

*From innovation
to excellence – moving
forward together.*



ELOS MEDTECH CARES

HISTORY

2018 Launch of Code of Conduct. Elos Medtech's sustainability agenda is anchored in the organization and continued development of our strategy strengthens our focus on sustainability. Elos Medtech's first sustainability report is published.

2017 Sustainability is defined as an important aspect of the business strategy. Launch of an updated Our Way.

2016 Our commitment 'Energizing Sustainability' is launched, in order to introduce a more systematic and transparent way of working with sustainability.

2012 ISO 14001 and ISO 13485 multi-site certificate for the Elos Medtech business centers. Introduction of Elos Medtech Environmental Policy and Quality Policy.

2009 Launch of Our Way including corporate social responsibility, vision, and values.

2003 Elos Medtech implements the strategic decision to focus on medical devices.

1923 Elos Medtech is founded.

CONTENTS

- 1 This is Elos Medtech
- 2 Elos Medtech Cares
- 4 Care for our business
- 6 Care for our people
- 8 Care for our responsibilities



Dental prosthetics in final control.



THIS IS ELOS MEDTECH

Developing and manufacturing medical devices that impact human health comes with great responsibility. Patients put their trust in the tools used to treat them, and the creators of those tools put their trust in us. Earning and keeping that trust means focusing on what we do better than anyone else.

State of the art equipment, capabilities, and processes set Elos Medtech apart, but the more important difference is our people. At every level we thrive on new challenges, we always look for ways to add value, and we collaborate seamlessly with each other and with our customers.

Value Creation by Complete Performance™

Elos Medtech's business model is based on great experience and attained expertise in medical technology. With specialist expertise in technical innovation and development and contract manufacturing, combined with the experience of developing our own products we create added value for our customers. Our vision is to increase quality of life worldwide in partnership with our customers. We also create value for our stakeholders through a safe and stable work place, where employees are encouraged in personal development. Investments are continuously made in technology and competencies to ensure future competitiveness and continued value creation.

CEO COMMENTS: ELOS MEDTECH CARES



CEO Jan Wahlström

>> Sustainability is an important part of our business strategy. In 2018, we published our first sustainability report and we also launched a sustainability agenda with our three focus areas: Care for our Business, Care for our People and Care for our Responsibilities. In these focus areas, we have set specific sustainability goals which we have been working actively to meet in 2018. For example, we conducted a survey on employee engagement for the entire organization, which demonstrated that employees understand their role in the company and that they feel engaged. During the year, we have achieved our target of reducing scrap costs

by 20 percent by a good margin. In addition, we have implemented a new program to measure and monitor our customers' expectations and satisfaction. An important part of our business is based on creating trust, and partnering with our customers. That requires us to act as one company, to be united in our common values, and to have a comprehensive offer. In 2018, we have made a considerable effort internally to consolidate our core values and our vision, and we can conclude that we today see a stronger cohesion and a more united Elos Medtech than we did one year ago.

ELOS MEDTECH'S SUSTAINABILITY GOALS 2019

- Inform all critical suppliers about our Code of Conduct.
- Secure sustainable investments corresponding to at least 5 percent of the agreed investment budget.
- Increase the response rate to 80% in the Employee Engagement Survey.
- Up to 10 employees will be given the opportunity to spend at minimum 1 month on another site/country.
- Investigate possible ways of reducing the energy consumption in relative numbers e.g. by installing electricity meters, performing energy audits or similar. The goal is to further increase the awareness, identify possible sources for improvement and seek to use renewable energy where possible.
- Achieve a scrap rate of 5 percent during 2019.

7%
of total investments were related to sustainability during 2018.

Please find our Sustainability Report 2018 on elosedmedtech.com/who-we-are/sustainability/

ELOS MEDTECH CARES

Globally, the debate surrounding the challenges of developing a sustainable world is intensifying. We are committed to contributing to a more sustainable development within medical technology, improving the lives of millions of patients.

Elos Medtech has identified three focus areas that are critical success factors in our sustainability agenda. We have named these areas our "Care Areas" as this is where our business has the greatest impact, and thus where we have the greatest possibilities to improve the lives of millions of patients.

