Sustainability 2023

<u>oetac</u>°

Since 1973, we have been committed to improving quality of life for the individual, family members and caregivers. We want to contribute to a world where our products and services not only improve health outcomes, but also have a positive impact on the environment and society as a whole. This report showcases our efforts and achievements during 2023 in the areas of environmental, social, and governance performance, and our plans ahead to continue supporting a sustainable future.

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Introduction

In 2023 we celebrated our 50th anniversary, commemorating 5 decades of commitment to improving people's quality of life. Since our humble beginnings in 1973, we have grown into a global company with products that on a daily basis make a difference to the lives of end-users, patients and caregivers all around the world. This longstanding dedication goes hand in hand with safeguarding the well-being of society and the health of our planet, and as our business continues to grow we see growing opportunities to drive positive change.

As we write this report, we have just finalised our new sustainability strategy, setting more ambitious targets than ever before. The renewed strategy ties sustainability even closer to our long-term goals and daily operations, and boosts our efforts where we can have the most impact. We are convinced this will allow us to make a greater contribution to a sustainable future of our global society.

Sustainability is just as much a business opportunity as a moral duty, and we believe connecting environmental, social, and governance principles to our core is key to our continued success. We are proud and grateful of what we have achieved over the past 50 years, and eager to create new possibilities for both people and planet in the years to come. We hope this report will inspire you to join us on our journey.

Creating possibilities - for 50 years and beyond



This is Etac AB's (556203-2879) sustainability report, written in accordance with the Swedish Annual Accounts Act (ÅRL). It reflects Etac AB and its subsidiaries and summarises the activities and results in sustainability for the financial year 2023. Reporting is the responsibility of the Board of Directors and the report has been approved on 17 April 2024. The sustainability report is available on our website (www.etac.com/about-us/sustainability).

2023 at a glance

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Established new sustainability strategy Installed solar panels in 2 more sites Improved heating solutions in 2 sites

Gender balance 41% women 59% men

0 product recalls

Initiated CSRD preparations

GHG emissions 57 920 tonnes CO₂e Energy consumption 28 749 MWh Anniversary donations of SEK 250 000



Michael Wirzberger

SUSTAINABILITY - WORLDWIDE

Message from the CEO

"Sustainability has never been as relevant as it is today. Our world faces environmental, social, and economic challenges, and we have a corporate responsibility to safeguard our society. In 2023, we continued our investments in alternative energy sources, reduced the footprint of several products, and strengthened our employee and stakeholder involvement.

Yet, we recognise the need to do more and look forward to implementing our new sustainability strategy, where one of the initial focus areas will be to define a net zero target. Our sustainability work is an ongoing journey, and we want to include our employees, customers and partners in the process. We are convinced that collaboration will be key to shaping a more sustainable tomorrow."



About Etac

Etac is a world-leading developer of innovative assistive devices and patient handling equipment. Since 1973, we have been committed to improving quality of life for the individual, family members and caregivers.

Through our specialised product brands, we offer state-of-the-art solutions for a wide range of daily needs and care settings, for people at all stages of life. Our products are designed to promote the individual's abilities and support caregivers in their daily work – through high quality, user-friendly functionality, and by delivering great value over time.



Product brands



Anderstorp Sweden

Torrance USA Gedved Denmark

Stevens Point USA **Tczew** Poland

Allentown USA

Sustainability framework

Protecting society, the environment and its resources is essential for any business in today's world. At Etac, we recognize the urgency and importance of addressing the global challenges we face, and since our first report in 2018 we have continuously expanded our measurements, improved our internal processes, and increased our understanding of our impact on the world.

This year's report

In this report you will learn how we manage our carbon footprint and circular economy initiatives, how we foster an inclusive and ethical culture, and how we ensure the quality and safety of our products. It is outlined through the Environmental, Social and Governance (ESG*) structure as we continue to prepare for EU's "Corporate Sustainability Reporting Directive" (CSRD) that will be applicable for Etac's financial year 2025.

The report comprises Etac as whole, with the exclusion of our vehicle adaptation unit Etac Bil which was sold during the year.

Value chain

As a global provider of medical devices, our impact goes beyond our own operations. The activities involved in bringing our products to market consist of multiple stages, from raw material extraction to manufacturing, transportation, usage and end of life. As such, we aim to integrate sustainability principles across the entire value chain including suppliers, internal processes and how the products are eventually used by our customers.

*ESG definitions

ESG is a data and reporting framework that includes ESG-related issues, targets and initiatives, performance metrics and reporting standards. It divides the concept of sustainability into three separate pillars, to provide companies with more tangible tools for delivering on their sustainability promises. It is part of the Corporate Sustainability Reporting Directive (CSRD), that aims to expand and strengthen the framework for sustainability reporting.

Environmental criteria consider how a company manages their environmental impact including policies regarding climate change, carbon emissions, energy efficiency, air and water quality and waste management.

Social factors examine how a company fosters its people and culture, and how it affects the broader community. Areas considered are inclusivity, gender and diversity, employee engagement, customer satisfaction, community relations and human rights.

Governance considers a company's internal system of controls, practices and procedures to stay ahead of violations and ensure transparency and industry best practices. Factors include the company's leadership, board composition and internal controls, as well as bribery, corruption and whistleblower programs.



Materiality analysis

A materiality analysis is a fundamental element of the sustainability work to understand where the largest impact of our business occurs and thus where we can make the biggest difference. The following table outlines the material areas for our company, and the topics covered in this report.

	Environmental			Social		Governance
Resource use & circularity	Climate change	Pollution	Own workforce	Workers in the value chain	Consumers & end users	Business conduct
Circular product development	GHG emissions	Harmful substance usage	Inclusion & diversity	Human rights	Product safety	Ethical conduct & culture
Waste management	Energy usage	Pollution of air, water and soil	Health & safety management		Product access	Corruption & bribery
Responsible supply chain management	Climate change risk & adaptation		Human resources management			Political engagement & lobbying activities

Our contribution to Agenda 2030

Agenda 2030 is the United Nations' action plan for people, planet and prosperity, and the most comprehensive pact ever signed by global leaders. It consists of 17 Sustainable Development Goals (SDGs), which turn the rather abstract concept of sustainability into a clear set of operational indicators and goals. The SDGs we have identified as where we can contribute the most to Agenda 2030, are highlighted below in green.



