



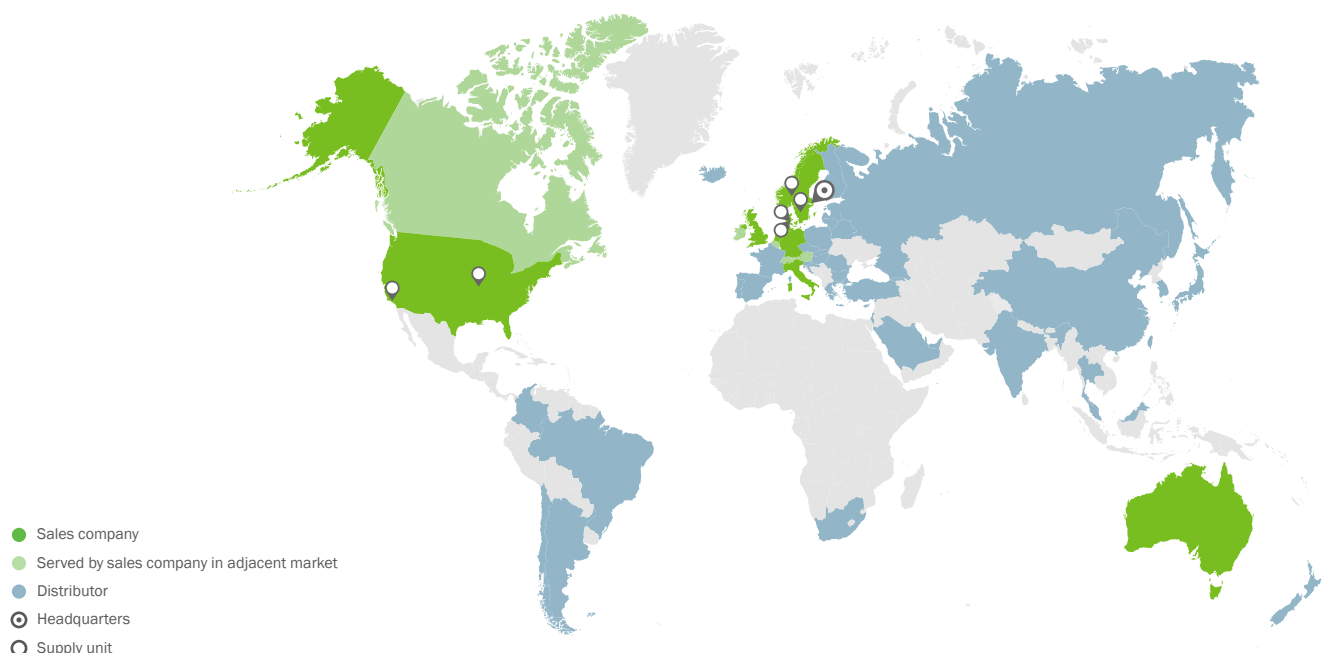
# Sustainability report

2018

## About Etac

Etac is a world-leading developer of ergonomic mobility aids for people at all stages of life – from small children to the elderly. We offer state-of-the-art products for numerous care situations, that aim to enhance activity regardless of physical circumstances. Our heart lies in the solutions that optimise quality of life for the individual, their family and caregivers. Etac – Creating Possibilities.

Our main customer groups are the public sector (municipalities, technical aid centers, hospitals, nursing homes), insurance companies and private companies that distribute and sell rehab equipment.









