



# 4Life Solutions’ ESG policy

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## Introduction

The purpose of 4Life Solutions’ ESG policy and ESG Principles is to ensure that we run our business in a sustainable way with no significant harm to people or planet, while creating positive impacts to environment, society, and our business through delivery of solutions providing 1 billion people safe drinking water before 2030.

**ESG awareness and capabilities are key in a turbulent world:** As planetary boundaries are increasingly challenged and as the world is changing at accelerated pace there is an increasing number of actual negative impacts and potential risks on people, planet and prosperity from our solutions, organization, markets and value chain. Hence, we believe that awareness and continuously developing ESG capabilities and awareness in the company is key for truly becoming a sustainable business also in times of turbulence.

**ESG policy and ESG principles guide our actions:** Our ESG policy is guiding our management of ESG aspects to ensure fulfillment of our ESG principles on Planet, People & Prosperity including those ESG principles 4Life Solutions consider non-negotiable (zero tolerance deviations).

We work and engage with many parties in many countries worldwide and are - of course – committed to comply with regulation in the country or region where we are working.



In cases where regulation does not live up to our ESG principles or where partners/parties don't comply with laws or significantly harm ESG aspects, we use our ESG policy and ESG principles to guide our decisions and use our business range of influence to mitigate the negative ESG impact in focus.

In those cases where our non-negotiable ESG Principles are harmed or at significant risk of violation, we are ready to demand mitigation of the negative impact within an adequate grace period. If mitigation is not in place within grace period, we are ready to terminate the partnership or activity.

**Specific long term ESG goals before 2024:** We plan to set specific targets on various ESG aspects (e.g. diversity, scope 1-2 green house gas emissions a.o) before 2024. We believe that we through 2022-23 have gained sufficient knowledge and experience on products, business models, partnerships a.o. to meaningful set ambitious targets. Despite this, for 4Life Solutions reducing negative impacts on climate, diversity, inclusion, and business ethics are key ESG aspects that we always address in our ESG management.

## Our ESG policy is guided by UN Global Compact & Minimum Safeguards

4Life Solutions supports the United Nations Universal Declaration of Human Rights and is a partner in United Nations Global Compact (UNGC), which means that we follow the 10 UNGC principles within the important areas of human rights, labor standard (incl. health and safety), environment, and business ethics (including anti-corruption). Please find the 10 UNGC principles in the box below.

UN Global Compacts 10 Principles	
<b>Human Rights</b>	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
<b>Labor Standards</b>	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: the elimination of all forms of forced and compulsory labor Principle 5: the effective abolition of child labor Principle 6: the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	Principle 7: Businesses should support a precautionary approach to environmental challenge Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>	Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

<https://www.unglobalcompact.org.uk/the-ten-principles/>

Furthermore, our approach on ESG management is guided by the following guidelines often referred to as the minimum safeguarding principles:

- UN Guiding Principles on Business and Human Rights [https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- OECD Guidelines for Multinational Enterprises <https://www.oecd.org/daf/inv/mne/48004323.pdf>
- ILO declarations on Fundamental Principles and Rights at Work <https://www.ilo.org/declaration/lang--en/index.htm>



Finally, we support the UN Sustainable Development Goals (SDGs) and use the SDGs to communicate our impacts. UN Sustainable Development Goals are developed by UN as a “universal call to action” to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity (<https://sdgs.un.org/goals>).

## 4Life Solutions’ ESG Policy & Principles

4Life Solutions’ ESG policy guide us in how to address ESG aspects through among others mapping, mitigation and continuous improvements. Apart from complying with regulatory demands, our ESG Principles tells us what to strive for in our business endeavors: 4Life Solutions have defined in total 20 ESG principles, of which some ESG principles are considered non-negotiable demands (NND) due importance to business. Principles 1-8 addresses Principles related to the *Planet*, Principles 7-17 related to *People* and Principles 14-20 addresses *Prosperity*.