MISSION

In partnership with our customers, we provide sustainable, innovative products and supply solutions for the global medical device market. Building profitable, long-term partnerships and striving for excellence in everything we do, our goal is to help people to live rich, active and fulfilling lives.

CARE FOR OUR BUSINESS

>> Medical devices support people with diseases and injuries, and product safety and performance are of the utmost importance to our customers, medical professionals, patients, and to Elos Medtech as a trustful partner. We care about delivering products and services of the right quality, in time, and at the right price. We are committed to offering innovative, sustainable, and efficient solutions to our customers.

Read more on page 4.

CARE FOR OUR PEOPLE

>> Our employees are our greatest strength, and engaged employees will go the extra mile, learn more and faster, and be more creative. Therefore, providing each member of Elos Medtech with a safe and supportive working environment that encourages personal and professional development is vital to our success.

Read more on page 6.

CARE FOR OUR RESPONSIBILITIES

>> We operate in many locations across the world, and our employees represent a vast diversity of cultures and backgrounds. With this comes great responsibility – both locally and globally. Therefore, we strive to make a positive contribution to the communities in which we are active, and we aim to minimize the environmental impact of our business throughout the entire product life cycle.

Read more on page 8.

Manufacturing of orthopedic plates.

CARE FOR OUR BUSINESS

Ensuring customer satisfaction and product performance, while also investing in sustainable solutions, is at the core of Elos Medtech's operations.

>> Elos Medtech brings together knowledge and expertise to develop the best components and products in partnership with our customers. We and our partners are guided by the same mission: to help people live rich, active, and fulfilling lives.

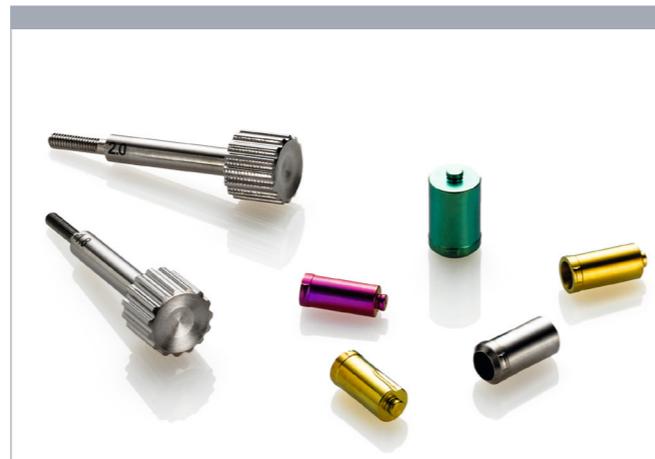
Our long-lasting and close relationships with our business partners is a central part of the business model, as well as a strategic focus area. This collaboration has been of great importance for Elos Medtech's growth and success over the decades.

The last three years we have invested close to SEK 150 million in increased capacity, facilities, and product development to improve our ability to meet our customers' needs. Our aim is to invest more than five percent of our investment budget in projects that improve our environmental performance. During 2018, these investments reached seven percent of our budget, financing e.g. a waste water treatment project at our facility in Tianjin, China.

From collaboration comes solutions

Elos Medtech fully collaborates with customers to respond to their challenges efficiently and with value and customer surveys are conducted on a regular basis. Customer satisfaction results are analyzed and each business center and each assigned key account manager is responsible for initiating improvements to ensure satisfied customers.

As confirmed by our experience, an intimate knowledge of our customers' business is fundamental for a successful relationship. Another highly valued quality is our ability to quickly respond to changes and find solutions, as this allows our customers to optimize their supply chains. Finally, a key aspect of a successful partnership is the value of our expertise in design, production, and compliance. Our concentrated experience and high competence within design and development, fueled by our collaborative approach, will simplify new product development and reduce time to market. ■



SERVING THE NEEDS OF OUR CUSTOMERS

>> Since 2006, Elos Medtech has used our expertise and our near 60 years of experience as a contract development manufacturer to design and develop our own products. Today, one tenth of our sales consists of our own products, mainly dental products.