## Employees & facilities 2018

Country	Average number
Sweden	123
Norway	179
Denmark	192
UK	61
Germany	43
Netherland	12
US	167
Poland	1
Italy	6
Australia	10
<b>Employees of subsidiaries</b>	<b>795</b>
Employees of Parent Company (Sweden)	73
<b>Employees of the Group</b>	<b>868</b>

Production facilities
Anderstorp, Sweden
Gjövik, Norway
Gedved, Denmark
Horsens, Denmark
Freeburg, USA
Torrance, USA

## Etac's value chain

	 <b>Product development</b>	 <b>Sourcing</b>	 <b>Production</b>	 <b>Transportation</b>	 <b>Sales</b>	 <b>Use</b>
<b>Etac's value creation</b>	Etac develops high functionality mobility aids for people at all stages of life – from small children to the elderly – and numerous care situations, with regards to a responsible design.	Sourcing is coordinated, which provides economics of scale and the opportunity to work in a structured way in terms of setting requirements, monitoring and developing suppliers with regards to social responsibility, the environment and business ethics.	Etac manufactures and assembles high functional mobility equipment in a safe work environment, creates value to its customers and users by way of functional, durable as well as re-usable products and works to reduce its utilisation of resources and environmental impact.	The products are delivered to customers directly, primarily using lorries through our logistic partners.	Etac's employees sell products and services mainly to health care organisations and distributors. Information supplied to customers is clear and accurate.	Etac's products have a long lifespan, modularity and low environmental impact.
<b>Significant sustainability aspects</b>	Sustainable choice of materials; Modularity and efficient assembly.	Reduced climate impact; Responsible sourcing; Business ethics and anti-corruption; Labour conditions, health and safety.	Labour conditions, health and safety; Sustainable use of resources; Business ethics and anti-corruption.	Reduced climate impact; Business ethics and anti-corruption; Intelligent logistics setup; Labour conditions, health and safety.	Business ethics and anti-corruption; Products responsibility, reuse and reconditioning.	Reduced climate impact; Recirculation and reuse of products.
<b>Etac's working methods</b>	Materials databases; Development model focusing on reuse and remake; Design for manufacturing.	Systematic supplier selection and supplier audits are conducted to ensure social and business ethical risks as part of the sourcing process and to influence suppliers to improve their sustainability efforts.	Production adopts a target-driven LEAN approach along with systematic health and safety activities to prevent accidents in the workplace.	Etac optimises steadily its transportation flows with the aim of reducing the amount of transportation and collaborates with established logistic forwarders.	Business methods comply with generally accepted business practices. There is a channel for reporting statutory and regulatory violations.	Etac conducts relevant tests, both internally and through external partners, in line with required and recognised standards.

## Meet Humaira Baneryd, Sustainability Manager at Etac

### What's on your Agenda 2019?

*“As a result of Agenda 2030<sup>1</sup> and an increasing demand from our customers, we will continue to develop Etac into a more sustainable business. Together with the management, I will establish the Sustainability Strategy and targets for the coming years.*

*To get an even deeper insight in how some of our suppliers comply with human rights and working conditions, we will improve our methods of supplier evaluations.*

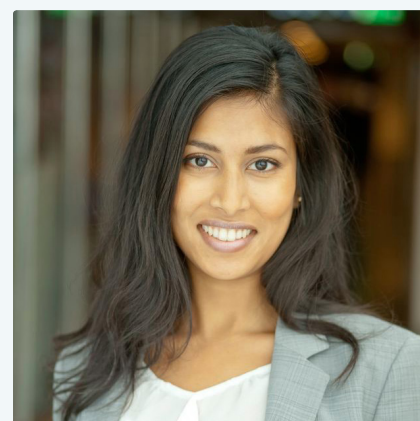
*We will evaluate how we can work with Ecodesign<sup>2</sup> in our product development process. This means that I will be working closely with both product development and strategic purchasing.”*

### Why is sustainability important

*“We see an increasing demand of sustainable products and sustainable business models. I am convinced that our future growth and profitability is dependent on a conscious sustainability work.*

*Etac has a great potential to become one of the leading sustainable companies in our business. We already have products of durable design and high quality, which are reused and recirculated in many of our markets. We also have motivated employees who wants to incorporate sustainability in their work.*

*In the following two pages, I would like to highlight some current sustainable initiatives from Etac where you can see*



*how our products can contribute to a circular economy.”*

<sup>1</sup> The 2030 Agenda for sustainable development was launched by UN, including 17 Sustainable Development Goals (SDG) aimed at eradicating poverty in all its forms.

