



Sustainability Report 2023

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About this report

Current sustainability report:
GRI 2-1, GRI 2-2, GRI 2-3

This report, published in June 2024, contains information and data on our sustainability performance relevant to the financial year, 1st January 2023–31st December 2023, from SHL Medical AG and its subsidiaries: SHL Medical AB, Scandinavian Health Ltd (TW), SHL Pharma LLC, SHL Medical LLC, and SHL Technologies unless otherwise stated. Our Sustainability Strategy 2030 applies to all aforementioned entities, collectively referred to as “SHL Medical,” and will also apply to recent acquisitions, like LCA Automation, after integration. For the purposes of this report, LCA Automation is only included in our calculation of global emissions.

The consolidation of data is partially automated across our offices in United States (“US”), Switzerland, Sweden, and Taiwan. The tool will be rolled out across our operations over time.

To share your feedback, please contact:

SHL Medical AG
Gubelstrasse 22
6300 Zug, Switzerland
shl-medical.com
info@shl-medical.com

Letter from the CEO

GRI 2-22



Dear Stakeholders,

SHL Medical's purpose—to enable patients' independence—is the cornerstone of our business. As we continue to improve as many lives as possible through innovative self-injection solutions, such a purposeful mission is manifested in our sustainability principles and goals at large.

By putting the patients, the environment, our employees, and the supply chain at the forefront, our **2030 Sustainability Strategy** encompasses goals such as:

- We aim to expand our innovative device portfolio to improve patient outcomes and independence by 2030.
- We are committed to reducing our greenhouse gas emissions, implementing circular principles, and minimizing waste impact by 2030.
- We strive to establish a sustainable business foundation for both our employees and supply chain by 2030.

We have launched several initiatives supporting the goals we set. As you will see in this report, our efforts did not go unnoticed. In 2023, we received the prestigious EcoVadis silver medal and saw improvements in our CDP climate score. We also became a member and signatory of the United Nations Global Compact principles and received validation of our climate targets by the SBTi, furthering our commitment to sustainability on a global scale.

As we continue to make progress toward a more sustainable future, I want to express my gratitude for the continued trust and partnership of our employees, customers, and suppliers. Together, we can drive meaningful changes and create a better future for generations to come.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ulrich Faessler'.

Ulrich Faessler,
SHL Medical CEO

About SHL Medical

GRI 2-1

SHL Medical is the pioneering leader in designing, developing, and manufacturing self-injection solutions, such as autoinjectors. We serve the healthcare sector through partnerships with leading pharmaceutical and biotech companies. A privately-owned company, SHL Medical is headquartered in Zug, Switzerland with subsidiaries in Taiwan, Sweden, the US, and more recently, Mexico and China due to our latest acquisition (see '[Key 2023 Highlights](#)' section for more information). As of the end of 2023, SHL Medical has over 5,700 employees worldwide.