Environmental responsibility

To lower our environmental impact, we need to continually measure how our company affects the planet and take actions that support positive outcomes. One of our primary goals is to advance our efforts in circular product development and explore new collaborations for the benefit of the environment. Another priority is to increase our investments in renewable energy and further improve our energy efficiency.

Resource use and circularity

Circularity is a regenerative principle for production and consumption, and our company's key driver to maximise resource efficiency and minimise waste. By incorporating it into our R&D process, we can improve our products' environmental performance already in the design phase. We can also reduce their footprint by analysing life cycles and identify opportunities for positive change, whether it is related to choice of materials or by exploring new collaborations with our customers. Although circular product development can be a technical challenge, it is just as much a creative opportunity to shift mindsets from linear to circular, from consumption to stewardship, and from quantity to quality.





Kristina Effler Senior Vice President, Bathroom & Daily living aids

LCA - SWEDEN

Initiatives to reduce CO₂e emissions based on LCA

Following last year's life cycle analysis (LCA) of one of our shower stools, we are currently finalising an action plan to improve its environmental performance. One of the identified hotspots* was the stool's aluminium legs. Calculations show that we can reduce CO_2e by increasing the share of recycled aluminium or by switching to a low carbon production method, and we are currently evaluating these two alternatives. We have also overviewed transportation routes and found an alternative which could lower emissions related to freight by 21% per shower stool.

Another initiative is a type of "co-packing" where a substantial part of the packaging material can be saved per pallet. According to our study, this modification can reduce the packaging weight for shipment by up to 40% per stool, and we plan to introduce this alternative to customers whose logistic processes can support it.

"The LCA provided us with invaluable insight in our product's footprint. With tangible data to guide us in the process, we have had a clear view of which areas to focus on and made extensive efforts to find new alternatives. We now look forward to turning our plans into action, and I'm confident these improvements can be applied to more of our products in the future."

*Hotspots are the stages or processes in a product's life cycle that have the most significant environmental impacts.

Circular product development

We believe circular product development to be the future of design, and as a provider of assistive devices this is one of the main fields we work to advance in. A circular approach is about designing products in a way that best supports the health and regeneration of natural systems. The core objective is to keep materials in circulation for as long as possible, and the central methods to achieve this are:

- Designing for durability and maximising life cycles
- Using renewable or recycled resources and enabling reuse, repair and remanufacturing
- Avoiding harmful or unnecessary emissions or waste

Etac's products have always been made to last and maintain high value and quality over time. Our product development has a strong focus on prolonging life cycles and is founded in several cornerstones that promote circularity. The following principles are fundamental to our design process:

High quality

High quality products better allow for heavy usage, reconditioning and subsequent re-usage. This is also advantageous when the same product is used by multiple people over time.

Compatibility

When updating our range we try to ensure that the same components are applicable to all generations of the same product. Older products can then continuously be reworked or upgraded with new parts.

Durability

Our products are built to deliver value over time and often have warranties that exceed industry requirements. Long life expectancies reduce the use of natural resources and result in lower life cycle costs.

Adjustability

Many of our products offer excellent adjustability, which means they can grow with the user's needs if they change over time. They can also be adapted to accommodate several different users.

Modularity

We strive to design by a principle of building blocks, making it possible to replace, rework or upgrade individual parts rather than the entire product. This reduces waste and extends the product's lifespan.

Separability

We aim to design so that varying materials in a product can be separated from each other at end of life. This to enable recycling and re-manufacturing to non-virgin materials.

Circular collaborations

Whereas circular product development is more about how we design our products from the start, we can also reduce their footprint by creating processes that close the loop between production and consumption. This requires a collaborative approach involving customers, suppliers or other stakeholders in co-creating solutions that add value for everyone.

An example of this is our remanufacturing concept re:vive, enabling existing products to get a new lease of life. This initiative was developed for our wheelchair model Etac Cross 6 in collaboration with a Dutch customer, and resulted in the launch of Europe's first circular wheelchair. We find this a great example of how sustainability challenges can be transformed into business opportunities, and we will continue to explore similar endeavours in the future.



Resource use in our products

Resource-efficiency related to our products is an ongoing process and we always aim to make improvements where we can, whether it concerns alternative production methods or re-sourcing initiatives. Another impact area is choice of materials. We are somewhat limited in which non-virgin materials we can use since medical devices need to be of especially high quality. However, recycled metals meet expected standards and it is our objective to expand our use of these. This year we have been able to increase our share of nonvirgin aluminium, but have unfortunately decreased our amount of recycled stainless steel. The decline is due to a modification of the material mix from one of our main suppliers during 2023. We will monitor this progress ahead to see how we can reach our goal to use more recycled metals. For other materials such as plastics and textiles, our teams in strategic purchasing and product development will assess them further once they become a viable option within our industry.



Kristina Lennartsdotter Category Manager & Team Leader, Strategic Purchasing

Annual reduction of 14 200 kg in material scrap

SOURCING - WORLDWIDE

The Cross 6 wheelchair is one of Etac's most well-known and sold products, constructed of several parts that are assembled in our factory in Anderstorp, Sweden. During 2023, we changed suppliers and manufacturing method of the front wheelchair shafts, which are now produced through cold heading instead of forming them through CNC turning.

The result of the resourcing was not only a vast cost reduction, but also a significant reduction of material scrap rates. More specifically, the material per item decreased by 178 grams, which based on an average forecast, gives a total material saving of 14 200 kg per year.

"This is truly a great example of how sustainability and cost savings can go hand in hand. It also shows what we can achieve when different departments team up to share expertise and knowledge. This improvement would not have been possible without the excellent collaboration we have between strategic sourcing and product development."

