



# COVID-19 Financing Framework

April 2020

## 1. Background and rationale

Getinge's products and solutions contribute to a more effective and sustainable health care for patients and customers. It all starts with having the right passion, which is at the heart of our values. 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, according to the WHO, lifestyle diseases such as cardiovascular diseases are one of the primary causes of deaths globally. Getinge is committed to work to ensure that all people and societies have access to the best possible healthcare. The company helps its customers to meet their challenges in healthcare and life science institutions by providing knowledge, technology and resources to achieve optimal clinical outcomes and, ultimately, to save lives.

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<sup>1</sup> in the Life Science Industry, by World Finance magazine. Right now, Getinge is doing its utmost to support the courageous clinicians around the world, in their fight against the global pandemic, COVID-19.

Hospitals are reporting shortages of key equipment needed for critically ill patients. Adequate production of equipment is therefore crucial to mitigate the health effects during the pandemic. According to the World Health Organization, approximately 14% of the population affected by COVID-19 develop a severe disease that requires hospitalization and oxygen support, and 5% require admission to an intensive care unit.

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.

To meet the global demand, in 2020 Getinge will temporary increase its production of advanced ICU-ventilators by 160% - to 26,000 ventilators in total. In 2019 Getinge produced approximately 10,000 advanced ICU-ventilators, which translates into around 3 Bn SEK in net sales (including service and spare parts). Production takes place at its factory in Solna, Sweden, which was the first manufacturing unit in the group to be certified according to the new regulation, EU MDR, on February 18, 2020<sup>2</sup>. In order to increase the volume, Getinge is adding a second production shift in our production facility.

Production has been running without any significant interference since the outbreak of COVID-19, due to rigorous planning in close collaboration with suppliers to prevent any hindrances. This approach will continue and become even more important, as the ramping up of production capacity is dependent on the availability of supply parts from Getinge's sub-contractors. Should Getinge come into situations where a prioritization of medical supplies between clients is

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<sup>1</sup> <https://www.getinge.com/de/uber-uns/presse-und-medien/newsroom/press-releases/2020/6904-Getinge-awarded-by-World-Finance-for-sustainability-commitment/>

<sup>2</sup> <https://www.getinge.com/pl/onas/prasa-media/newsroom/press-releases/2020/6918-Getinge-announces-first-manufacturing-site-and-products-to/>

required, Getinge will try to assess which clients have the most imminent need. The current circumstances, where multiple parties have comparably stressful situations which require a lot of urgency, complicate this assessment. Nonetheless, Getinge will do its utmost to make a fair distribution of the ventilators available.

The purpose of this COVID-19 Financing Framework is to secure a high level of disclosure and transparency on the additional funding needed to facilitate Getinge's build-up of extra ordinary production capacity of essential medical equipment at the fastest pace possible.

## **2. Framework Structure**

The structure of Getinge's COVID-19 Financing Framework is developed to be in line with the ICMA Social Bond Principles 2018 (SBP), and therefore consists of the four key pillars:


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

Getinge is in favour of the recommendation within the SBP to acquire an independent Second Party Opinion from an external reviewer. However, due to the urgency of the situation and the transient nature of the corona crisis, Getinge has decided to launch this COVID-19 Financing Framework without acquiring a Second Party Opinion. Although Getinge trusts that the COVID-19 Financing Framework meets all the four core components of the Social Bond Principles, Getinge will refrain from labelling financial instruments issued under this framework as Social Bonds. Instead, they will be referred to as COVID-19 financing instruments.

## **3. Use of proceeds**

Getinge has established this COVID-19 Financing Framework to issue financial instruments where the proceeds will be exclusively allocated to finance, in whole or in part, Eligible Projects that facilitate a rapid increase in production, to meet an increased demand, for the direct and indirect healthcare equipment required to mitigate the health effects arising due to the COVID-19 pandemic. 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 as a result of the Covid-19 Pandemic. Eligible Projects comprise of capital expenditures related to ramping up the production capacity, as well as operating expenditures to facilitate the extra-ordinary production. Getinge will allocate the net proceeds from COVID-19 financing instruments, such as commercial papers, 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 increased production capacity to meet demand as a result of the COVID-19 pandemic.</p> <p>This can encompass, for instance advanced ventilation equipment, extracorporeal membrane oxygenation (ECMO) systems, also known as extra corporeal life support (ECLS) equipment, and advanced monitoring for Intensive Care Units.</p>	<p>The primary target group is patients with COVID-19 in need of health care.</p> <p>The secondary target group is health care workers involved in the treatment of COVID-19 patients.</p> <p>The tertiary target group is the general public who will benefit from a functioning response to the pandemic. The target groups are located throughout the world where Getinge has its clients.</p>	

**4. Process for Project Evaluation and Selection**

Getinge has established a COVID-19 Financing Committee to evaluate and select Eligible Projects that are in line with the criteria set out in the Use of Proceeds section. The COVID-19 Financing Committee meets on a monthly basis or more frequently if required . The COVID-19 Financing Committee is comprised of:

- CFO at Getinge AB
- Head of Sustainability at Getinge AB
- CFO Product Area Critical Care within Getinge AB

The COVID-19 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 COVID-19 Financing Report, see section 6 below**

The COVID-19 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 COVID-19 financing instruments will be credited to a segregated account that will support Getinge's financing of Eligible Projects. So long as COVID-19 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 allocated towards Eligible Projects will be placed in the liquidity reserves and managed as such. In the event that the COVID-19 crisis is resolved earlier than expected and that the financing needs in line with this framework falls to a level lower than the proceeds from COVID-19 financing instruments, Getinge commits to inform investors through a press release. The unallocated proceeds would in such a situation be placed in liquidity

## 6. Reporting

To enable investors, and the general public, to follow the development and to provide insight to prioritised areas; Getinge will provide a one-off COVID-19 Financing Report, after full allocation of the proceeds and no later than three months after the maturity of the instruments. 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 COVID-19 financing instruments issued and outstanding
2. A description of the portfolio of approved Eligible Projects and the main categories of expenditures
3. Information about any unallocated balance standing to the credit of the segregated account.

### Output and Impact Reporting

The COVID-19 Financing 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 will, 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 health care services</b></p>	<p>Output: Number of produced ventilators provided as a result of the COVID-19 pandemic.</p> <p>Impact: Number of patients that receive health care with the ventilators provided during a relevant time period</p>	