30+

years of pioneering in the drug delivery industry

>50

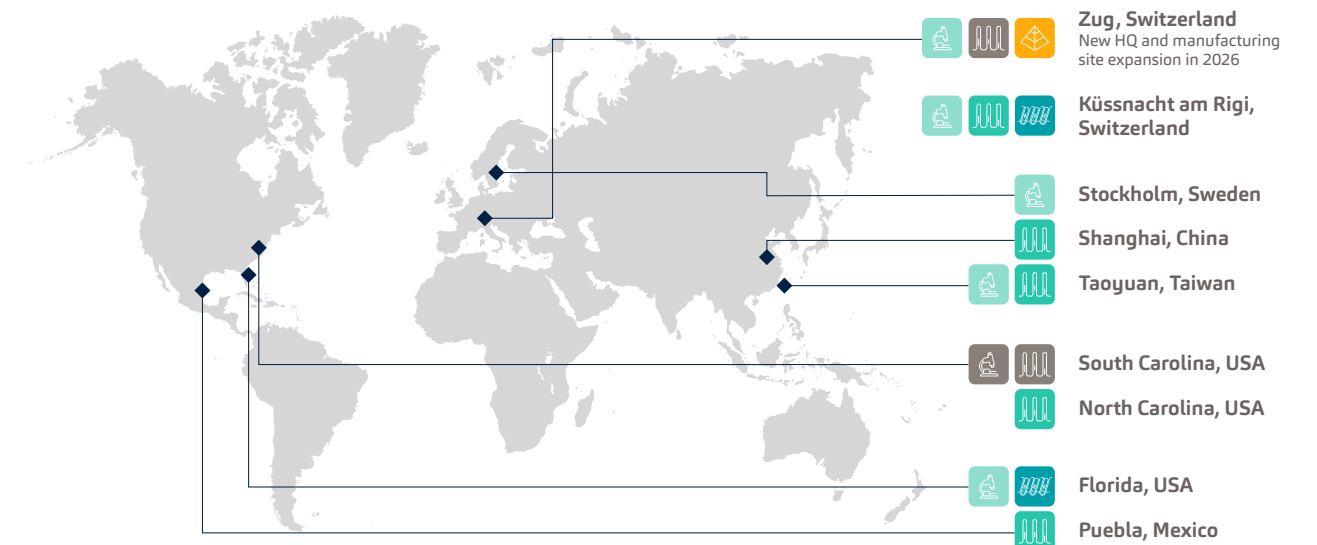
combination products launched globally

>5,700

employees from 60 nationalities across EMEA, North America, and APAC

Top 25

majority of pharma/biotech companies in partnership with SHL Medical



Global HQ R&D Centers Manufacturing Final Assembly In development

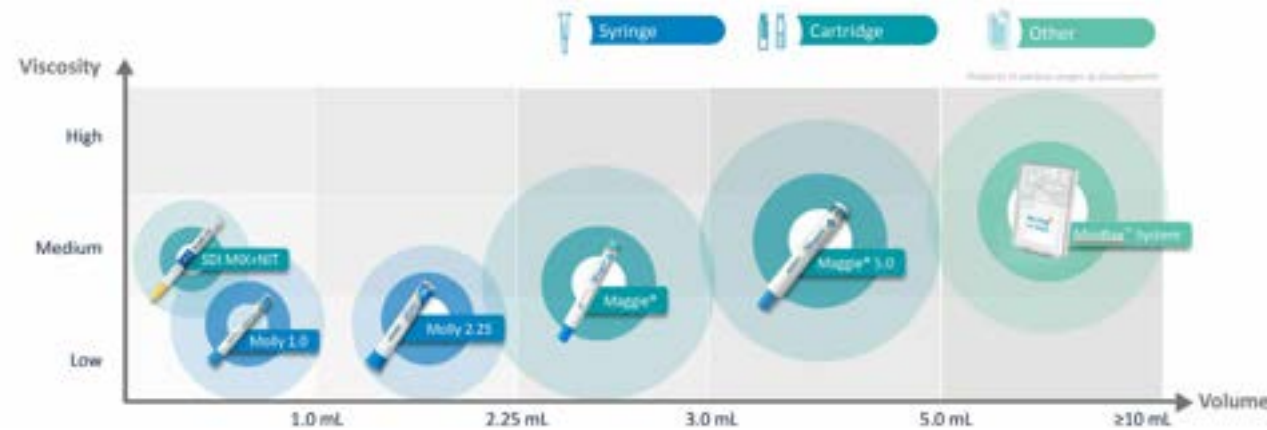
The value SHL Medical brings

GRI 2-6

As the number of elderly and chronically ill increases, so does the demand for treatment and personalized healthcare. The challenge is increasingly how to make life with illness more manageable while also reducing the burden on healthcare systems. Home caregivers and patients need better, more reliable solutions that promote individual comfort as well as being cost efficient and environmentally responsible.

At SHL Medical, we embrace this challenge. Since our founding in 1989, we have continuously reshaped the drug delivery industry through innovation across Europe, US, and Asia. Working with leading biotech and pharmaceutical companies, we develop advanced drug delivery solutions, including user-friendly, disposable and reusable injection devices catering to a variety of health conditions and treatment regimes.

Our product line across viscosity and volume



In this report, we will share our goals, initiatives, and progress towards the three objectives that form the basis of our Sustainability Strategy 2030, namely, driving patient health and independence, reduce our ecological footprint, and ensure responsible business practices across our supply chain, employees, and the communities where we operate.

Key 2023 highlights

GRI 2-6

3.1M patients reached, 41% increase versus 2022	2.6% reduction in GHG emissions (Scope 1, 2 and 3) versus 2022	12% share of renewable electricity	28% share of women in senior management roles
74% of waste recycled	0.04 reduction in reported injuries per million working hours	21% increase in compound annual shipments	

- Acquisition of LCA Automation:** In 2023, we acquired LCA Automation, experts in automation, tool maintenance, and metal manufacturing. Based in Switzerland, with subsidiaries in Mexico and China, this acquisition expands our global manufacturing presence, enhances our value chain by expanding our presence in Europe, and further strengthens our in-house capabilities. In 2024, we will continue to enlarge our global support network through a greater business focus on tooling and automated assembly, final assembly, and test equipment.
- Our strategic collaboration program:** We announced a strategic alliance program for autoinjector services called the Alliance Management Program. The program will further strengthen SHL Medical's vertically integrated business model by providing customers additional opportunities in the drug delivery ecosystem. Our partners include primary container providers, Contract Manufacturing Organizations, Contract Development and Manufacturing Organization, and other service providers and suppliers.
- Expanding our presence in the US:** We are building a new 25,000 m² (270,000 ft²) facility for autoinjector production in North Charleston, South Carolina, in addition to our existing facility in Deerfield Beach, Florida. The site starts operations in 2024.
- Expanding our presence in Switzerland:** We are also building a manufacturing site in Zug, Switzerland, which includes 10,000m² dedicated to R&D and manufacturing and will host our headquarter offices. Operation will start in 2026.

Sustainability Strategy 2030

At SHL Medical, we aim to enable people living with a chronic illness to improve their quality of life from their own homes, helping to further promote their independence. But the medical landscape in which we operate and deliver these valued services has changed dramatically in recent years.

As a pioneer in self-injection solutions, we continue to build on our history of incorporating sustainability into everything we do. This means constantly reviewing how our business impacts the environment, our workforce, business partners, and the communities in which we operate.

In 2023 we developed our Sustainability Strategy 2030. This strategy, born out of extensive engagement with partners, employees and other key stakeholders, aims to create value for both

our shareholders and wider society. Our strategy supports the creation of a sustainable business model that builds business resilience and enhances environmental performance.

The strategy is built around three goals, namely, driving patient health and independence, reducing our ecological footprint, and ensuring responsible business practices, which form the basis of this report.

Each goal is underpinned by a series of ambitious targets which allow us to assess our performance on ongoing basis, continually refining our approach to improve performance in each area. These targets are also aligned with the Ten Principles in the UNGC as well as the UN Sustainable Development Goals (SDGs).

Our sustainability achievements

2021

- Published CDP climate change report
- Set baseline for GHG emissions across value chain

2023

- New Sustainability Strategy 2030
- UN Global Compact principles signatory
- Near-term climate targets approved by SBTi
- Recognized with EcoVadis Silver medal
- Recognized with CDP C– rating

2020

- 100% renewable electricity at EU sites
- First EcoVadis score

2022

- Committed to SBTi climate targets
- ISO 14001 and ISO 45001 certifications for Taiwan sites

2023 achievements

- We developed our Sustainability Strategy 2030 built around three strategic goals, each underpinned by a series of ambitious targets aligned with the UNGC's Ten Principles and the UN Sustainable Development Goals (SDGs).
- Our sustainability efforts have gained us a CDP C rating in 2023, an improvement from our D rating in 2022.
- We received an EcoVadis Silver assessment in November 2023, up from Bronze in February 2023. This places us in the Top 8 in our sector (in the 92nd percentile).