Waste management

Waste is managed with the clear ambition to minimize material consumption. We always strive to enable recycling, and residual waste is managed in compliance with environmental laws. Our driving factor to reduce waste is the circular design approach that characterizes our product development. Additionally, many of our sites provide reconditioning and refurbishment services, which also add value to our customers as it keeps their products operational for longer.

Another ambition is to reduce our products' packaging, both in terms of material and shipment volume. This is an ongoing process where continuous improvements, big or small, steadily contribute to reducing waste. Some examples from 2023 are Germany who introduced a new stretch wrap resulting in a yearly saving of around 2 700 kg $\rm CO_2$, and our factory in Anderstorp (Sweden) who invested in a compactor that reduces the waste volume before shipment for recycling.

Responsible supply chain management

Purchased goods stand for the largest share of our environmental impact and involve many suppliers across various countries. Responsible purchasing helps us to reduce both environmental and financial risks, and protect vulnerable stakeholders in the supply chain.

We strive to only do business with responsible partners who have high environmental and social standards, and we have a

Supplier Code of Conduct to clarify our position. To ensure that all goods are produced in accordance with our expectations, we also perform physical audits in risk countries.

We are currently working on strengthening our purchasing processes to ensure an even more sustainable value chain. We will also continue to develop strategic relationships and encourage our partners to set their own sustainability targets.



Shortening upstream transportation

Our range of bathroom stools - Swift, Easy, Edge and Smart - are mainly made from plastic and aluminum. The plastic seats have historically been manufactured in Malaysia, and we have worked hard to resource those elements closer to our manufacturing site in Sweden. During 2023, we finalised the resourcing project and produced the first plastic elements through a local supplier, situated only a few kilometers from our manufacturing site. By resourcing the plastic elements, we can now reduce upstream transportation by almost 100 containers per year from Malaysia to Sweden.

Climate change

Apart from addressing our footprint at product level, our efforts to reduce our climate impact are concentrated on increasing our share of renewable energy, improving energy efficiency, and choosing effective transportation of goods. A key to driving positive change is also to increase our understanding of where we have the biggest impact, in order to identify the best opportunities for improvements.

Greenhouse gas emissions

When we started measuring our Greenhouse Gas (GHG) emissions in 2019 we could include scope 1, 2 and a few activities from scope 3. Since then, we have continuously expanded our measurements and can now report on more categories, especially those related to supplier activities. Our measurement methods have also progressed, where we continuously finetune and improve the accuracy of our calculations. **GHG, The Greenhouse Gas Protocol:** is a global standard for reporting greenhouse gas emissions.

Scope 1: Direct emissions from Etac's owned or controlled sources.
Scope 2: Indirect emissions from Etac's purchased energy.
Scope 3: Indirect emissions (not included in scope 2) that occur in Etac's value chain, including both upstream and downstream emissions.



Carbon dioxide equivalents (CO₂e)

 $\rm CO_2e$ is a standard unit for measuring carbon footprints that simplifies calculations of various greenhouse gases. The impact of each gas is converted to the amount of $\rm CO_2e$ it would take

to generate the same level of warming. That way, a carbon footprint consisting of lots of different greenhouse gases can be expressed as a single number.

Emissions during 2023

Etac generated an estimated 57 920 tonnes of carbon dioxide equivalents (CO_2e) during 2023. Main sources of impact derive from purchased goods, upstream transports, downstream transports, direct emissions owned or controlled by Etac and direct emissions through purchased energy.

Around 90% of our estimated emissions relate to scope 3, of which purchased goods represent ~75%, and upstream and downstream transports represent ~20%. These are the areas we will need to focus on to be able to reduce our environmental impact significantly moving forward.

Graphs based on estimations. See page 35 for the scopes included in 2023.







Motivated or highly motivated to work more with sustainability

Vast interest for sustainability among our employees

In our work to define future sustainability targets, we conducted a worldwide survey to our employees during the year. The aim was to get their input before defining our new sustainability strategy, as well as capture employee engagement for related topics.

The results provided us with insights that contributed to our new strategy, and also revealed an overwhelming interest for sustainability among our employees. 84% stated they are motivated or highly motivated in this area, and 68% would like to work more with sustainability within their current roles.

We are pleased to see such enthusiasm across the organisation, and convinced this will contribute to reaching our future sustainability goals.

Energy usage

A prioritised method to reduce our greenhouse gas emissions is to increase our share of renewable energy. During the year we have made significant investments in solar power by installing solar panels in our facilities in USA (Allentown) and Sweden (Anderstorp). Advancing in alternative energy sources reduces our dependency on external electricity suppliers and mitigates the risk of green energy shortage.

We have also improved our heating solutions by implementing district heating in both Denmark and one of our factories in

Sweden. In parallel, we consistently aim for renewable energy when re-negotiating our contracts with electricity suppliers. Some sites have also upgraded several business cars to electrical vehicles and invested in more charging stations.

Producing more with less energy, i.e. improving energy efficiency, is also a focus area and we keep close track of our energy consumption to optimise performance. We continually upgrade to LED lighting in our facilities, which has been implemented in Denmark and Norway during the year.



Continued investments in solar power

During 2023 we installed solar panels in two more of our facilities. Our HoverTech site in Allentown (USA), completed their installation which is expected to generate 145% of the energy that is consumed today.

The same progress was made in one of our sites in Anderstorp (Sweden) which houses a central warehouse, office and production. The project was achieved in collaboration with the landlord, and the solar panels will produce 130 000 KWH per

year, equivalent to 20% of the yearly electricity need. In parallel, the site has transitioned to district heating, and the installation of LED lighting throughout the facility will be completed in 2024.

We will continue our investments in solar power for the benefit of the environment. Plans are established for our factory in Tczew (Poland) next year, and initiatives for our site in Stevens Point (USA) are under review.



Glenn Kjaer Senior Vice President, R82

DISTRICT HEATING - DENMARK

Reduced carbon footprint also drives cost savings

Our production site in Gedved (Denmark), long reliant on gas heating, has transitioned to district heating - a cleaner, more efficient, and environmentally responsible energy source. District heating, unlike traditional gas heating, taps into renewable energy sources, significantly reducing greenhouse gas emissions. This aligns with our commitment to reduce our carbon footprint and contribute to a healthier planet.

