, 2019
Scope 2	Carbon emissions from purchased electricity in Penang, Malaysia	TNB, TNB sustainability report 2019, 2020
Scope 2	Carbon emissions from purchased electricity in China (average)	IEA, Carbon intensity of electricity generation in selected regions in the Sustainable Development Scenario, 2000-2040, 2020
Scope 2	Carbon emissions from purchased electricity in Noblesville, USA	United States Environmental Protection Agency, Emission Factors for Greenhouse Gas Inventories, 2020
Scope 2	Carbon emissions from purchased district heating in Ballerup, Denmark	Vestforbrændingen, Environmental declaration for district heating from Vestforbrændingen in 2019, 2020

**Ambu**   
Ideas that work for life