- In September, we became a signatory to the UN Global Compact's 10 principles, focusing on policies and actions related to human rights, labor, environment, and anti-corruption.
- Our science-based reduction targets were validated by the Science Based Targets Initiative (SBTi).
- We committed to publishing our 2023 Sustainability Report 'with reference to' the Global Reporting Initiative (GRI), a reporting framework that helps organizations disclose in a transparent and consistent manner.



“As part of our new Sustainability Strategy and 2030 objectives, we are dedicated to expanding our innovative device portfolio, significantly reducing our greenhouse gas emissions across the whole value chain, fostering circularity in our products, and fortifying our unwavering ethical and responsible foundation for the benefit of our employees, suppliers, and over 8 million patients.”

Dora Rio, Global Head of Sustainability

Sustainability Strategy 2030

Reducing our ecological footprint

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION 13 CLIMATE ACTION UNGC Principles 7, 8, 9

Goal

By 2030, we will significantly reduce GHG emissions, introduce circular principles, and reduce waste impact.

Targets

-42%

GHG emissions Scope 1 and 2 by 2030

-51.6%

GHG emissions Scope 3 per unit sold by 2030

-30%

environmental impact per device by 2030

100%

new products adhering to Eco-Design principles by 2025

100%

renewable electricity

>80%

recycled waste by 2025

-20%

waste generation by 2030

Driving patient health and independence

3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES UNGC Principle 1

Goal

By 2030, we will expand our portfolio by innovating and pioneering devices to improve patient outcomes and independence.

Target

>8M

of patients enabled to be independent

Ensuring responsible business practices

8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION UNGC Principles 1, 2, 3, 4, 5, 6, 10

Goal

By 2030, we will manifest a sustainable business foundation for our people and supply chain.

Targets

<1

lost time injuries per million of working hours by 2030

30%

share of women in senior management roles by 2025

100%

of employees trained on ethics annually by 2025

>7.8

employee engagement score by 2030

100%

strategic suppliers signing Code of Conduct by 2025

90%

relevant suppliers covered by a sustainability assessment by 2025

Materiality assessment

GRI 3-1

Developing our materiality assessment was central to formulating our Sustainability Strategy 2030 and advancing our sustainability transformation. This process helped us identify the different ways our business operations impact society and the environment and to prioritize which are most important to us and our stakeholders.

While the main focus of this report is on our material topics, we also include information on topics not currently considered material, including Water Management, Community Engagement, and Risk Management. We plan to conduct a new materiality assessment every three years, and we look forward to sharing our progress.

The materiality assessment process

Identify sustainability topics

A third-party materiality mapping analytics tool was used to help compare the most important material topics for our industry and to help visualize them on a scale of commonality and importance. This quantitative view of material topics allowed SHL Medical to compare ourselves with industry peers and standards.

Engaging stakeholders to prioritize topics (GRI 2-29)

The materiality topics were then assessed through six stakeholder lenses: employees, competitors, customers, investors, suppliers, and regulatory. This included a wide variety of stakeholder surveys and interviews alongside reviewing and compiling documents related to competitor performance as well as legal and regulatory requirements.

Assess topic impacts on business, society, and the environment

The information from our stakeholder engagement phase enabled us to narrow down potential material topics. The topics were then evaluated according to their relevance for long-term business success and stakeholder importance. This yielded 13 most material topics in 2023 (see next page), which are referenced throughout this report.

Defining our priorities and setting targets

The results of our materiality assessment drove the development of our overarching Sustainability Strategy, including our three core goals of: patient health and independence; reducing our ecological footprint, and ensuring responsible business practices, which form the basis of this report.

We then developed a series of ambitions targets by which the business can measure its progress. These targets are also aligned with the Ten Principles in the UNGC as well as the UN Sustainable Development Goals (SDGs).

Our materiality topics by strategic goal (GRI 3-2)

Driving patient health and independence

1. Innovation
2. Patient health
3. Product quality and safety

Reducing our ecological footprint

4. Climate change (GHG emissions)
5. Circular economy
6. Waste management

Ensuring responsible business practices

7. Diversity, equity, and inclusion (DEI)
8. Health and safety
9. Employee recruiting, development, and retention
10. Corporate governance
11. Transparency, accountability, and reporting
12. Corporate ethics
13. Supply chain management



Driving patient health and independence

GRI 3-3



Goal

By 2030, we will expand our portfolio with innovative and pioneering devices to improve patient outcomes and independence.

Our work supports



SDG 3: Good Health and Well-Being

Using our products, patients can self-manage challenging health conditions, alternatively caregivers can help manage their conditions, outside of hospital settings.



SDG 8: Decent Work and Economic Growth

Our success depends on the growth and satisfaction of our people. We aim to provide a high-quality work environment where everyone receives competitive benefits.



SDG 9: Industry, Innovation and Infrastructure

We are committed to creating a reliable healthcare infrastructure for delivering necessary medications while consistently innovating to better serve our customers and their end users.



SDG 10: Reduced Inequalities

Our user-friendly autoinjectors reduce inequality related to medical accessibility for vulnerable populations like the elderly and chronically ill.

UNGC Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Target

Empower 8 million patients to live independently by 2030.

Progress

We reached 3.1M patients, a 40% increase compared to our 2022 base year.

We made strong progress towards this goal in 2023, partly driven by a rapid growth in demand for drugs that treat metabolic disorders, a trend that helped us exceed expectations by 14%.

Expand the reach of pioneering products to improve patient outcomes

Around the world, millions of people in both developed and developing nations still lack access to reliable, high-quality healthcare. This can not only impact their quality of life on a daily basis, but also shorten the lifespan of people with conditions like those listed below. Access to our products can help address these often-debilitating conditions.