<sup>2</sup> Ecodesign is an approach to designing products with special consideration for the environmental impacts of the product during its whole lifecycle

## Extended lifecycle from durable design

Vegro is a Dutch home care appliance center with national coverage that supplies a wide range of mobility aids to both professional organisations and private customers. It sells or loans out a variety of aids, including products for toileting, bathing and daily living.

Vegro is one of Etac’s most important and returning customers in the Netherlands. Shared values that put the end user at the heart of the business have ensured a long-lasting relationship between Etac and Vegro.

The Etac Swift Shower Chair is very popular with Vegro. It offers their customers a highly durable, well designed product that can be adapted to suit a range of needs. Vegro also like it because of the durable materials it is constructed of and that it withstands the rigours of daily use in the bathroom as well as cleaning procedures.

### Sustainable circulation process

After the product has been at a customer’s, it arrives back to Vegro and a cleaning process follows. The products are then dried and checked. Technical Services then thoroughly inspect and test the Swift to ensure it is still in perfect working order. It is also checked for any deterioration caused by wear and tear and reconditioned, before it is stored, until sent off and recirculated to another customer.

Many of Etac’s products (e.g. Etac Cross, Etac Clean and Etac Swift) offer reconditioning possibilities and a long warranty period of five years, which contributed to making Etac Swift a top choice for Vegro.

### Low lifecycle costs and environmental impact

The durable, non-corrosive materials we use means that a typical Swift at Vegro is used and reused around 5 - 10 times a year over 7 to 8 years. Thanks to that our Swift can be reused and issued to new users, it lowers the lifecycle costs and gives long-term value.

Vegro have tried and tested many alternatives to the Swift over the years but as owner René Kamerbeek states:

*“No competitor comes close to the Swift in terms of build quality and durability”.*

Etac is confident that the way Vegro uses Swift reduces the environmental footprint. We believe that by producing long lasting, high quality, durable products that easily can be circulated without losing the product value, generates great value to our customers and helps them to be more sustainable.



Etac Swift Shower Chairs at Vegro’s cleaning station



The Etac Swift Shower Chair has been produced since 2002

# Circularity from UK Reissue Scheme

Since 2008, Etac offers a Reissue Scheme in the United Kingdom for a collection of modular products from our R82 brand. Thanks to the modularity and functional design of these aids, we can recirculate the products and prolong their lifetime significantly.

The main target group for the initiative is local authorities. Public funding bodies put a demand on municipalities to maximise the value of their stock of mobility aids, e.g. by re-using products. Products which are no longer needed are commonly scrapped or kept in equipment storages around the country. The complexity of some products makes reconditioning a skilled job requiring a level of knowledge and expertise not always available locally.

### Extended product lifetime

Through the Reissue Scheme, Etac uses proved product knowledge and high standards for sustainable service and recondition of customers' used product stocks. With the support of an experienced technician, each product is individually serviced, configured and supplemented with the necessary replacement parts and accessories, before it is sent back to the customer and the end user.

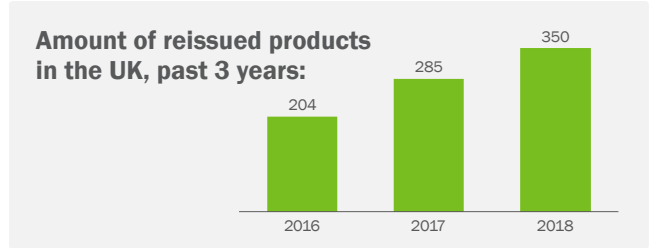
The high standards Etac applies when reconditioning a product, generate an equivalent end user experience as when receiving an entirely new correspondent product. The Reissue Scheme thus extends the product lifetime while providing comfort and security to both customers and end users, and optimising customers' stock value.

### Circularity in specially configured products

As an addition to the standard products described, specially configured products that are typically not re-used can also be stripped and reconditioned, due to the comprehensive modular features of these products. That gives authorities a further possibility to maximise the value of long-term sustainable mobility aids.