Our ESG policy and ESG Principle are as follows:

**We commit to do our part in accelerating a sustainable transition. We comply with regulatory demands and strive to fulfil our ESG Principles covering Planet, People & Prosperity in our value chain while not accepting violation of those ESG Principles considered non-negotiable demands (NND) for 4Life Solutions.**

**We achieve this by applying a value chain perspective and using our abilities, solutions, choices, partnerships, and company leverage (range of influence) to**

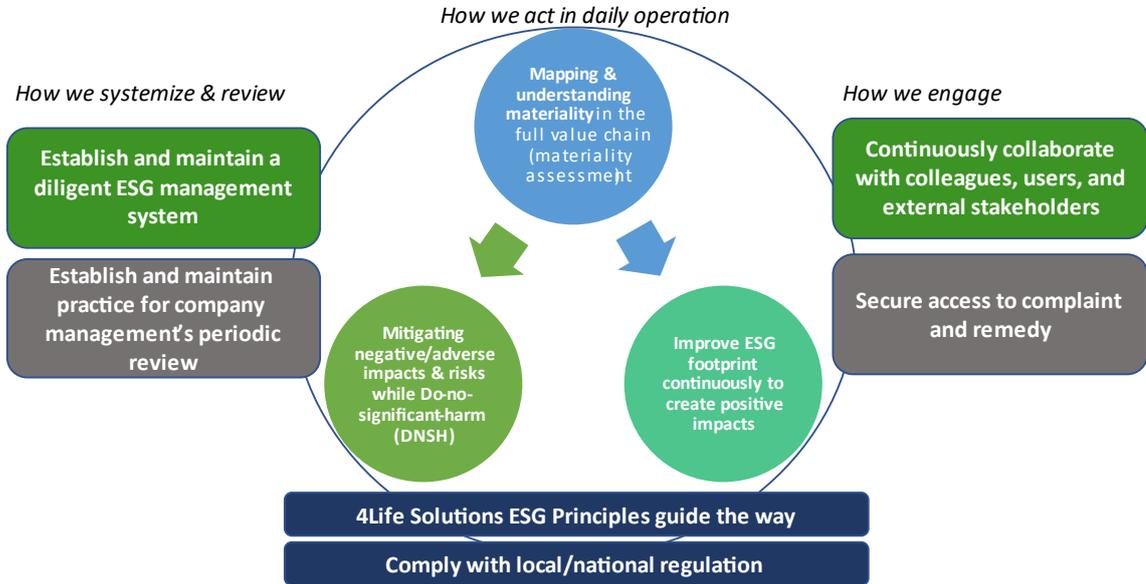
1. **Map & understand materiality:** We perform periodic and at least yearly mapping and prioritizing of ESG-related significant negative/adverse impacts, risks and opportunities for increased positive impact in the full value chain (materiality assessment)
2. **Mitigate negative/adverse impacts while Do-No-Significant-Harm (DNSH):** We use creativity and partnerships to diligently take the necessary steps to cease, reduce or prevent significant negative/adverse impacts and risks considering materiality of mapped negative/adverse impacts or risk and company leverage
3. **Improve ESG footprint continuously to create positive impacts,** by establishing and maintaining practice to ensure continuous improvements
4. **Continuously collaborate with colleagues, users, and external stakeholders** to improve solutions, culture and company leverage
5. **Establish and maintain a diligent ESG management system** including practice regarding ESG disclosure and ESG communication
6. **Secure access to complaint and remedy,** by establishing and maintaining practice for handling internal and external complains, including access to remedy for those whose rights are harmed
7. **Establish and maintain practice for company management’s periodic review** of ESG management system, including assessment of effectiveness of existing ESG management.



We strive to fulfil the following ESG principles in a value chain perspective, with NND defining non-negotiable demands:

1. **Apply creativity and circular thinking** (reduce, replace, reuse, recycle, upcycle) in the value chain (NND)
2. **Reduce/avoid use of fossil materials/fuels, scarce minerals, non-renewable materials, and virgin materials. No use of materials from endangered or vulnerable species.**
3. **Reduce/avoid CO<sub>2</sub>-eq/greenhouse gas emissions** especially in scope 1-2 (own production and vehicles), but also scope 3 (up/downstream)
4. **Reduce water consumption**
5. **Reduce/avoid emissions of environmentally or hazardous chemicals and substances incl. noise to air, water, or soil.** Handle sewage discharge and waste according to local regulation and best practice
6. **Reduce/avoid impact on nature and biodiversity**
7. **Avoid violating people's right to access to land, forests and/or waters and land's national resources** whether it due to cultural, means of subsistence or others. No violation of indigenous people's right to lands, territories and resources that they traditionally owned, occupied or used.
8. **Respect people's right to a safe, clean, healthy, and sustainable environment**
9. **Implement equal opportunity, equity and inclusion without discrimination** based on race, ethnicity, cast, social origin, gender, sexual orientation, language, religion, political or other opinion, property, union affiliation, age, ability/disability, or similar characteristics.
10. **Develop diverse leadership and team, as well as inclusive culture where people thrive**, and feel valued with a sense of belonging (without physical, verbal, sexual or psychological bullying, harassment, or violence)
11. **Secure children's right to a safe childhood, by avoiding child labor – all fulltime employees aged min. 15 y** (14y only if UNs exception for developing countries applies) **and by securing protection of young workers** – no night work, hazardous/dangerous work nor work interfering with school and development **(NND)**
12. **Engage with users, intermediates and other stakeholders in product and program design** to create functional, easy adoptable and effective solutions.
13. **Protect personal information** (practice of collecting, use, processing and forgetting data) with reasonable care
14. **Respect freedom of association and collective bargaining**
15. **Avoid bonded, forced labor or human trafficking (NND)**
16. **Secure a healthy and safe working environment** and access to protective equipment
17. **Secure decent working hours, benefits and wages through written, understandable, and legally binding contracts incl. training and development opportunities**
18. **Be aware of conflict of interests** including where such conflict may reasonably be perceived to exist
19. **No entering corruption, extortion, embezzlement, bribery, nor tax avoidance**
20. **No entering unfair competition or unfair trading** (e.g. anti-competitive agreements or cartels)

# Our ESG Policy in practice



## 4Life Solutions' ESG Principles

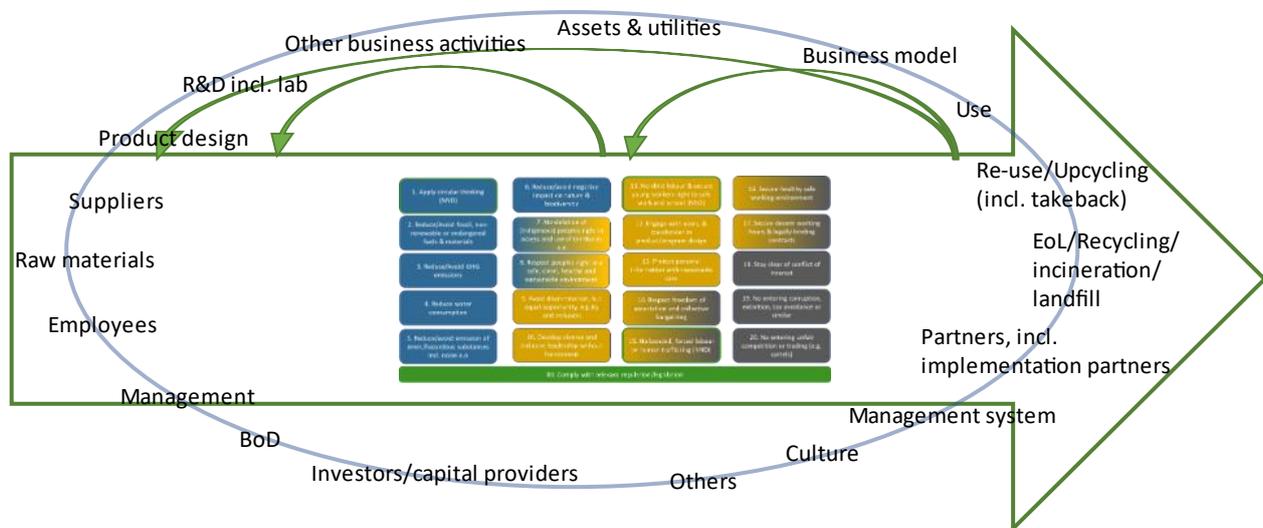
- Planet
- People
- Prosperity
- NND: Non-Negotiable demands