- Atopic disorders
- Inflammatory bowel disease
- Management of weight and fertility issues
- Migraine
- Multiple sclerosis
- Postmenopausal osteoporosis
- Rheumatoid arthritis
- Type 2 diabetes

At SHL Medical, we have developed a versatile range of drug delivery systems that support the growing trend toward personalized medicine and less frequent injections. We leverage our experience to help pharmaceutical and biotech companies bring their combination products to market. This includes designing and developing the most suitable device solutions with drug characteristics and patient requirements in mind.

Innovation is key to our success, enabling us to develop device technology to support new therapeutic areas and markets. Our process considers user needs, accessibility, in-house capabilities, environmental footprint, and compliance to the relevant regulations and legislation.

Research and development

Our in-house Research and Development (R&D) capability provides us with a strategic advantage, allowing us to build an understanding of industry trends then develop technologies and approaches that reflect them. A significant example is the shift of patients' preference from intravenous to subcutaneous injections, utilizing high-volume, cartridge-based autoinjectors that can be safely administered from the comfort of their own homes.

In-house capabilities

SHL Medical is in a unique position among our peers, with our ability to fully manufacture devices in-house using modular product design. Insourcing critical manufacturing capabilities like tooling and final assembly gives us more flexibility and control over our supply chain. This in turn allows us to move products to local markets faster and more efficiently, helping us to better meet the demand for our autoinjectors.

End-to-end manufacturing of Molly®



Patient health: taking a patient-centered approach

Empowering a more independent standard for home care means putting patients' needs front and center. This is why we match our technical strengths with intensive care and testing, supporting our user-centric design. SHL Medical's global, in-house team of industrial designers, engineers, and usability experts work closely with our customers to ensure patient needs and user characteristics are accurately translated into device design and performance. This enables us to build data-informed devices that meet both our customers' needs and ensure safety and utility for caregivers and patients.



Molly® and Maggie®: a response to changing patient needs

The Molly® Connected Cap autoinjector is a good example of innovation and patient-centric design in action. The retrofitted connected cap technology can sense when the cap has been removed then emit a signal that can track patient usage in real time. This innovation helps patients and their caregivers tailor care based on injection frequency and timing. This more personalized approach heightens patient awareness, acceptance, and adherence.

In addition to an ergonomic design, Molly® also incorporates a push-on-skin activation that is accompanied by an audible click at the beginning and end of injection, as well as automatic needle cover lockout. These are all design elements designed to simplify use for the caregivers and patients.

Patient-preferred Needle Isolation Technology (NIT®)

Our product design can also remove barriers to treating conditions, especially when patients have concerns about the injection experience, such as a fear of needles. As a pre-installed needle housed within the cap of an autoinjector, the NIT technology eliminates the need for manual needle attachment, offering patients a more convenient device to use.

Product quality and safety

We build quality into every step of our processes, from product development to mass production, using a risk-based approach. All materials, components, and sub-assemblies are tested for compliance with international requirements using the latest, best-in-class inspection techniques and technologies. SHL Medical's Quality Management System (QMS) complies with FDA 21 CFR 820 and ISO 13485 standards to ensure a consistent and systemic approach that is monitored through internal audit procedures and is regularly audited by customers and notified bodies.

SHL Medical also complies with, as applicable and required, appropriate directives, regulations, standards, and guidance. In this way we can help ensure the safety and protection of end users and the environment while offering the best patient and customer experience.



Reducing our ecological footprint

GRI 3-3



Goal

By 2030, we will significantly reduce GHG emissions, introduce circular principles, and reduce waste impact.

Our work supports



SDG 9: Industry, Innovation and Infrastructure

We are committed to creating a reliable healthcare infrastructure while consistently innovating to better serve our customers and end users.



SDG 11: Sustainable Cities and Communities

We plan to increase renewable energy use and reduce our operational waste for a positive effect on society.



SDG 12: Responsible Consumption and Production

We are working to reduce environmental impact per device and increase circularity, while integrating eco design principles into new products.



SDG 13: Climate Action

We have committed to near-term reduction targets for our Scope 1, 2, and 3 emissions as validated by SBTi.

UNGC Principle 7

Businesses should support a precautionary approach to environmental challenges.

UNGC Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

UNGC Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Key stakeholder expectations are increasingly focused on the ecological footprint of the health solutions they choose. At SHL Medical, we are dedicated to reducing our GHG emissions, adopting circular economy principles, and reducing and recycling waste to minimize our impact on the environment. This commitment sets the foundations for how we operate, ensuring that climate and circularity are two core elements of our strategy to reduce our ecological footprint.

To this end, we have already begun discussing the short-term and long-term targets of our Sustainability Strategy with customers and suppliers, seeking collaboration opportunities that enable us to decrease our emissions while developing products that fulfill both customer and environmental demands. In 2023, we kicked off solution-oriented projects that

include integrating more sustainable materials in our products and packaging, optimizing our energy usage, and improving shipment configuration.

We have also set measurable targets to demonstrate our commitment to reduce our ecological footprint as we progress towards 2030.

Combating climate change by reducing our GHG emissions

At SHL Medical, we are committed to supporting our customers on their path to net-zero by providing safe and sustainable autoinjectors. In collaboration with our partners, we continue to find innovative solutions for operating more efficiently and reducing the carbon footprint of our products. In 2022, SHL Medical pledged to reduce its greenhouse gas emissions, in line with science-based reduction targets validated by the Science Based Targets Initiative (SBTi) a year later.

These targets provide a clearly defined pathway to reduce greenhouse gas (GHG) emissions, in line with the goals of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels.

During 2024 we will build on the progress made in 2023 to develop a specific climate transition plan that is aligned with our near-term climate-related targets.