The increased demand of aesthetics and customized dental restorative treatment options drives the global restorative trend towards a simpler and more flexible digital dentistry workflow. The innovation speed of digital dentistry and CAD/CAM is becoming of significant importance for dental suppliers, dentists and the dental laboratories to stay ahead of the competition. Today, the dental laboratories need access to digital dentistry, allowing professionals to serve the different needs and requirements of their customers. Elos Medtech offers Open Digital Solutions to achieve a seamless workflow regardless of technique, allowing dental professionals to make all the choices to carry out their work in the best way possible.

Read more about our own products at elosdental.com

Non-classified packaging.



20

of our largest customers in Europe, Asia, and the US, stand for 90 percent of total sales.

QUALITY ASSURANCE

>> We work exclusively with development and manufacturing of medical devices. As these products and components have a significant impact on human lives, patient safety is our top priority. Our systems are mature, and we make the up-front investments in quality assurance and validation to ensure that each product we manufacture meets the same high standards. We hold a certification according to ISO 13485 (Quality management system for medical devices) and comply with the requirements of international legislation and product safety standards.

Our commitment to product performance and excellence also extends to our distributors. We ensure that our distributors comply with applicable parts of the regulations.

CARE FOR OUR PEOPLE

Our employees' engagement and dedication are essential for our competitive edge. We strive to provide an attractive and safe workplace.

>> Our company culture is based on a set of strong, shared core values: passionate, trustworthy, and result-oriented. These values guide us in our day-to-day business and create unity across our global sites.

in the company and that they feel engaged. There is room for improvement in the area of individual growth within the company. The employee turnover rate has been reduced to 18,7 percent during 2018.

Empowering people

All Elos Medtech's employees should have good opportunities to develop, irrespective of gender or cultural background. Personal development plans are reviewed annually, and performance is linked to individual targets to ensure career development. On average, each employee undertakes approximately 13 hours of training. This includes task-specific training, as well as internal and external training courses. Extensive training on the job and on-site coaching by supervisors are natural aspects of self-improvement within the company.

The 2018 Annual Employment Survey of 2018 shows that employees understand their role

A healthy and safe workplace

Employees should feel safe, healthy, and respected in job situations and as individuals. Our company culture is based on a set of strong core values: passionate, trustworthy, and result-oriented. These values guide us in our day-to-day business and create unity across our global sites.

We strive to be accident free, with a lost time accident rate at 0. The most common causes of injuries at Elos Medtech are injuries related to heavy lifting, repetitive work, handling of machinery, falls, and slips. Our employees either have access to occupational health support or hold health care coverage and wellness coverage as part of employee sponsored insurance. ■



Employee of the year.

>> One of Elos Medtech's strategic priorities is to increase the share of our own products and build strong customer relationship and partnership.

Mattias Torell has successfully created new partnerships with customers and partners through his unfailing energy and disarming way of working, and further developed Elos Medtech's dental offering to become more competitive.

Mattias has a background as a dental technician and has worked in the industry for several years before starting at Elos Medtech in 2015. He is a true believer in that the future of dentistry is digital and that it is the way forward.



Mattias Torell,
Business Development Manager & Technical Adviser, Elos Medtech Pinol



Cleanroom ISO class 7.

SAFEGUARDING THE TRUST OF OUR STAKEHOLDERS

>> We believe in a strong compliance culture, fully embedded in our business. The Code of Conduct, developed in 2017, is the basis of Elos Medtech's culture. Together with supporting policies and procedures, the code reflects our commitment to safeguard the trust of our customers and other stakeholders.

Everyone at Elos Medtech is obligated to follow our Code of Conduct: our employees, management, and board members. We also pass the code on to any business partner that contributes to Elos Medtech's products, services, and other business activities. The Code of Conduct clearly states our stance on issues such as com-

pensation and terms of employment, freedom of association, equal opportunity and non-discrimination, child labor and forced labor, workplace practices, occupational health and safety, as well as social networking.