The benefits extend beyond our environmental impact. District heating not only provides a more consistent and reliable energy supply, but also a more stable energy price which has resulted in a 40% cost reduction in heating from 2021 to 2023. This goes to prove how environmental sustainability initiatives can also boost financial performance.

"We understand the importance of leading by example. This transition is just one of the many steps we are taking to demonstrate our responsibility towards the environment and our community. Together, we are moving towards a cleaner, greener future."

Climate change risk and adaptation

The climate change presents multiple risks for our world and society. Extreme weather events are expected to increase in frequency and magnitude, and this could also impact our operations. The risk varies depending on where we operate, and we will need to monitor the progression closely and put contingency plans in place where appropriate. The climate change also presents business opportunities, such as an increased interest for durable products and circular collaboration models, and we will continue to invest in this area to protect and strengthen our competitive position.

Pollution

Our focus is to provide safe products with high and consistent quality and the lowest possible risk for users and caregivers. In line with this, we work hard to eliminate harmful and toxic substances in our products and minimise the environmental impact of our operations.

Pollution of air, water and soil

As a manufacturing company, various types of emissions are generated in the value chain. The most material part of the value chain is the upstream section, where our suppliers extract raw material and refine it into materials and products. Transportation throughout the value chain also contributes, especially to air pollution. To minimize our impact, we have a Supplier Code of Conduct in which we declare that our suppliers shall follow environmental laws and regulations and continously improve their environmental performance. Our own manufacturing processes also cause emissions and we make sure to comply with all environmental laws and regulations and strive to minimize our impact. In line with this, we are also working to implement environmental management system ISO 14001 at all our manufacturing sites.



Harmful substance usage

Chemicals are used in raw material extraction and refinement, as well as in some manufacturing processes. We follow environmental laws and regulations and demand the same from our suppliers. To ensure that our products meet our and our customers' expectations, we strive to conduct regular follow-ups on traces of chemicals in our products. In addition, we work to ensure that materials that are in direct contact to the skin are tested for biocompatibility.

Results - Environmental

This overview summarises our results for 2023 in brief. For Key Performance Indicators, see the complete list on page 34.

Resource use and circularity

- 46% of the aluminium in our products was non-virgin
- 37% of the stainless steel in our products was non-virgin
- 60% of the cardboard packaging used was non-virgin

Climate change

- Expanded and refined measuring and calculation of GHG emissions
- Carbon dioxide equivalents (CO₂e): 57 920 tonnes
- Energy consumption: 28 749 MWh
- 40% of manufacturing sites are ISO 14001 certified
- Installed solar panels in USA (Allentown) and Sweden (Anderstorp)
- Switched to district heating in Denmark and Sweden (Anderstorp)
- Installed LED lighting in Denmark, Norway and established plans for Sweden (Anderstorp)

Pollution

• Measuring to be started during the coming years



Social responsibility

In 1973 we set out to create a more inclusive and accessible world for people with disabilities, by creating a whole new type of assistive devices that could integrate them into the community. Supporting the welfare of society is in other words closely connected to our company's purpose. This is reflected throughout our organisation, and encompasses promoting health and safety for customers, caregivers and end-users, as well as our employees and suppliers.

Consumers and end-users

With every product we produce, we aim to enhance the capabilities of each individual user and simplify the daily tasks of caregivers. As such, we value our users' well-being highly, and have a long history of collaborating with customers, suppliers, healthcare workers and end-users to offer solutions that provide tangible value. In order to achieve this, we need to ensure that our products are safe, of high quality, and accessible to those who need them.



Inviting the public to a behind-the-scenes experience

One of the ways we celebrated our 50th anniversary was by opening up our factories in Anderstorp to the public. The open house attracted nearly 600 visitors and offered a behind-the-scenes experience in the community where Etac has been present for the better part of 50 years.

Participants could see how our products come to life as we had the production running for our Etac wheelchairs, bathroom aids and Star cushions. They could also visit our in-house test centre, practice manoeuvring a wheelchair, and enjoy a Swedish "fika" with coffee and cake. We also had mini fairs displaying our wheelchairs through history, our range of daily living aids and bathroom devices, and how we work to promote sustainability.

All the activities were much appreciated by the visitors as well as our team members, and we are glad we could share our celebrations and 50-year progress with the local community.

Product safety

Our products are developed according to best practice principles. We work diligently to monitor all aspects of design and manufacturing to guarantee that our products meet the rigorous requirements for medical devices. All our medical devices are CE marked and registered with the appropriate authorities. Since comprehensive testing is essential to ensure product safety, we conduct thorough tests at every stage of the development process to minimise any risks for end-users.

Product access

Ensuring that our products are accessible to those who need them is also critical. However, this can sometimes be challenging as we, like many other companies, have a global and extensive supply chain that exposes us to multiple types of risks. Many of our products are also individually configurated where prediciting the demand for them is difficult. Knowing how important it is for our users to receive our products, we continously work to ensure stable and efficient deliveries through multiple methods such as safety stocks and dual sourcing.

Own workforce

Our global team is one of our most valuable assets and promoting their well-being is key to our company's progress. Diversity and inclusivity are means to achieve that, as well as fostering a collaborative spirit across borders and product brands. We are convinced that our different perspectives improve our collective ability to better understand and respond to our customers' and users' needs.



Employees give back to their local communities

In addition to the anniversary donations we made this year (see page 37), there were many social initiatives from our local sites. We are pleased to see our teams so motivated to volunteer for the benefit of others, and show hands-on commitment in the communities where they work. Here are two examples from 2023.

In Poland, our factory initiated a project where employees could give their heart and time to a local children's home. Some of our metal workers volunteered to renovate the children's rooms to promote wellbeing, peacefulness and a sense of security. We find this a great example of how small efforts from of a few people, can make a big difference to someone's quality of life.