Highlights



Expanded renewable electricity sourcing to US and Taiwan sites



Launched projects to improve energy efficiency across our facilities



Achieved Carbon Disclosure Project (CDP) Climate Change C level



Ambitious climate targets approved by the Science Based Targets Initiative (SBTi)

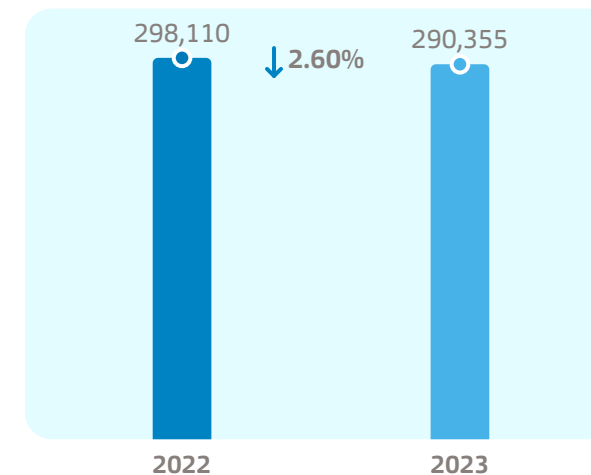
GHG performance

GRI 305-1, 305-2, 305-3

This commitment includes reducing Scope 1 and 2 greenhouse gas emissions by 42% and Scope 3 greenhouse gas emissions by at least 51.6% per million units sold, both by 2030 and compared to a 2022 base year. The Scope 3 target focuses on reducing emissions from purchased goods and services, downstream transportation, and employee commuting.

SHL Medical's total GHG emissions decreased by 2.6% (or 7,755 tons of carbon dioxide equivalents (tCO₂e)) compared to 2022 (see below chart). The decrease in GHG emissions can be attributed to substantial reductions in Scope 1 and Scope 3 emissions, despite an increase in overall business growth driving production volumes, capital investments, and operating expenditures. Our performance across all emissions types are shown in the following charts.

Total gross global emissions (metric tons of CO₂ equivalent)



Target

Reduce absolute Scope 1 and 2 GHG emissions by -42%

Progress

Our total Scope 1 and 2 GHG emissions increased by 0.23% compared to our 2022 base year.

Target

Reduce Scope 3 GHG emissions by -51.6% per million units sold

Progress

Our total Scope 3 GHG emissions reduced by -33% per unit sold compared to our 2022 base year.

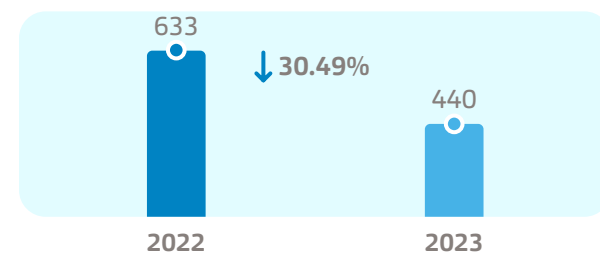
Scope 1 emissions

In 2023, SHL Medical's Scope 1 emissions decreased by 30.49% (or 193 tCO₂e) compared to 2022. This is primarily due to reductions in fugitive emissions from refrigerant leaks. Company facilities' fuel consumption represents the most emitting category for Scope 1, due to the use of company vehicles, which accounted for 12% in Scope 1 emissions. Even if Scope 1 emissions represent less than 1% of our GHG emissions, we will continue to monitor its evolution closely, especially in light of our recent and upcoming business acquisitions.

Scope 2 emissions

In 2023, SHL Medical's Scope 2 emissions increased by 0.69% (or 298 tCO₂e) compared to 2022. Our manufacturing sites in Taiwan implemented best practices to limit their Scope 2 emissions, including operational improvements, such as the isolation of pipe systems and the replacement of heating, ventilation, and air conditioning systems. We also carried out energy audits in all of the manufacturing locations.

Scope 1 gross global emissions (metric tons of CO₂ equivalent)^{[1], [2]}



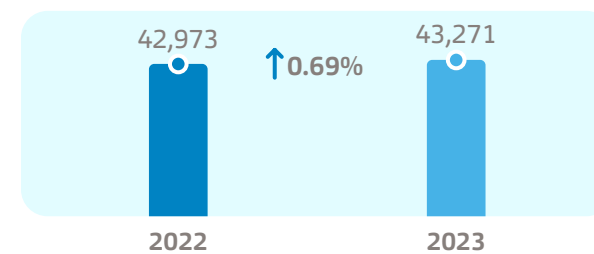
1 On-site stationary combustion of fossil fuel burning equipment and emissions from company-owned or leased vehicles.
2 Note: These figures include recent acquisition LCA Automation.

Purchased electricity represents 100% of our Scope 2 emissions. In spite of business growth, our emissions remain almost the same, mainly because of renewable electricity purchased during the 2023 reporting period for our sites located in Taiwan and US.

Our performance in 2023 was impacted by the emission factors of the electricity grid, mainly in Taiwan.

SHL Medical will recalculate its base year emissions in case of structural changes (mergers, acquisitions, and divestments) that affect base year emissions by at least 5%. While LCA Automation (see '[Key 2023 Highlights](#)' section for more information) has been included in this year's GHG emissions calculations.

Scope 2 gross global emissions (metric tons of CO₂ equivalent)^[1]



1 Purchase of electric power (market-based method)

Scope 3 emissions

In 2023, SHL Medical's Scope 3 emissions decreased by 3.09% (or 7,860 tCO₂e) compared to 2022, even with an increase in business growth, capital investments and operating expenditures. A breakdown of these emissions is provided on the next page.

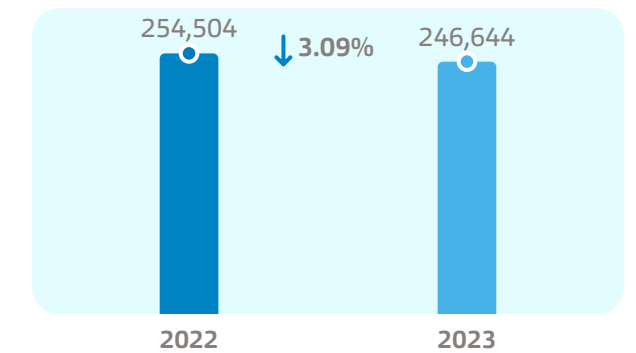
We have established a target to reduce Scope 3 GHG emissions by -51.6% per million units sold by 2030, from a 2022 base year.