- |   |  |  |   |
|---|--|--|---|
| 1. Apply circular thinking (NND)  | 6. Reduce/avoid negative impact on nature & biodiversity                           | 11. No child labour & secure young workers right to safe work and school (NND) | 16. Secure healthy safe working environment                     |
| 2. Reduce/Avoid fossil, non-renewable or endangered fuels & materials   | 7. No violation of (indigenous) peoples right to access and use of territories a.o | 12. Engage with users, & stakeholder in product/program design                 | 17. Secure decent working hours & legally binding contracts     |
| 3. Reduce/Avoid GHG emissions   | 8. Respect peoples right to a safe, clean, healthy and sustainable environment     | 13. Protect personal information with reasonable care                          | 18. Stay clear of conflict of interest                          |
| 4. Reduce water consumption   | 9. Avoid discrimination, but equal opportunity, equity and inclusion               | 14. Respect freedom of association and collective bargaining                   | 19. No entering corruption, extortion, tax avoidance or similar |
| 5. Reduce/avoid emission of envir./hazardous substances incl. noise a.o | 10. Develop diverse and inclusive leadership without harassment                    | 15. No bonded, forced labour or human trafficking (NND)                        | 20. No entering unfair competition or trading (e.g. cartels)    |
| 00. Comply with relevant regulation/legislation                         |  |  |   |

## How to perform materiality assessment

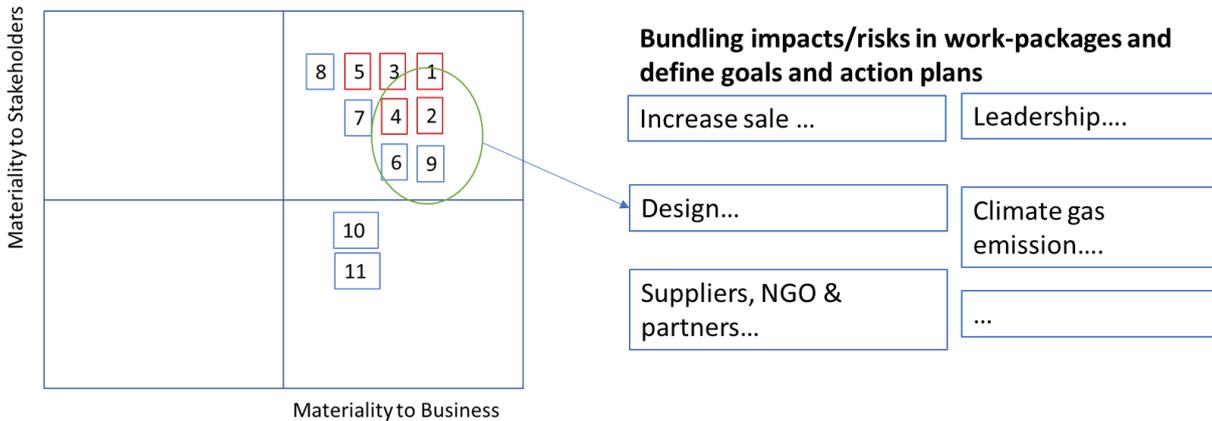
By exploring the ESG Principles in a value chain perspective including those issues indicated in the value chain below, we can identify the most significant negative impacts/risks as well as positive impacts/opportunities.

### What to address in a materiality assessment?



Negative impacts/risks and positive impacts/opportunities are prioritized in a materiality assessment, assessing value to business vs value to stakeholders, as illustrated below. It may be a mixture of qualitative and quantitative impacts, risks and opportunities that are compared, and dialogue and “negotiating meaning” in terms of creating a common understanding of triggers/reasons, possibilities and impacts/consequences is therefore a very important part doing a materiality assessment. The most significant impacts/risk/opportunities are bundled in relevant themes and used for setting up goals and action plans aiming at mitigating negative impacts and optimize positive impacts.