Our Dutch team rolled up their sleeves for a "Do Day" to help their customers. They volunteered in a rehab centre and two different daycare centres for children with special needs, doing everything from patching windows and tires, to making a water play table for the kids. The initiative was connected to Etac's 50th anniversary, but will now become a recurring event after much appreciation from both customers and team members.

Inclusion and diversity

Inclusion and diversity enrich our workplace and promote creativity, innovation and collaboration. As essential values to Etac, they let us benefit from the experiences and skills that each individual brings to the table. Our employees represent a multitude of nationalities and range from occupational therapists to people who know first-hand what it is like to use our assistive devices. Having such a diverse workforce is a great advantage and consistently adds value in our daily work.





Winning image Rock your socks 2023

One global voice for diversity and inclusion

On World Down Syndrome Day we rocked our socks to celebrate the importance of diversity and inclusion. All around the world, employees wore colourful and mismatching socks after having been encouraged by our CEO to engage and share their pictures.

Our intranet soon became a colour explosion, celebrating how each and every person brings value. The best image won an honorary award with the motivation "A display of excellent creativity on how to distribute bodies to fit multiple feet in one image - and a highly innovative use of factory floor space."

We are pleased to see our colleagues come together as one global voice for the wellbeing of people with Down syndrome. It goes to show that we all believe inclusion and diversity are values that benefit both our business and the broader community.

Health and safety management

We take workplace safety very seriously and are committed to protecting our people from any hazards in their work environment. We constantly strive to improve our facilities to reduce risks, and have clear guidelines and procedures in place to prevent accidents and injuries. We provide employees and temporary staff with the protective equipment needed to perform their work safely and effectively, and we provide training and information to ensure proper work processes. All our subsidiaries comply with local laws and regulations.

Human resources management

As a growing company, it is an evolving process and our continuous commitment to foster a positive and collaborative work environment. With diverse entities all over the world, we need to work both centrally and locally to promote the welfare of our employees. Our shared sense of purpose brings us together, and our 50th anniversary this year was a fantastic team-building experience with great engagement from all our co-workers.

On a global level, we have continued the roll-out of our employee engagement software, allowing us to get fresh input on our teams' temperatures to capture personal engagement and individual well-being. We also conducted a worldwide survey with focus on culture this year, which provided valuable insights that will guide us in our efforts to become an even more positive workplace.

Locally, there are also numerous initiatives with focus on employee well-being, from exercise activities to social events outside work. Some sites have introduced blood drives and CPR training, and many locations provide opportunities to support the community or engage in local volunteer work.



Antonio De Caprio Head of Cyber Security

HUMAN RESOURCES - WORLDWIDE

Increased cyber security through targeted efforts

Digitalisation has increased the efficiency of our operations, communication and sales, but with it comes an increased importance of cyber security. During 2023, Etac measured its level of maturity within cyber security using the NIST Cybersecurity Framework (CSF).

Improvement areas were identified and a roadmap for strengthening our cyber security was developed. The implementation started during the second half of 2023 and among others included:

- Restarting the cyber security training program
- Launching a phishing training exercise
- Introduction of 24/7 security service support from Dell
- NIS2 readiness program and roadmap
- Creation of a cyber security playbook

"We have increased our focus on cyber security and the steps we took during 2023 have helped us to achieve a very valuable increase in our security level."

Workers in the value chain

In addition to our own workforce, our operations are dependent on suppliers, contractors and subcontractors. We care for the workers in our value chain and strive to ensure high ethical standards among all our stakeholders.

Human rights

We honour the principles of internationally recognised human rights and have zero tolerance for any violation of them. To minimize the risk of cooperating with suppliers that do not share our standpoint, we have a Supplier Code of Conduct that clarifies our position. We also strive to regularly perform on-site audits at suppliers in risk countries.

Results - Social Responsibility

This overview summarizes our results for 2023 in brief. For Key Performance Indicators, see the complete list on page 34.

Consumers and end-users

- Donated SEK 250 000 spread across five organisations to benefit our different user groups (see page 37)
- 0 product recalls
- 0 field safety corrective actions (FSCA)

Own workforce

- Implemented employee engagement tool (Winningtemp) in Poland and USA (implemented in Stevens Point and Allentown, usage in Torrance starts 2024)
- Gender balance in the entire group: 41% women / 59% men
- Gender balance in top 50 management: 37% women / 63% men
- Gender balance in group management: 22% women / 78% men
- 85% employee retention
- 10 work-related accidents

Workers in the value chain

- Initiated roll-out of the group's Supplier Code of Conduct in HoverTech, meaning that all units now use the same Supplier Code of Conduct.
- Audited 48% of our suppliers in risk countries during the last 2 years



Governance

To future-proof our continued success and ensure the maintained trust from our stakeholders, we are convinced our responsibility goes beyond complying with applicable laws and regulations. As such, we are committed to fostering a culture of honesty, openness and responsibility in every aspect of our business and across the entire value chain.

Governance model

Etac is owned by Nordstjernan Investment AB which is a Swedish foundation-controlled and unlisted investment company¹). We are governed through a Board of Directors representing various competencies and geographies.

Daily operations are managed through three performance units that reflect our geographical presence and bring us close to our local markets. These units are overseen by the CEO, where the North American Patient handling unit has an additional HoverTech Board²).

Global topics are addressed in Group Management. The team consists of the CEO, CFO, VP Quality Assurance & Regulatory Affairs, Chief Sustainability Officer, VP Sourcing, Head of Business Development and representatives from the performance units.

¹⁾The main purpose of the Axel and Margaret Ax:son Johnsons foundation, which owns 85% of the capital and 5% of the votes, is to promote scientific research.

²⁾ HoverTech Board: Etac is the majority owner of HoverTech International (70%).



Quality management of medical devices

Our operations are controlled through regulatory requirements, standards and principles applicable for medical devices. All our manufacturing sites work with quality management systems, most of them ISO certified (ISO 13485*). To ensure specialist competence, each product division has a dedicated Quality

Manager that governs daily operations. Regulatory compliance is ultimately overseen by the Group Management Team and specifically by our VP for Quality Assurance & Regulatory Affairs.