In 2023, our intensity-based Scope 3 GHG emissions decreased 33% per unit sold, compared to 2022.

Similar to most in the manufacturing industry, our Scope 3 emissions make up the largest proportion of gross global emissions, contributing up to 85% of our total GHG emissions. The majority of these emissions (57%) came from purchased goods and services. SHL Medical's other most important emission categories are capital goods and downstream transportation with 18% and 11% contribution within Scope 3 respectively. The remaining Scope 3 categories, which include fuel and energy-related activities, waste generated in operations, business travel, employee commuting, end-of-life treatment of sold products, and franchises represent less than 14% of our total Scope 3 emissions.

SHL Medical have chosen to take a 'market led' approach to calculating its Scope 3 emissions, rather than a location based one.

Scope 3 gross global emissions (metric tons of CO₂ equivalent)^[1]



1 Purchased goods and services, capital goods, fuel and energy-related activities not included in Scope 1 and 2, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, end-of-life treatment of sold products, downstream transportation, investments.



Gross global emissions (metric tons of CO₂ equivalent)

SCOPE 3 CATEGORY	2022 EMISSIONS (TCO ₂ e)	2023 EMISSIONS (TCO ₂ e)	% GHG CHANGE
Purchased goods and services	145,191	125,723	-13%
Capital goods	45,197	67,294	49%
Fuel-and-energy-related activities	8,753	9,794	12%
Upstream transportation and distribution	14,237	12,424	-13%
Waste generated in operations	95	133	41%
Business travel	2,129	4,985	134%
Employee commuting	8,983	10,655	19%
Upstream leased assets	-	-	-
Downstream transportation and distribution	23,5796	13,380	-43%
Processing of sold products	-	-	-
Use of sold products	-	-	-
End of life treatment of sold products	353	354	0%
Downstream leased assets	-	-	-
Franchises	-	-	-
Investments	498	1,902	282%
Total	254,504	246,644	-3%

Purchased goods and services

Emissions from purchased goods and services decreased by 13% compared to 2022. SHL Medical's business growth in 2022 directly impacted emissions from services' operating expenditure, purchased finished goods and raw materials. In 2023, we initiated a program to consolidate information and ensure data accuracy.

Capital goods

Capital goods related emissions increased by 49% compared to the previous year, mainly from business growth being almost double that of 2022.

Fuel and energy related activities

This category encompasses upstream emissions from fuel and energy. The emissions went up by 12% compared to the previous year, which can be explained due to increase of energy consumption.

Downstream transportation and distribution

Downstream transportation and distribution represent the third highest category of our Scope 3 emissions. These emissions decreased by 47% compared to 2022 due to a shift from air to sea shipments, a trend we wish to continue. In 2023, we further reinforced our data quality and scope to ensure data transparency and accuracy in this reporting area.

Waste generated in operations

The emissions related to waste generated in operations increased by 41% compared to the previous year, which can be explained by the increase in waste volumes. In 2023, we again reinforced data quality, building on the activity-based data in our calculations. More details are available in the waste reduction and recycling section of this report (see '[Conserve Natural Resources](#)' section for more information).

Business travel

Business travel encompasses the transportation of employees for business-related activities with vehicles not owned or operated by SHL Medical. In 2023, business travel emissions increased by 134% compared to 2022. There was a substantial increase in long-haul flights, partially driven by the new site under construction in the US as well as the full opening of Taiwan to foreign travelers in 2023 following COVID-19.

Employee commuting

Employee commuting accounts for emissions related to employees traveling between their homes and worksites. Our 2023 footprint increased by 19% compared to the 2022 base year level. To mitigate the increase in employee commuting emissions, our sites support communal transport options.

We understand we need more insights into employee habits and behaviors to develop better target-based solutions. To this end, we envision carrying out employee surveys in the future.

Our 2023 highlights to reduce Scope 3 emissions



Sea freight

At SHL Medical, we are prioritizing the switch from air to sea shipments wherever possible. In 2023, we achieved a 54% emissions reduction by moving 55% of products (by weight) from air to sea compared to 2022, despite a 27% increase in overall weight transported.



Recycled pallets

In 2023, we launched the first pilot to replace pallets made of virgin polypropylene (PP) with those made from recycled PP. Results showed that we were able to reduce the carbon footprint related to the raw materials used in the pallets by 50%. We will continue to look at opportunities to reduce the environmental footprint associated with the pallets' manufacturing across the entire life cycle.



Shipments optimization

In 2023, SHL Medical initiated several projects with customers to optimize shipment loads by shifting from single to double-stacking. This enables us and our customers to better use container storage space, consequently reducing costs and emissions. Initial results show a reduction of 58% CO₂e emissions related to transportation of goods for one of our customers.



Environmentally friendly commuting

At SHL Medical, we focus on supporting our employees to commute in a more sustainable manner. In Taiwan, there are company shuttle buses that run between public transportation hubs and our sites. In Switzerland and Sweden, employees have bikes available for their commuting during working hours. We are also investigating the installation of on-site electric vehicle (EV) charging stations in many of our sites.

Increasing our use of renewable electricity

Energy use and GHG emissions are linked. 99% of all SHL Medical's Scope 1 and 2 emissions come from purchased electricity (Scope 2). As a result, we have committed to increasing the share of renewable electricity to 100% across all our sites by 2030.

We have initiated a program that focuses on a diverse set of electricity sourcing options, depending on those available in local markets. We focused on investments in self-generated (on-site) electricity, such as photovoltaic solar energy, or purchases of renewable electricity provided by local utility providers.