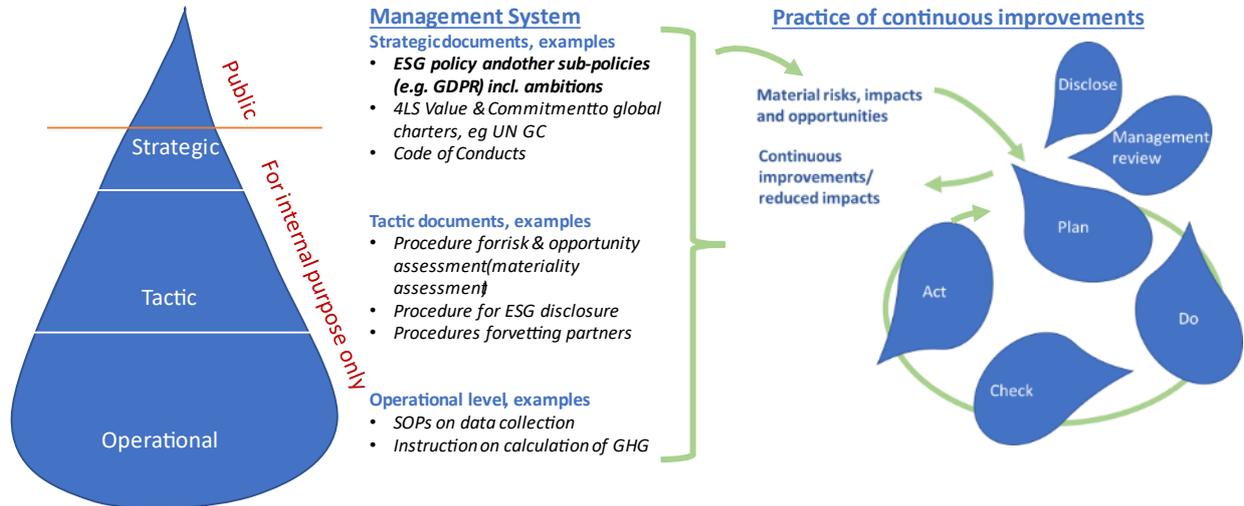
**Prioritizing significant **negative** impacts-/risks and **positive** impacts/opportunities**



## 4Life Solutions approach to management systems and practice of continuous improvements

4Life Solutions is continuously improving its management system in general and with respect to ESG aspects. Our management system includes strategic documents defining our strategic direction on ESG aspects. On the tactic level, we provide relevant procedures defining what to be done and who has the responsibility, where more operational instructions, SOPs and guidelines are found in the operational level of the management system. Our practice of continuous improvements encompasses identifying material risks and negative impacts as well as opportunities of improvements and through a process of plan-do-check-act to ensure solutions of overall less impact on planet, people, and prosperity. By putting in places periodic management review of the ESG approach, we ensure that the policy is implemented and that the tactical and operational levels functions sufficiently and effectively.

## ESG policy's commitment to continuously improve brings ESG management system to life





## ESG vocabulary

**ESG:** ESG stands for Environmental, Social and Governance: The “E” captures environmental aspects, e.g. energy and material use, carbon footprints/greenhouse gas emissions, nature, biodiversity, pollution, waste and water management and other national capital issues. The “S” captures individual and societal aspects, covering labor standards, wages and benefits, diversity, ethnicity, equity, human rights, talent management, culture, relations, feelings, privacy and data protection, health and safety and other human capital and social justice issues. The “G” covers how we govern the “E” and the “S” through management practices and systems (e.g. policies, code of conducts), advocacy and lobbying, and business integrity (e.g. on bribery and corruption). Often ESG is mirrored into Planet (environment, planetary boundaries), People (individuals, society) and Prosperity (business profit, (economic) wellbeing of individuals and societies).

**People, Planet & Prosperity:** See ESG

**Materiality Assessment:** Assessment (detailed and preferably a quantitative description) and prioritization (ranking in size of impact, probability and/or importance) of actual adverse/negative impacts (ongoing incidents with unacceptable effect on E, S and/or G), potential risks (incidents not happened yet but potentially triggered by triggers and resulting in unacceptable negative effect on E,S and/or G), as well as opportunities of improved impacts (actions resulting in positive effects on E, S and/or G) on ESG aspects in the full value chain. A materiality assessment often includes a materiality screening (which aspects to prioritize at the moment) plus a baseline study of these aspects to address gaps defined as difference between ESG principles and as-is.

**Impacts:** See materiality assessment

**Risks:** See materiality assessment

**Opportunities:** See materiality assessment

**Mitigation:** Significant adverse/negative impacts or risks should be mitigated to reduce the overall impact and/or risk. Similarly significant opportunities should be harvested to create positive impacts on ESG. When mitigation adverse/negative impacts or risks or harvest opportunities the principles of Do No Significant Harm shall apply. The actions by which significant negative/adverse impacts or opportunities of improvements are handled include using creativity and collaboration with team and stakeholders and among others the following types of actions: Preventing, ceasing/refuse, reducing, replacing and reform/-designing.