Kim Ankjær Vice President, Quality Assurance & Regulatory Affairs

REGULATORY - WORLDWIDE

Internal audits show satisfactory results

During 2023, Etac's regulatory team completed five internal audits, so called "mock audits". The audits are simulated inspections, conducted to preventively identify any risks and assure regulatory compliance and good practices.

"The performed mock audits provided very positive impressions and a significant amount of positive evidence. The teams and auditees showed engagement and dedication to their area of responsibility and the factories and offices we visited were all well-organized.

The overall elements of regulatory and ISO standard requirements are clearly implemented, maintained and well-functioning within the quality management systems and considered in compliance with regulatory requirements."

Governance within sustainability

The Board of Directors determines Etac's overall sustainability direction and ambition level, and our Chief Sustainability Officer (CSO) is responsible for developing, implementing and reporting on the group strategy. In line with our new sustainability strategy, the operational governance model varies depending on the ESG area. The environmental area is tailored by geography and brand, which means the governance model is based on our three separate performance units. The social and governance areas that are group-wide, are governed by Group Management. The operational responsibility is always carried by the performance units and relevant functions, and is supported by the policies stated in our respective code of conducts:

Internal Code of Conduct¹⁾

Guides our employees in our social, environmental and ethical responsibilities to ensure that we always act responsibly.

Supplier Code of Conduct²⁾

Clarifies the requirements and expectations on our suppliers and serves as a tool for selecting and developing partners.

Governance methods per ESG area

Environmental	Social	Governance
Environmental management systems, some of them with ISO 14001 certificate	Quality management system, some of them with ISO 13485 certificate	Internal Code of Conduct with sections specifically addressing:
 Internal Code of Conduct with sections specifically addressing: Product development Sourcing and manufacturing Travelling and transportation Recycling and reuse Supplier Code of Conduct with an environmental section addressing: Compliance with environmental legislation Continuously improving environmental performance Whistleblowing service 	Internal Code of Conduct with sections specifically addressing: Human rights Safety & security Diversity Freedom of association Fair employment practices Forced labour and child labour Supplier Code of Conduct with sections specifically addressing: Forced labour Child labour and young workers Workplace health & safety Employment and work conditions Accidents and health Whistleblowing service	 Compliance with laws and regulations Fair and honest competition Corruption Conflicts of interests Accounting standards and principles Supplier Code of Conduct with a section specifically addressing corruption Whistleblowing service

¹⁾ A new internal Code of Conduct that covers the entire group is being released during 2024.

²⁾ The Supplier Code of Conduct will be reviewed and updated during 2024.

Business conduct

Good business conduct is fundamental to build trust and confidence with our stakeholders and ensure our long-term reputation and performance. We have high ethical standards that guide our business decisions and actions, and are committed to acting responsibly in all our interactions to contribute to positive social and environmental outcomes.

Ethical conduct and culture

We are determined to lead by example by demonstrating responsible leadership and setting clear expectations and standards for ethical behaviour for our employees. Every person, including temporary staff, has a personal responsibility to safeguard and uphold our company's good reputation, and follow the policies and procedures we have in place to ensure that. During 2023 we have worked on a new internal Code of Conduct that will be rolled out across the group in 2024.

Do you have any concerns about Etac's business?

We encourage employees and all other stakeholders to report on matters that might not be in line with the law, our organisational values or our Code of Conduct, and that may affect the operations and reputation of Etac. If you know of any violations and/or have any concerns, please contact a manager in our organisation or report anonymously through our whistleblowing service.

The whistleblowing service is provided by an external partner to ensure anonymity. The communication channel is encrypted and password-protected. All messages are processed confidentially and the person sending the message also remains anonymous in the subsequent dialogue with the whistleblowing team that consists

Scan the QR code or use the link below



https://report.whistleb.com/en/etac

of Group CEO, Group CFO and Group HR. To safeguard the system, all reported messages are also reviewed by our audit committee, which among others include the Chairman of the Board and our external auditor. For frequently asked questions, please visit: https://whistleb.com/whistleblowing-system/FAQs/



Corruption and bribery

Etac applies zero tolerance for corruption. Under no circumstances may our employees or partners be engaged in, encourage, or tolerate bribery through payments or other benefits to public officials or private sector employees, with the aim of obtaining or retaining business or any other advantage. To mitigate the risk of misbehaviour, our respective Code of Conducts clearly stipulate our strict standpoint.

Political engagement and lobbying

We are committed to improving people's quality of life and often engage in lobbying initiatives for the benefit of those who use our products. This includes protecting and promoting access to assistive devices and being part of efforts to ensure safe and accurate solutions for the individual.





Tom Whelan Vice President, Product Development, Ki & Axiom

Accessible and independent travelling for wheelchair users

Millions of Americans have disabilities that make travelling outside their homes difficult, which unfortunately makes many of them more housebound than needed.

The United Spinal Association, who represents the nation's 5,5 million wheelchair users, has now launched the SecureRide coalition with the mission to develop "a wheelchair securement standard that can be applied to personal vehicles, rideshares, public transit, as well as buses, rail and low-speed shuttles".

Our American wheelchair unit Ki has joined the SecureRide coalition together with other stakeholders to develop, test and publish standards, as well as advocate for policies that support them.

"We are all about creating possibilities and this is an excellent opportunity for us to contribute with our industry knowledge to help promote the abilities and independence of wheelchair users."

Results - Governance

This overview summarizes our results for 2023 in brief. For Key Performance Indicators, see the complete list on page 34.

Governance

- Established new strategy and governance model for sustainability
- Rolled out whistleblower function for Allentown (USA), now complete across the group
- Continued regulatory "mock audits" and performed five audits
- Audited 48% of our suppliers in risk countries during the last 2 years
- Initiated roll-out of the group's Supplier Code of Conduct in HoverTech, meaning that all units now use the same Supplier Code of Conduct.
- Two whistleblowing incidents*, one of which was personnel-related and the other customer-related. Both matters were addressed and closed by HR and management.

*The whistleblowing service was used five times during 2023, but only two incidents could be classified as whistleblowing. Please see definition on page 35.