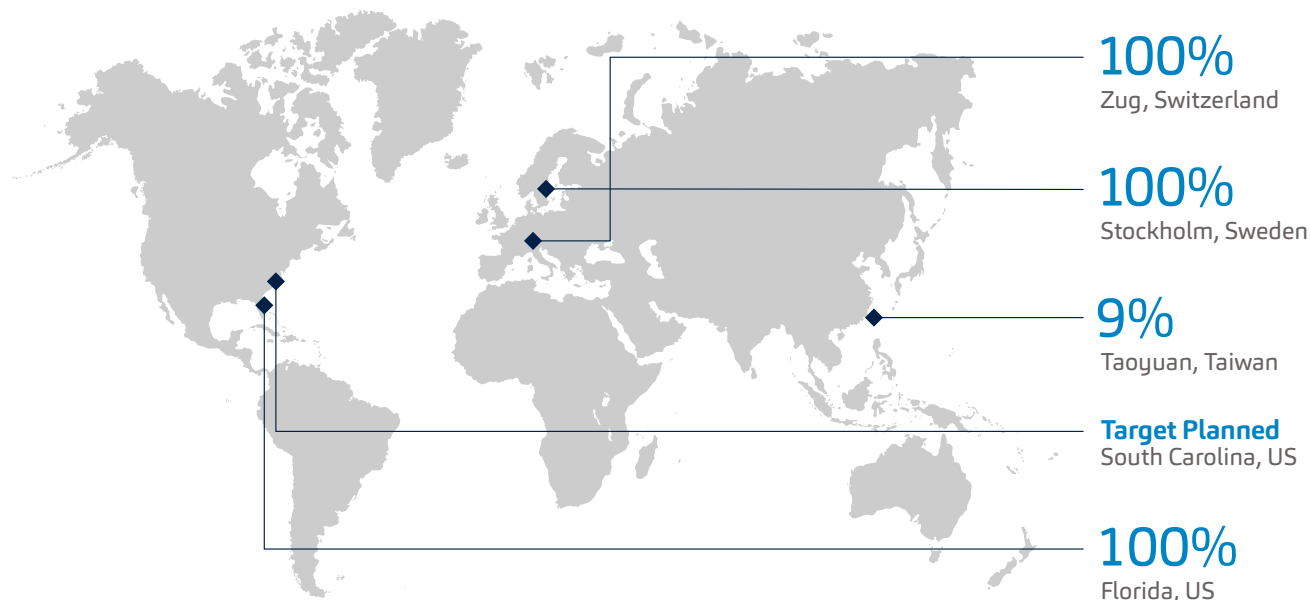
Target

100% renewable electricity share in all our sites by 2030

Progress

In 2023, we achieved 12% share of renewable electricity.

Share of renewable energy in 2023



However, often these options provide insufficient supply or are not available. Therefore, we are focusing on sourcing Energy Attribute Certificates (EACs) in the short term and virtual or physical Power Purchase Agreements (PPAs) over the mid to longer term.



Sourcing renewable electricity: 2023 performance

In 2023, 12% of our purchased electricity across all our sites was sourced from renewable energy sources. This included either the direct supply of renewable electricity or the purchase of energy attribute certificates.

In 2023, we sourced 100% of site electricity consumption for our Florida (US) site using renewable electricity certificates. The site also has photovoltaic solar panels installed on the roof of the manufacturing plants, which support the needs for lighting, heating, and air conditioning.

At our Taiwan site, which accounts for 96% of our total global electricity consumption, we initiated two physical Power Purchase Agreements (PPAs), helping us achieve a total share of renewable electricity at the site of 8.9%. Our Swiss headquarters and Sweden site operate with 100% renewable electricity (hydropower) provided by local utilities providers since 2022.

Taiwan site signs on for solar energy

The site recently signed power purchased agreements (PPA's) with two utility providers to source renewable electricity from solar powerplants in Taiwan. Through to the end of 2023, we employed 8.9% renewable electricity at the Taiwan site. Our objective is to gradually increase the share of our renewable electricity in coming years.



US site in Florida shifts to 100% renewable electricity

SHL Medical purchased renewable energy certificates (RECs) for our Florida site, which enabled the site to shift to 100% renewable electricity in 2023. This helped reduce the site's Scope 1 and 2 GHG emissions by 99%, making a significant contribution to SHL Medical's overall emission reduction goals.

Improving energy efficiency across our sites

We are continuously exploring energy optimization levers at all our sites, including ways to improve electrical and thermal efficiency, alongside improvements in technology efficiency.

To identify opportunities for improvement, our manufacturing sites carried out energy audits and created action plans. In 2023, we consumed 87 gigawatt hours (GWH) of energy. For a further breakdown, please see the below table.

Comparison of energy consumption within the organization in MWh

GRI 302-1

METRIC	2022	2023
Total fuel consumption within the organization from non-renewable sources	79,801	76,133
Total fuel consumption within the organization from renewable sources	228	10,418
Total energy consumption within the organization	80,029	86,551

We continually seek to set the highest environmental standards when building and renovating company facilities. As a consequence, energy efficiency standards are at the heart of our new site planning and investment decisions.

Continuous improvement

Taking meaningful climate action, including minimizing negative environmental impacts, requires taking a holistic approach, with contributions from everyone. At SHL Medical, we understand the importance of ideation and taking a bottom-up approach to identifying opportunities for improvement—including those relating to energy efficiency and environmental topics.

That is why we drive a culture of Continuous Improvement (CI), which is essential to progress on our environmental journey. Our CI program was launched in 2019 and allows our colleagues to share suggestions and ideas. This program encourages our employees to take an active role in identifying opportunities to increase energy efficiency and reduce waste, among others. All employees can access and submit their improvement suggestions. These ideas are shared via quarterly communications, which include a quarterly award ceremony to recognize colleagues who contributed.

Our program has been widely recognized for its impact. SHL Medical was recognized with three awards in 2023 from two of Taiwan’s prestigious competitions, the Excellent Practice Award (EPA) from the Association of Quality Managers, and the Taiwan Continuous Improvement Awards (TCIA) from the Corporate Synergy Development Center. The winning projects involved warehouse optimization efforts which lead to important energy savings.

