



## Social Financing Framework

May 2021

# 1. Background and Rationale

The world is facing major challenges, one of which is the ability to provide the increasing world population with safe and effective healthcare. People are living longer and need to provide more care for less resources. The global economy will continue to increase and at the same time health care spend will continue to exceed economic growth so more and better treatments are needed.

Getinge has a firm belief that every person and community should have access to the best possible healthcare and is committed to work to ensure this. The vision that Getinge strive for and which is present in everything we do is to become the world's most respected and trusted Medtech Company. Getinge's products and solutions contribute to more effective and sustainable healthcare for patients and customers. It all starts with having the right passion, which is at the heart of our values. The company helps its customers to meet their challenges in healthcare and life science institutions by providing knowledge, technology and resources to achieve efficient structures and, ultimately, to save lives.

Basic health care needs are also increasingly important globally. We know that one of four healthcare facilities lack clean water which result health care acquired infections (HCAI). HCAI is still the biggest killer in the world of people under 30, and in one hour from now 100 more people will be dead from HCAI. Getinge infection control business is right at the core of fighting the spread of bacteria in hospitals.

According to the WHO lifestyle diseases, such as cardiovascular diseases, are one of the primary causes of deaths globally. Therefore, Getinge provides hospitals and life science institutions with products and solutions that aim to improve clinical results and optimize workflows. The offering includes products and solutions for intensive care, cardiovascular procedures, operating rooms, sterile reprocessing and life science.

To meet the global demand, in 2020 Getinge temporarily increased the production of advanced ICU-ventilators by 160% - to 26,000 ventilators in total versus 2019 approximately 10,000 advanced ICU-ventilators. Since the outbreak of the COVID-19 pandemic, Getinge has seen an increased global demand for its advanced ventilators, extra corporeal life support (ECLS) equipment and advanced monitoring for Intensive Care Units.

Getinge has a world leading position in ECLS or extracorporeal membrane oxygenation (ECMO). Extracorporeal Membrane Oxygenation (ECMO), an approach that provides the body with oxygen when the lungs fail to perform this task. Getinge's ECMO devices are designed to help keep critically ill patients alive while giving their damaged lungs time to recover. ECMO can be used for lung support (as in the case of COVID-19) and it can be used for both heart and lung support. ECMO replaces the lung function by oxygenating the patient's blood outside the body.

ECMO itself will not cure a patient, but the technology is designed to help doctors gain valuable time to save lives. With critically ill or injured patients, there's no time for delay. That's why Getinge has long been committed to advanced ECLS technology. ECLS/ECMO have been highly appreciated by both patients and caregivers during the pandemic and this has resulted in an increased demand for using the products in general to help critically ill patients.

Getinge's sustainability work is driven by the conviction that a responsible company contributes to increased value for customers, as well as the society at large. Getinge was named 2019's Most Sustainable Company in the Life Science Industry, by World Finance magazine.

The purpose of this Social Financing Framework is to secure a high level of disclosure and transparency on the funding needed to facilitate Getinge's ordinary production capacity of essential medical equipment.

## 2. Framework Structure

The structure of Getinge's Social Financing Framework is developed to be in line with the ICMA Social Bond Principles 2020 (SBP), and therefore consists of the four key pillars and the recommended External Review component:


- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

It is Getinge's intention to follow the best practices, in relation to Social Bonds as the market standards develop. Therefore, Getinge's Social Finance Framework may be amended and/or updated to reflect changes in market practice.

## 3. Use of Proceeds

Getinge has established this Social Financing Framework to issue financial instruments where the proceeds will be exclusively allocated to finance, in whole or in part, Eligible Projects. These projects facilitates the production of both Acute Therapy healthcare equipment required to mitigate health effects through ventilation and life support systems such as Extracorporeal Membrane Oxygenation (ECMO) systems and Extracorporeal Life Support (ECLS) equipment's and Life Science critical products for vaccine production such as Aseptic transfer systems (i.e. DPTE-BetaBag®). The purpose is to contribute to ensuring that sufficient healthcare equipment is in place, to enable access to essential medical care, for those seeking healthcare assistance at any given time. Eligible Projects comprise of capital expenditures related to ramping up the production capacity. Getinge will allocate the net proceeds from social financing instruments, such as bonds and other debt financing instruments, to Eligible Projects as defined below, in table 1.