Risk management

Our size, global presence and the industry we operate in as well as a constantly evolving society, expose us to a number of risks of varying nature. To manage them proactively, Group Management has outlined and analysed the primary risks in the value chain through environmental, social and governance perspectives.

Some of the vital questions we continually address related to risk management include:

- How to make our products as environmentally friendly as possible while staying in conformity with medical device regulations, and without losing our competitiveness in price-sensitive healthcare systems?
- How to develop our systems and processes to match future demands and requirements within sustainability?

Environmental risks

Risk	Description of risk	Mitigation
Healthcare spending	Healthcare systems that are pressured to reduce costs might limit our possibilities to invest in environmentally friendly solutions.	Strive to collaborate with stakeholders in the healthcare industry to find solutions that are sustainable from both an environmental and financial perspective.
New customer requirements	Environmental requirements differ between countries and regions, and not keeping up would limit our sales potential.	Work closely with our customers to understand new requirements, and work proactively with circularity.
Unnecessary scrapping of products	Not promoting circularity in the value chain could result in unnecessary scrapping of products that could otherwise be reused and/or recycled.	Our general product design promotes circularity and we are exploring circular collaboration models with our customers (e.g. re:vive).
Shortage of green energy	Lack of renewable energy sources will limit our possibilities to lower our carbon footprint.	Solar panels were installed at two sites during 2023 and will be installed at further sites in the years to come.
Supplier misconduct (breach of Supplier Code of Conduct)	Potential non-compliance with environmental laws would not only harm the environment but also our reputation and business opportunities.	Sourcing practices will be strengthened with increased evaluations and follow-ups of suppliers.
Pollution and harmful substances in our value chain	Potential pollution or use of harmful substances could harm the society and our users, but would also impact our reputation and sales negatively.	We work diligently to eliminate harmful substances and minimize our environmental impact.
Climate changes impacting our operations	Global warming effects, such as intense droughts, water scarcity, severe fires, rising sea levels, flooding, and catastrophic storms, might damage our facilities and operations.	Risk assessments and contingency plans will be strengthened.

Social risks

Risk	Description of risk	Mitigation
Employee misconduct (breach of Internal Code of Conduct)	Potential non-compliance could jeopardize the safety and well-being of our employees, our abilities to attract and retain talent, and ultimately our reputation and sales.	Onboarding and training programs for employees will be reviewed and strengthened.
Employee turnover	We believe in the power of people, and a high employee turnover would mean a loss of competence and competitive power.	We will continue with culture-building activities, frequent employee surveys and talent management.
Supplier misconduct (breach of Supplier Code of Conduct)	Potential non-compliance would not only go against our beliefs and harm vulnerable people, but also damage our reputation and earnings.	Sourcing practices will be strengthened with increased evaluations and follow-ups of suppliers.
Disturbances in the supply chain	Unforeseen events in the supply chain might impact users' access to our products and negatively impact sales.	Continue with surveillance of supply chain for quick response and action, cross country delivery planning and dual sourcing for key products.
Regulatory changes impacting our medical devices	Potential non-compliance with regulations for medical devices would directly impact our business opportunities.	Minimise the risk through proactive regula- tory monitoring with cross-functional teams and monthly reporting to management.

Governance risks

Risk	Description of risk	Mitigation
Doing business in risk-classified countries	Risk-classified countries increase the risk for corruption and questionable business ethics which could damage our reputation and revenue.	Sourcing practices will be strengthened with increased evaluation and follow-up of suppliers in risk-classified countries.
Supplier misconduct (breach of Supplier Code of Conduct)	Potential non-compliance, e.g. bribery and corruption, could hurt the society, our reputation and sales.	Sourcing practices will be strengthened with increased evaluation and follow-up of suppliers.
Employee misconduct (breach of Internal Code of Conduct)	Potential non-compliance could hurt the society, our reputation and sales.	Onboarding and training programs for employees will be reviewed and strengthened.
Lobbying by competitors	Not being part of standardization work could lead to limited access to alternative solutions for users.	Increase our active engagement in lobbying and standardization work to protect access to our assistive devices.

Key performance indicators

We continuously strive to improve our reporting. During 2022 we included Ki Mobility and HoverTech for the first time and during 2023 we have significantly improved our reporting of greenhouse gas emissions and energy consumption by expanding the number of scopes and improving our data collection.

Sustainability area

ENVIRONMENTAL	2021 ¹⁾	2022	2023 ²⁾	Comments	Ambition 202
Resource use and circularity					
Share of recycled aluminium (%) ³⁾	59%	44%	46%	Slight increase driven by European sites.	N/A ⁴⁾
Share of recycled stainless steel (%) ³⁾	60%	48%	37%	Decline driven by one of our main suppliers who changed its material mix.	N/A ⁴⁾
Share of recycled cardboard packaging (%) ³⁾	N/A	69%	60%	Decline driven by one of our main suppliers who changed its material mix.	N/A ⁴⁾
Climate change					
Greenhouse gas emissions ³⁾	6 550 Tonnes CO ₂ e	11 209 Tonnes CO ₂ e	57 920 Tonnes CO ₂ e	Not comparable with previous years due to increased number of scopes and improved reporting. ⁵⁾	N/A ⁴⁾
Greenhouse gas emissions in elation to COGS ³⁾	6,2 Tonnes CO ₂ e/MSEK	5,2 Tonnes CO ₂ e/MSEK	24,0 Tonnes CO ₂ e/MSEK	Not comparable with previous years due to increased number of scopes and improved reporting. ⁵⁾	N/A ⁴⁾
Energy consumption ³⁾	14 848 ^{MWh}	19 311 _{MWh}	28 749 _{MWh}	Not comparable with previous years due to increased ability to report on MWh.	N/A ⁴⁾
Energy consumption in relation COGS ³⁾	14,1 MWh/MSEK	8,9 MWh/MSEK	11,9 MWh/MSEK	Not comparable with previous years due to increased ability to report on MWh.	N/A ⁴⁾
Share of ISO 14001 certified actories	50%	40%	40%	Ongoing process.	80%
SOCIAL	2021 ¹⁾	2022	2023 ²⁾	Comments	Ambition 202
Consumers and end-users					
Product recalls	1	0	0		0
ield safety corrective actions	2	1	0		0
)wn workforce					
Gender balance in the group women/men)	41/59%	39 / 61%	41/59%		45 / 55%
Gender balance in top 50 nanagement (women/men)	27 / 73% ⁶⁾	36 / 64%	37 / 63%		40 / 60%
Gender balance in group nanagement (women/men)	N/A ⁷⁾	22 / 78%	22 / 78%		40 / 60%
Employee retention	93%	81%	85%		+ 90%
Nork related accidents	8	10	10		0
GOVERNANCE	2021 ¹⁾	2022	2023 ²⁾	Comments	Ambition 202
Share of audited suppliers in risk countries over the last 2 years	18%	20%	48%	The low audit rate mainly relates to organisational changes.	100%
Vhistleblowing incidents	2	6	2		N/A ⁸⁾

