

*From innovation
to excellence - moving
forward together*



ELOS MEDTECH CARES



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Injection molding machine.

THIS IS ELOS MEDTECH

Developing and manufacturing medical devices comes with great responsibility. Patients trust the tools to treat them, and the designers of those tools put their trust in us. We earn that trust by 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 indepth knowledge in technical innovation and contract manufacturing, combined with the experience of developing our own products, we create added value for our customers. Our aim is to increase quality of life worldwide in partnership with our customers. We also create value through a safe and stable workplace, where employees are encouraged in personal development. Investments are continuously made in technology and competencies to ensure future competitiveness.

CEO COMMENTS: ELOS MEDTECH CARES



CEO Jan Wahlström

>> Care is a strategic concept as we aim at fulfilling our sustainability goals within our focus areas: Care for our Business, Care for our People, and Care for our Responsibility.

During the year, we achieved our goal of a scrap rate below 5 percent. We have also succeeded in reducing energy intensity and we investigate using renewable energy where possible.

Our sustainability work in China took a step forward in 2019. A new water purification system was put into full operation, resulting in significantly reduced water consumption.

We continued to work on anchoring vision and core values internally. This journey will gain further momentum in 2020 with priority on our most important resource – our employees.

While the completion of our new site in Memphis and the validation of machines for new customer projects have required significant input of labor, we expect it to be fully operational in the second half of 2020. To meet market demand for our contract manufacturing services in Life Science and our polymer business, we have initiated an expansion of our site in Skara.

ELOS MEDTECH'S SUSTAINABILITY GOALS 2020

- Improve evaluation regarding sustainability of our critical suppliers
- Secure sustainable investments corresponding to at least 5 percent of the agreed investment spend and aim for/to decrease in our environmental footprint
- Increase the response rate to 80 percent in the Employee Engagement Survey
- Increase awareness by internal campaigns on how to live more sustainable
- Compensate our CO₂ footprint through certificates where a change to renewable energy is not possible. Goal: reach Scandinavian level or less at all sites
- Reduce scrap rate to 2.8 percent or below end of 2020
- Report water consumption on a regular basis in water stressed areas and set a goal

36%
total water reduction
in the Group

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.

Manufacturing of orthopedic plates.

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 our environmental impact.

Read more on page 8.

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 and design for manufacturing 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.

Long-lasting and close relationships with our business partners are central for our business model and a strategic focus area. Collaboration with our customers and other partners has been of great importance for Elos Medtech's growth and success over the decades.

Our aim is to secure more than 5% of our investments in projects and initiatives that improve our environmental performance. During 2019 we have invested substantially in new buildings, such as the increased production area in Memphis, USA, and the start of the expansion of our site in Skara, Sweden. We have also continuously replaced old equipment by new and more sustainable technology for e.g. lighting and air compression. The majority of our investments could be considered sustainable since they contribute to impro-

ved resource efficiency. However we want to create an awareness of investments to reduce our environmental footprint, e.g. by reducing energy and water consumption as well as CO₂ emissions.

From collaboration comes solutions

Elos Medtech fully collaborates with customers to respond to their challenges efficiently, and customer surveys are conducted on a regular basis. Customer satisfaction is analyzed, and the key account manager is responsible for initiating improvements to ensure satisfied customers. 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 experience and high competence within design and development, fueled by our collaborative approach, will simplify new product development and reduce time to market.



YEARLY CUSTOMER SATISFACTION SURVEY

>> The yearly customer survey initiative has been launched to support our efforts to be perceived as a highly valued strategic partner by our customers. Experience in our specialized areas, our development competence, and our expertise in design for manufacturing are critical in forming our customers' overall view on the partnership with us, which is why this is a prioritized area.

- The survey and the overall partnership score show that our customers are very pleased with us and see us as a trusted business partner in reaching their goals
 - Customers acknowledge our strong product quality and our expertise in design and technology
 - New customers have an even more positive opinion of the collaboration with us, than existing customers
- Our ambition is to increase the partnership score.



5.4%

of total investments were related to sustainability during 2019.

Classified clean room

MDR: OUR PORTFOLIO IS A GUARANTEE

>> In 2020 the new Medical Device Regulation goes live at full effect. Every company that produces or distributes medical devices in Europe has a stricter set of rules to comply with, compared with the old MDD.

In order to improve traceability, the MDR contains an EU-broad database containing all medical devices. Also, MDR raises the requirements for clinical data, as well as for the post-market surveillance. Changes brought about by the regulation are significant and require manufactu-

urers to take proactive and multilevel decisions on implementation. MDR impacts all areas of the business, including supply chain arrangements, regulatory resources, and processes and marketing.