**Do-no-significant-harm (DNSH):** DNSH is the principles of taking actions (investments, changes, projects, programs, mitigation, improvements a.o) that do not significantly harm any environmental, social or governance aspect. This means that improvement of a single ESG aspects (e.g. GHG emissions) may not significantly harm other ESG aspects (e.g depletion of scarce resources (e.g. minerals) or increase unsafe working conditions (e.g. for miners). Special attentions should be on transference of risks, e.g. to NGO or supplier, as this does not reduce the ESG-responsibility of 4Life Solutions. When identify mitigation or improvements solutions, it is important to assess the potential impacts and risks to ESG aspects following the solutions in play in a value chain perspective. This means, the DNSH principles calls for balancing environmental, social and governance issues as well as other business aspects. This may feel like comparing

apples and bananas. A way forward is to involve various stakeholders and brainstorm on and assess (quantitatively is possible) potential risks and negative impacts and use creativity and company range of influence to find solutions to the benefit of both ESG and other business aspects. It is often a good starting point to apply circular thinking on materials in the value chain, as this generally will direct one to many of the negative impacts on both E, S & G.

**Company range of influence:** The range or distance up and down in the value chain, where company may assert its influence to reducing adverse/negative impacts or achieving positive impacts through negotiations, abilities, solutions (product, business models, programs a.o) choices, partnerships, lobbying, advocacy a.o. The company range of influence or control over impacts is normally very high within the company as company is in full control of eg. design, business model, distribution, product use and possible ways of disposal at end-of-life (through design of product and business model as well as choice of sales channels), and lowest in the upstream value chain (due to relative size of procurement, distance to supplier a.o). Range of influence is seldom zero and may be enhanced through partnership, engaging in industry organization, NGOs a.o.

**Improve footprint continuously:** The principle of continuous improvement is a key demand of both Minimum Safeguards as well as management certifications, such as ISO 14001 or ISO 9001. By both mitigating significant risks and negative impacts on ESG (often referred as the “Reduction Agenda”, trying to reduce negative impacts) and at the same time identifying and implementing improvement opportunities (often referred to as the “Growth Agenda” focused on growing or developing more sustainable solutions) companies have the possibility to do their part in accelerating the sustainable transition.

**Access to complaint and remedy:** Access to complaints and remedy for those whose rights are harmed are key demands in among others the Minimum Safeguards. It encompasses providing employees, users, clients, and other internal or external stakeholders clear instruction on where and how to complain whether it is on products, solutions, behavior or similar. On 4Life’s homepage there is a link providing information on how to complain. Complains are automatically send to the C-level representative (e.g. COO) or a person representing the C-Level representative, who will act on complains within 1 week and if necessary, request supplementary information. It is possible to complain anonymously through a contact form. 4Life or other parties acting on behalf of 4Life shall always inform stakeholders on how to complain - also if person whose rights may be harmed haven’t got access to internet, is illiterate or in other ways may be unable to complain. Remedy is the process to assess the complaint and supplementary information and decide on whether the complainant’s rights have been harmed. If so, remedy will be necessary, and the purpose of the remedy is to put the complainant in the position they would have been in if the harming of rights did not happen.

**Diligent management system/due diligence:** The principle of due diligence (in Danish “Rettidig omhu”), is having and showing caring and meticulousness in one’s work or duties. Due diligence covers doing the reasonable steps to identify and assess impacts and risks and to avoid negative impacts of your actions. By establishing and maintaining a diligent management system, 4Life ensures that based on on-going materiality assessments, the necessary policies and Principles (overall intentions, ground rules or guidelines), strategy and goals (what we are aiming to improve), procedures and instructions (how we act in everyday life) are in place for the organization to work in compliance with regulation as well as to the best of the company, society and planet.



**Periodic review:** 4Life’s approach to ESG, including management system, access to complaints and remedy as well as performance on our ESG Principles will be evaluated/reviewed periodically to ensure efficiency and sufficiency.

**ESG disclosure & ESG communication:** The ESG management system also includes procedures and instructions on disclosure of ESG relevant information and communication on ESG. This may be instruction on behavior on Social Medias, how to calculate impacts in yearly ESG reports a.o.

**Creativity:** Creativity is key in the sustainable transition. Old systems, behavior and models have shown inadequate as they fail to protect both Planet and People. In ESG creativity is about continuously challenge one-self and your teams on how to design and implement solutions making previous solutions obsolete while reducing negative impact and at the same time creating more positive impacts on Planet, People and Prosperity. And remember – new behavior requires practicing.