Explanatory notes

¹⁾ Excluding HoverTech and Ki Mobility.

 $^{\scriptscriptstyle 2)}$ Excluding Etac Bil AS which was sold during the year.

³⁾ Based on estimations.

⁴⁾ Awaiting net-zero target which is being established during 2024.

⁵⁾ Compared to previous year, 2023 now also includes scope 3.1 Purchased goods, 3.2 Capital goods (solar panels), 3.3 Fuel activities, 3.5 Waste and 3.9 Downstream transports. ⁶⁾ Based on top 40 management and not fully comparable with the other years.

 $^{7)}$ A new governance model was developed in November 2022.

⁸⁾ Since we want to encourage transparency and the use of our whistleblower service, we do not find it valuable to define targets on its usage.

Definitions of key performance indicators

Sustainability area	Definition
ENVIRONMENTAL	
Resource use and circularity	
Share of recycled aluminium	Share of recycled/non-virgin aluminium used in our products, calculated based on weight.
Share of recycled stainless steel	Share of recycled/non-virgin stainless steel used in our products, calculated based on weight.
Share of recycled cardboard packaging	Share of recycled/non-virgin cardboard used in packaging of finished products, calculated based on weight.
Climate change	
Greenhouse gas emissions	CO_2e emissions from scope 1 and 2 as well as from scope 3.1 (purchased goods), 3.2 (capital goods/solar panels), 3.3 (fuel activities), 3.4 (upstream transports), 3.5 (waste), 3.6 (business travels) and 3.9 (downstream transports).
Energy consumption	Energy used in factories and sales companies covering scope 1 and scope 2.
In relation COGS	The values calculated in relation to Cost of Goods Sold (COGS). COGS are not adjusted for inflation.
Share of ISO 14001 certified factories	Share of Etac-owned factories certified with ISO 14001.
SOCIAL	
Consumers and end-users	
Product recalls	Number of products corrected or removed from the market, due to violation of medical regulations or risk of causing harm to users.
Field safety corrective actions	Number of field safety corrective actions (FSCAs) taken for technical or medical reasons, to prevent or reduce the risk of a serious incident.
Own workforce	
Gender balance in the group (women/men)	Share of women and men among all full-time employees on last day of year.
Gender balance in top 50 management (women/men)	Share of women and men among full-time employees in top 50 positions on last day of year.
Gender balance in group management (women/men)	Share of women and men among full-time employees in group management on last day of year.
Employee retention	Share of employees who have been with the company for the entire year. Based on the number of employees at the end of the year minus those who have resigned themselves during the year. Terminated and retired personnel does not affect the retention.
Work-related accidents	Number of work-related accidents or incidents occurring at the workplace that have caused a minimum of 1 day's absence from work. Excluding transport to and from the workplace.
GOVERNANCE	
Share of audited suppliers in risk countries over the last 2 years	Share of suppliers located in risk countries that have been audited within the last 2 years. Risk countries are defined based on international standards, and an audit is defined as a physical or remote meeting with a supplier to ensure sustainable practices.
Whistleblowing incidents	Number of occasions where our whistleblower service has been used to report serious risks or irregularities affecting the vital interests of the company, society or individual life and health.

Plans for the future

We are pleased to be able to share our achievements for 2023 and acknowledge the efforts across the organisation that have contributed to our progress. We are convinced that sustainability goes hand in hand with the future of our business, and look forward to enhancing our sustainable practices to ensure a healthy planet and bright future for generations to come. Looking ahead to 2024, here are some

of the initiatives we have planned for next year.

Generally

- Communicate and educate on strategy and sustainability
- Strengthen the organisation by recruiting and forming teams and forums across the group
- Continue preparation for EU's Corporate Sustainability Reporting Directive (CSRD) by increasing data collection and strengthening internal procedures

Environmental responsibility

- Define net zero target and establish action plan
- Install solar panels in Tczew (Poland) and review the possibility for Stevens Point (USA)
- Continue to explore carbon footprint analysis methods (e.g. LCA)
- Continue to explore circular models with our customers (e.g. re:vive)
- Continue work to certify our environmental management systems

Social responsibility

- Roll out shared set of core values across the group
- Review partner selection criteria and processes
- Review and strengthen onboarding and training programs for employees

Governance

- Roll-out our new Internal Code of Conduct
- Review and update our Supplier Code of Conduct
- Continue work to certify our quality management systems



Creating Possibilities

In celebration of our 50th anniversary, we made five donations of SEK 50 000 each - marking 50 years - to recognise others who share our commitment to improving people's quality of life. The organisations were representative of Etac's many user groups, and by choosing recipients close to our local offices around the world, we could give back to the communities where we are present.



The Rollettes Experience - US Empowering women with disabilities through sisterhood and dance.



Frame Football - NL Connecting children with reduced mobility through sports.



Age UK H&W - UK Promoting health and independence for people in later life.



Paralife - SE

Creating job opportunities for young adults with functional diversity.



Interchange Outer East - AU

Supporting recreational activities for families of kids with special needs.





Etac

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