Elos Medtech have done necessary investments in competencies, capacity and equipment. As a company with both our own products as well as being an establish CDMO, we are well prepared.

CARE FOR OUR PEOPLE

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 daily business and create unity across our global sites.

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 perfor-

mance is linked to individual targets to ensure career development. On average, each employee undertakes approximately 13 hours of task-specific training, as well as internal and external training courses.

We have expanded the annual employment survey and the 2019 survey shows that employees feel respected by colleagues and management. Also, employees feel they live our core values: passionate, trustworthy and result-oriented.

A healthy and safe workplace

Employees should feel safe, healthy, and respected in job situations. We strive to be accident free, with zero lost time accident rate. 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 and wellness coverage as part of employee sponsored insurance.

"Elos Medtech is an exciting company to be part of where I can make a difference, challenge myself and help to fulfill the overall strategy."



Orthopedic trauma plates



“Dedicated team work has created a great deal of pride in our workplace in Timmersdala, Sweden”.

YEARS OF SERVICE AMONG EMPLOYEES



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

MODERNIZING THE TIMMERSDALA SITE TOGETHER WITH THE WORKFORCE

“When we recently began streamlining our Timmersdala production site in Sweden, we involved everyone at the facility. We inspired each other and focused on areas we knew we could improve and that would create a more practical, fun, and rewarding workplace for everyone.

The entire industry could benefit from having more rewarding workplaces. Teams are not born, they’re built.

To start with, we thought long and hard about which machines to replace, considering maintenance costs, necessary operator skills, environmental impact, and equipment bulkiness. The result was a highly efficient, cutting-edge medical device production line.

We invested in new machines that eliminate unnecessary repetitive tasks. Our new collabo-

rative robot (cobot) enables the production engineers to spend more time doing what they do best. And everyone knows you have more fun at work when you’re doing what you’re good at.

Then there’s our new morning scrum meetings. Every single morning, the entire production team gathers for a micro-meeting. Ten minutes later we all know exactly what we’re focusing on that day and what is expected from each of us.

By involving everyone, making the workforce part of the strategic planning process and aware of the company goals, we’ve built a stronger team spirit than ever before at Elos Medtech in Timmersdala.”

Emeli Söderberg, Production Manager
Elos Medtech Timmersdala

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 in polymer and different types of metal machining such as grinding, turning, and milling. 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.

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. During 2019, we increased the share of renewable energy in the Memphis plant. Overall, renewable energy sources stand for more than 60 percent of the energy consumption, and our goal is to increase this ratio. All sites are connected to municipal wastewater treatment plants via the sewage system. A small portion of the process water is polluted with metal residuals and oil, and thus handled as con-

taminated waste and disposed of by certified waste service providers.

Waste Management

We strive to minimize the production waste as this impacts our financial results as well as our environmental impact, why this is an important sustainability goal for us. Part of the waste is scrap, mainly derived from rejected units. All core raw materials, metals, and plastics are sorted for recycling. Other recycled, non-hazardous waste is cardboard, paper, wood, and plastics. During 2019 we have significantly reduced our scrap rate.

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. Greenhouse gas intensity is an aspect that we measure each year and end of 2019 we have succeeded to reduce this ratio.

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.

Community engagement

We are increasing our community engagement by apprenticeships and student fair participation. The objective is to raise interest for our industry and to incite students to apply for a job with us after graduation. In Denmark, we have had apprenticeship programs for many years. During 2019, three vocational schools have entered partnership with Elos Medtech in Gørløse. This type of cooperation makes it easier for Elos Medtech to attract apprentices while simultaneously making the automation technology and precision engineering education much more interesting.

Quality assurance



VISIT FROM CHINESE VOCATIONAL SCHOOL

>> In August 2019, Elos Medtech in Gørlose was visited by 17 teachers and other personnel from a school in Shenzhen, China. The school is considered the most renowned vocational school in China.

During their study visits, they were informed about our apprenticeship and the responsibility we have regarding the apprentices' education. The apprenticeships are our way to offer hands-on training to young people in order to make them better prepared for professional conditions.

53%
*water reduction in
 Tianjin site*

SIGNIFICANT REDUCTION OF WASTEWATER

>> In 2018, our team in Tianjin evaluated the water consumption at our site in China. Wastewater back then was collected and handled as hazardous waste and had to be removed from the facility using an external carrier. The evaluation showed great potential with regards to minimizing our environmental impact, which would also have a positive effect on our financials.

Second half 2018, we started the installation of the new equipment to recycle the water from production and in early 2019, we could utilize it with full effect.

The results from our sustainable investment in Tianjin are impressive. During 2019, we have reduced water consumption from production by over 50 percent by recycling the production wastewater and we have saved 6 261 tons of water in one year.

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.



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