Elos Medtech is committed to operating its business to the highest ethical, professional, and legal standards. If local laws and regulations are less restrictive than the Code of Conduct, Elos Medtech applies the latter, unless other instructions are given.

Please find our Code of Conduct on elosmedtech.com/who-we-are/code-of-conduct/

DIVERSITY

>> Our diverse labor force enhances our ability to understand the cultures and languages of our customers and consumers. We believe that diversity contributes to our long-term success.

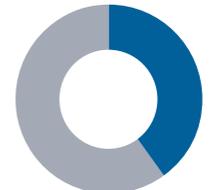
Our executive management consists of individuals that represent Denmark, Sweden, the US, and China. In our Chinese operations, more than 80 percent of executive management has a domestic background and the gender distribution is completely equal. Diversity can also be defined in terms of age distribution. A balanced mix of different generations in the labor force contributes to the competitiveness of a company.

YEARS OF SERVICE AMONG EMPLOYEES



- < 5 years
- 6-10 years
- 11-15 years
- > 15 years

GENDER DISTRIBUTION



- Women
- Men

CARE FOR OUR RESPONSIBILITIES

Elos Medtech's responsibilities include ethics and compliance as well as environmental stewardship. Commitment to our responsibilities is a prerequisite for the success of our business.

>> Our production technologies include injection molding thermoplastics and cutting metal machining such as grinding, turning, and milling. Also, production consists of post-processing, packaging, and labelling of metallic parts for implant systems and other medical device components. From a life cycle perspective, in most cases, our production has a very limited environmental impact. The ambition is to identify improvement areas and define targets.

Four of our five subsidiaries have a certified environmental management system conforming to ISO 14001. The aim is to have the most recently acquired subsidiary included in the multisite certification before the end of 2019.

Energy and Water Management

Reducing the climate impact of the operations is a long-term commitment. We systematically collect data on consumption of energy to identify improvement areas. Renewable energy sources stand for more than 50 percent

of the energy consumption, and our goal is to increase this ratio.

All production units are connected to municipal waste water treatment plants via the sewage system. A small portion of the process water is polluted with metal residuals and oil, and thus handled as contaminated waste and disposed of by certified waste service providers.

Waste Management

We strive to minimize the production waste as much as possible. Part of the waste is scrap, mainly derived from units that are rejected somewhere in the production process. All core raw materials, metals, and plastics are sorted for recycling. Other recycled, non-hazardous waste is cardboard, paper, wood and plastics.

We are always looking to improve internal solutions to recycle supporting production materials, such as oil and water. We have contracted certified service providers for appropriate disposal, incineration, landfill and recycle handling services.

Greenhouse Gases

The majority of Elos Medtech's greenhouse gas emissions is a consequence of energy consumption and transportation of raw materials and finished products, as well as of travels of employees. We collect data on business travel and how our employees commute to work in order to identify more efficient and sustainable means/modes of transport.

Compliance

Our employees undergo regular compliance training regarding medical devices and environmental management. Employees are encouraged to report any suspected noncompliance in relation to Our Way, policies, and business ethics to their line manager, their local management team, or our Ethics & Compliance Helpline team which is our secure and independent whistleblower function.

Our quality management systems comply with the standards and regulations for medical devices. All business centers are annually audited by our notified body for compliance with applicable standards. ■



Injection molding and packaging of medical device components.



SCRAP RATE CUT BY HALF

>> Our business centre in Tianjin experienced a challenging period due to a high scrap rate. To ensure that our business performance was maintained at a long-term solid and healthy level, the management team took action by setting up clear targets for improvements.

By investigating and analyzing the defects of each rejected product, we identified certain key actions to improve production and product quality. Targets were broken down per customer, product, and process, and non-conformity procedures were improved. All employees were very engaged in the process and have made a great effort to cut total scrap rate by 50 percent.

- This is a great example of how we can improve our business, while at the same time minimizing our environmental impact, says Conny Jakobsson, Managing Director in Tianjin.



reduction of scrap rates at our facility in Tianjin, China