**Table 1. Eligible Projects and Target population**

Social Bond Principles Eligible Categories	Eligible Projects	Target Population	UN SDG Targets
<p><b>Access to Essential Healthcare Services</b></p>	<p>Investments and expenditures related to production capacity of healthcare systems and equipment.</p> <p>This can encompass, for instance advanced ventilation equipment, extracorporeal membrane oxygenation (ECMO) systems, also known as extra corporeal life support (ECLS) equipment, advanced monitoring for Intensive Care Units and DPTE-BetaBag®.</p>	<p>The primary target group is patients in need of healthcare.</p> <p>The secondary target group is healthcare workers involved in the treatment of patients.</p>	 <p>To ensure healthy lives and promote well-being for all at all ages</p>

## 4. Process for Project Evaluation and Selection

Getinge has established a Social Financing Committee to evaluate and select Eligible Projects that are in line with the criteria set out in the Use of Proceeds section. The Social Financing Committee meets on an annual basis or more frequently if required. The Social Financing Committee is comprised of:

- CFO at Getinge AB
- Head of Sustainability at Getinge AB
- CFO Product Area Cardiopulmonary within Getinge AB

The Social Financing Committee is responsible for:

- **Evaluating** the compliance of proposed Eligible Projects with the eligibility criteria outlined in the Use of Proceeds section.
- **Ensuring** that the pool of Eligible Projects is aligned with the categories and criteria, as specified in the Use of Proceeds section.
- **Replacing** investments that no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.)
- **Approving** the Social Financing Investor Report, see section 6 below

The Social Financing Committee decides in consensus and keeps a record of meetings and decisions.

## 5. Management of Proceeds

An amount equal to the net proceeds of any Social financing instruments will be credited to a segregated account that will support Getinge's financing of Eligible Projects. So long as Social financing instruments are outstanding, and the segregated account has a positive balance, funds may be deducted from the segregated account and added to Getinge's lending pool in an amount up to all disbursements from that pool made in respect of Eligible Projects. The segregated account will ensure prudent monitoring and tracking of the Eligible Projects.

Getinge's Group Treasury team is responsible for the tracking of funds and the allocation of proceeds. If, for any reason, an Eligible Project ceases to comply with the requirements set out in this Framework, such a project will be removed from the pool of Eligible Projects. Proceeds not yet allocated towards Eligible Projects will be placed in the liquidity reserves and managed as such.

## 6. Reporting

To enable investors, and the general public, to follow the development and to provide insight to prioritised areas Getinge will provide a Social Finance Investor Report on an annual basis. The report will cover information both on the allocation of proceeds and on the output and impacts achieved, where feasible and relevant data information is available.


### Allocation Reporting

1. The total amount of Social financing instruments issued and outstanding and the division between them
2. A description of the portfolio of approved Eligible Projects
3. Information about any unallocated balance standing to the credit of the segregated account.

### Output and Impact Reporting

The Social Financing Investor Report aims to disclose the social impact of the Eligible Projects financed under this Framework. As Getinge can finance both small and large Eligible Projects, the output and impact reporting may, to some extent, be aggregated. The output and impact assessment will, if applicable, be based on the Key Performance Indicators (KPIs) presented in the table below.

**Table 2. Examples of Impact Indicators**

SBP Eligible Categories	Examples of Impact Indicators	Targeted SDGs
<p><b>Access to essential healthcare services</b></p>	<p>Output: Number of produced ECLS/ECMO and DPTE-BetaBag®.</p> <p>Impact: Number of patients that receive healthcare with ECLS provided during a relevant time period</p>	

## 7. External Reviews

### Second Party Opinion (pre-issuance)

To secure alignment with the Social Bond Principles and market practice, Getinge has engaged Sustainalytics to act as an external reviewer of this Social Finance Framework and to provide a Second Party Opinion which will be made publicly available on Getinge’s website.

### Third-Party Review (post-issuance)

Getinge has appointed an external independent auditor to annually perform a limited assurance on the selection process for the financing of Eligible Projects and that the allocation of the net proceeds of the Social Financing Instruments are done in accordance with Getinge’s Social Finance Framework. The Social Finance Framework, the second party opinion, and the investor letter will be publicly available on Getinge’s website.