### Positive impact

Etac currently has agreements with 39 Equipment Stores around the UK. The number of reissued products is steadily increasing each year. As well as cost savings and improved efficiencies for our customers, we believe our initiative of reconditioning product is saving environmental resources and reducing our carbon footprint.



Etac's reissue center in the UK

# Etac Sustainability Report

The aim of Etac’s sustainability work is to increase value for customers, stakeholders and society, while also reducing the impact on the environment.

- Etac is committed to establishing, promoting, maintaining and improving a culture of sustainability and environmental responsibility with employees, our supply chain and stakeholders.
- Etac is committed to providing timely management reviews of sustainable business operating procedures and practices. We commit to track, measure and report on our performance of the implementation of sustainability practices with a commitment of continual improvement in these areas.
- Etac is committed to providing the most suitable, sustainable and safe products possible for our clients based on their needs.
- Etac also ensure that our practices and procedures are in compliance with all environmental, health and safety regulations where we conduct our business.

The customer and stakeholder dialogue confirm that Etac’s priority and interpretation of sustainability are in line with the above.

Etac has a Sustainability policy and other policies in relevant areas in place. As an element of developing the Etac’s Sustainability work even further we have in the beginning of 2018 employed a Sustainability Manager, Humaira Baneryd.



# Quality and Safety

With a focus on quality and safety, Etac strives to provide the best products with lowest risk for the users. We work systematically to ensure control of all processes in manufacturing and design to manage risks. Our priority is to ensure, that our products comply with the strict regulations which apply to medical devices in any of our markets.

## Quality management system (QMS)

All our supply units have a relevant QMS implemented according to national and international standards. Conformity is managed site by site, but there is a great potential for coordination and increased effectiveness in group audits etc. We have commenced Group initiatives to harmonise the work-flow for Engineering Change Orders and Non-Conformity Management.

## New medical device regulation (MDR)

Etac offers products that are classified as medical devices and therefore needs to comply with all applicable legislation, regulations and requirements relevant to our business. The regulations help to assure that medical devices are safe and effective for their intended use.

The Medical Device Directive (93/42 EEC) will soon be replaced by the Medical Device Regulation (EU 2017/745) and the three-year transition period is due in May 2020. All current legal manufacturers will be affected to a various degree depending on product categories and their existing compliance level. Etac has conducted a GAP analysis accordingly and is working with the implementation of a corresponding transition plan in 2019-2020.

## Product quality

Measuring reportable health and safety incidents, such as Field Safety Corrective Actions (FSCA) and Vigilance Reports/MDRs, reflects the safety of the products, which also have a strong correlation to statutory and regulatory compliance.

Some FSCAs have been conducted in 2018 and are still ongoing due to risk mitigation of customer complaints. Mandatory reporting to the authorities has been performed in compliance with regulatory requirements. The related activities are important for us to keep as high priority, since it can make an impact on both compliance and company goodwill if not adequately administered up until closure.

## Supplier management

Suppliers are categorised, and evaluations are conducted on a regular basis.

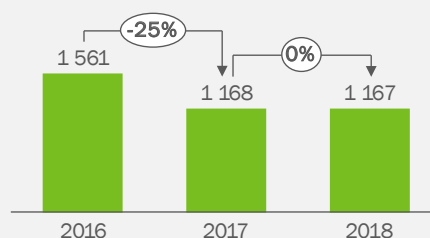
In 2019, we will continue to actively work with supplier development, where we will have more extensive cooperation in projects and ensuring quality in the suppliers' processes.

## Supplier claims

The big difference between 2016 and 2017 lies in that we have changed the statistical methods for minor non-conformities.

Apart from the above, we remain on a steady level even though our production volume has increased by approximately 11% from 2017 to 2018.

**Summary of all supplier claims in our production facilities in Gjøvik, Anderstorp and Gedved**



# Environment and Health

With a focus on providing products with the minimum impact on the environment and health, Etac selects materials which do not contain harmful levels of toxic substances. We are also working towards minimizing energy usage in all our operations.

It is important for Etac to reduce its environmental impact and supply safe products to its customers.

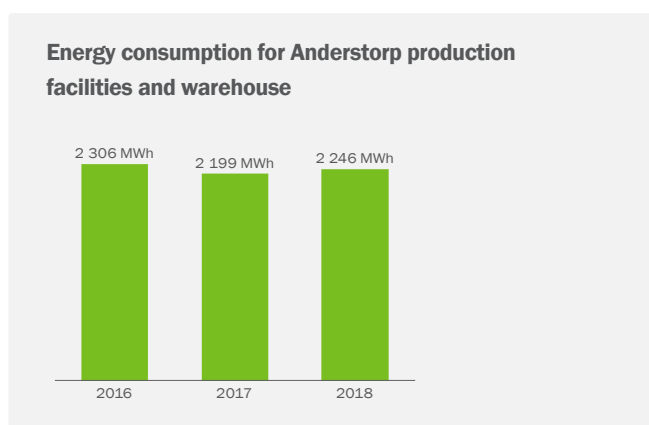
## Energy consumption

Etac is constantly working to minimise our environmental impact. One way to achieve this is by reducing energy consumption. Our goal in 2017 was to reduce energy consumption by 2% annually from our manufacturing facilities in Anderstorp.<sup>1</sup> During the year we have implemented motion sensors, low energy lights and timers. We will continue to work systematically on reducing our energy consumption.

Comparing the energy consumption between 2016/2018, and 2017/2018, it has decreased with 3% and increased with 2% respectively. However, our production output has increased with 15% during the period, which indicates that energy efficiency has improved in the range of 4-5% between 2016 to 2018.

The energy consumption target needs to be revised during 2019 to account for the facilities' production growth.

By improving energy efficiency, we can both reduce the environmental impact and costs.



## Harmful and Toxic substances

Etac works to eliminate harmful and toxic substances in products and in work processes. We expect all suppliers to follow RoHS and REACH and relevant laws and requirements. To ensure that Etac products meet the requirements, suppliers sign self-declarations and material data sheets are controlled upon request.

We also conduct regular follow-up work on traces of chemicals in our products. Our goal is for all textiles in the products to be Oeko-tex certified. In this work we have come a long way, but some work remains. All products where skin is in direct contact to textile materials are regularly tested on biocompatibility.

## Emissions to air

We believe it is vital for every company to work on reducing its carbon emissions. We have during 2018 reduced the environmental impact of transports, moving some sourcing from Asia to Eastern Europe and Scandinavia. We see this work to continue during 2019. Next year we will have a more systematic approach to reduce our climate impact.

## Sustainable products

At Etac we have always worked to develop durable and long lasting products. Our two good examples on the previous pages show how functional design, durable materials and quality can make a product last longer, be recirculated and result in a greater value.

In addition, when possible we try to purchase locally produced and/or recycled raw materials for our products. In 2019 we will increase our focus on using recycled raw materials in product development and production.

<sup>1</sup> The published starting point in 2017 report (2 804 MWh) included both production facilities in Anderstorp as well as the warehouse and Etac's entire Swedish car fleet. The starting point has been revised to exclude the Swedish car fleet energy consumption as no comparison exists for 2017-2018. Note: Typing error in the published Sustainability Report 2017 (2 804 kWh instead of the correct 2 804MWh)



# Compliance and Good Governance

A focus on business ethics and good governance is important. Showing openness and transparency is essential to prevent or manage conflict of interest between Etac and our stakeholders.

Etac conducts all activities in accordance with the highest standards of corporate best practice. We are in full compliance with all applicable statutory and regulatory requirements, including standards on ethical business and anti-corruption.

## Code of Conduct and Supplier evaluations

To ensure that Etac Group’s products are produced in an acceptable way and to mitigate the risk of violations to human rights in our supply chain, audits are performed on site for suppliers in risk countries.

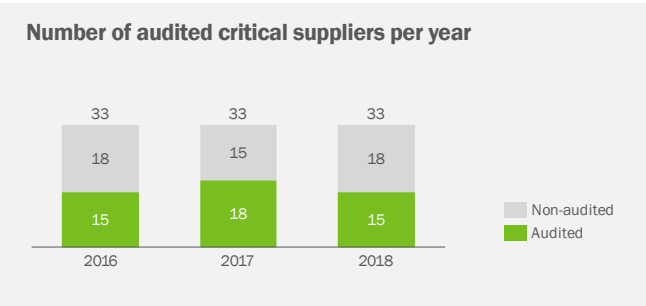
All our suppliers in risk countries sign our Code of Conduct as part of our supplier contract. We also carry out a self declaration, which potential new suppliers must conduct before entering agreement negotiations. Additionally, we carry out a physical evaluation on each critical supplier in risk countries every second year<sup>1</sup>. To get a deeper insight in how well our critical suppliers comply with our Code of Conduct, we will work with improving our methods of supplier evaluations.

Until 2018, we have primarily focused on evaluating first tier suppliers based on the Etac Code of Conduct. We have consequently chosen to take it one step further in the future. During the autumn of 2018 we began to evaluate second tier suppliers. We started off in Asia, and we will continue this work following a risk assessment. We believe that this will give us more control and insight to our supply chain.

## Anticorruption and Whistleblowing

Etac is a global company with strong ethical values, that emphasises the importance of doing business that generates long-term value and trust. We have therefore decided to further develop our ethical standpoint by an Internal Code of Conduct addressing anticorruption and bribery with an addition of diversity, inclusion and discrimination. The protocol will apply for all individuals performing work for Etac.

For several years, Etac has had a whistleblower reporting process, which is managed internally. This is important for us, allowing Etac employees and stakeholders to easily and anonymously report misconduct. During 2018 we did not receive any reports.



Critical supplier are defined as suppliers located in risk countries (according to 'amorfi BSCI'), and which are supplying to our factories in Scandinavia.

1 Correcting the statement from sustainability report 2017

# Social employer responsibility

With a focus on social employer responsibility Etac actively strives to continually improve the preconditions for our employees. We thrive towards creating a healthy and safe workplace, and to increase our diversity and equality within the Etac Group.

### Employees are our main asset

Engaging and developing our employees is a crucial success factor. We strive to provide a safe and rewarding workplace and aspire to be an attractive employer.

That is why we work towards creating a safe and secure work environment where our employees' engagement is utilized and creates, together with good management, a company of which we can be proud to work for.

### Health and safety

A safe and secure work environment is a fundamental priority at Etac. The reported accidents on Group level 2018 are on a low level (accidents resulting in at least eight hours of absence), four work site accidents have been reported.

The accidents that occurred were analysed, and measures have been taken to prevent similar accidents from happening again.

Etac will continue to strive to minimise the risk of accidents and take actions to prevent accidents and injuries in Etac's workplaces.



# Social employer responsibility

## Diversity and non-discrimination

At Etac we strive to create and maintain a diverse and inclusive workplace. Equal opportunities apply, irrespective of gender, transgender identity and expression, sexual orientation, ethnical background, religious beliefs, disability or age. Discrimination in any form is unacceptable.

Our goal is to continually increase the share of female representation at all levels of the organization. Etac Group had approximately 900 employees during 2018, of which 35% were women and 65% men.

Etac's Group Management Team had one woman and eight men 2018 (one woman and nine men 2017).

Women within the Group Top 40 Management level has increased from eight women 2017 to twelve women in 2018.

We will continue to strive towards a more gender equal representation in the Group Management Team and on Group Top 40 Management level. The next step will also be to implement a new Group Code of Conduct including a diversity and a gender equality policy.

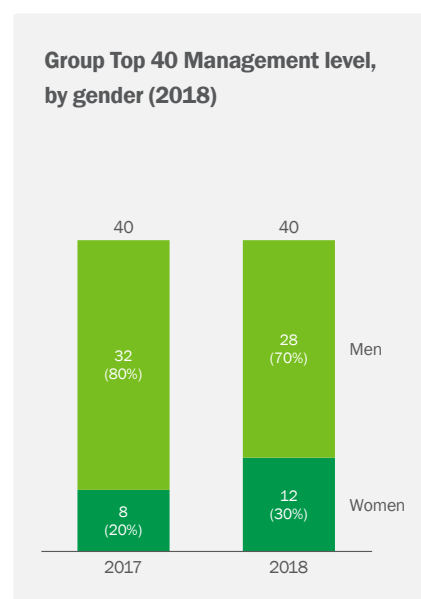
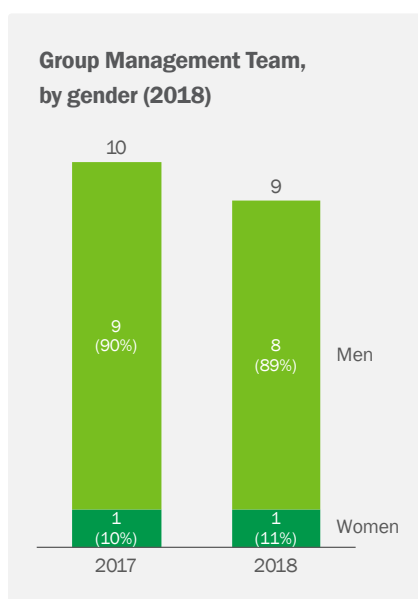
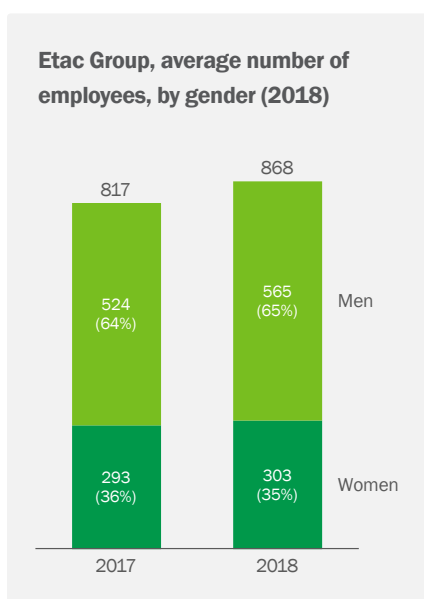
## Employee retention and Global employee survey

Etac Group has begun to measure employee retention, which was 91% in 2018. We have analysed the underlying data and identified areas of improvement, which will be addressed during 2019.

We carried through the first Global Employee Survey for all our employees, with a high response rate of 89%. The survey covered aspects concerning Engagement, Team efficiency, Leadership and the Employer brand loyalty.

The overall result shows that the Etac Group employees are engaged and a major part of our employees recommend Etac as an employer.

Team efficiency and leadership can be improved. The follow up process with action plans has been initiated in each Etac unit. Appropriate measures to support the employee retention are included in the action plans for relevant units.



This sustainability report constitutes Etac AB's statutory sustainability report prepared in accordance with chapter 6 of the Swedish Annual Accounts Act.



“Everyone should be able to live a free and independent life  
and pursue their dreams regardless of any physical circumstances”

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Creating Possibilities



## **Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten**

Till bolagsstämman i Etac AB, org.nr 556324-9746

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### *Uppdrag och ansvarsfördelning*

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2018 och för att den är upprättad i enlighet med årsredovisningslagen.

### *Granskningens inriktning och omfattning*

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisions sed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

### *Uttalande*

En hållbarhetsrapport har upprättats.

Stockholm den 24 maj 2019  
Öhrlings PricewaterhouseCoopers AB

A handwritten signature in blue ink, appearing to read 'Håkan Malmström', with a horizontal line extending to the right.

Håkan Malmström  
Auktoriserad revisor