South Carolina site to meet LEED silver requirements

Our new manufacturing site in South Carolina (US) has been designed to meet the LEED (Leadership in Energy and Environmental Design) sustainable building requirement’s silver certification. The new plant also includes a capacity of 2 GWH photovoltaics energy on-site. In addition, we are committed to sourcing the remaining needs of energy from renewable sources to achieve 100% renewable electricity from the beginning of operations.



New state-of-art site in Zug, Switzerland

SHL Medical is constructing a new manufacturing site in Zug. The site is designed to meet demanding sustainability criteria including photovoltaics, energy-efficient utilities and facilities, and a heating and cooling system that reuses water from the local lake. We are committed to using 100% renewable electricity since the start of the operations.



Embracing circularity

At SHL Medical, we are dedicated to embracing circularity within not only our own operations but also across our value chain in which we operate. This means moving away from a traditional linear business model characterized by a 'take, make and dispose' model and moving towards a more circular, closed loop, where the entire product lifecycle aims to achieve greater resource efficiency, longevity and recycling.

This makes sense not only from a sustainability perspective but also in term of improved resource efficiency, thereby increasing business resilience. Moving to a more circular approach also fosters greater innovation, including in design. Key is encouraging more data driven decision making, helping to ensure the lowest environmental impact across all stages of a product's lifecycle.

SHL Medical's business model, with an emphasis on in-house capability, enables full control over the entire innovation, development, and production process.

Target

Reduce 30% of environmental impact per device by 2030

The acquisition of LCA Automation (see '[Key 2023 Highlights](#)' section for more information). further strengthens our vertical integration. Our recent launch of a partnership program also helps foster the right partner ecosystems for SHL Medical to innovate, all of which opens up more opportunities for a more circular business model.

In 2024, we will define the metrics used to measure this target so that we can monitor and report on progress.



PDA circular economy

On 16th October, 2023, we attended the 2023 PDA (Parenteral Drug Association) Circular Economy in the Pharmaceutical Industry Workshop in Gothenburg, Sweden. Engaging with fellow leaders at this event and gaining industry insights help us reinforce ethical business practices across our processes and further underline our commitment to sustainable business practices across our supply chain and beyond.

Adopting eco-design principles

In recent years, we have seen an increased demand for more sustainable products from our customers due to their own net-zero commitments. SHL Medical recognizes the importance of integrating sustainability in our product design, development, and manufacturing processes and have placed eco-design at the core of our circularity ambition.

We have set a target for 100% of new products to adhere to eco-design principles by 2025.

Applying eco-design principles entails following a systematic approach that aims to design and manufacture products with the least amount of

Target

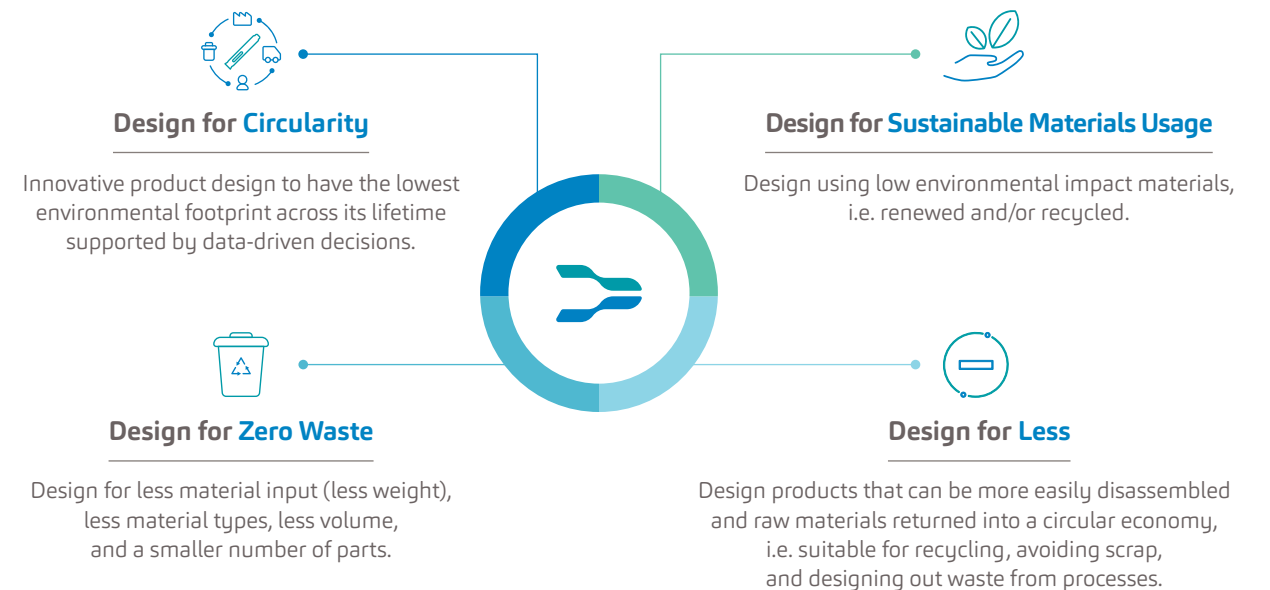
100% of new products to adhere to eco-design principles by 2025

environmental impact throughout the product lifecycle and without compromising product performance, patient safety, functionality, or quality.

At SHL Medical, we have defined four main principles into our design and manufacture processes, design for circularity, design for sustainable materials usage, design for zero waste, and design for less.

In 2024, we will further refine our sustainability principles in eco-design criteria and embed them throughout the innovation, development and manufacturing of our devices. KPIs will be defined in 2024 to allow monitoring during the same year.

The four principles of eco-design





Recycled polyethylene terephthalate (PET) trays

After conducting a materials and environmental evaluation, we trialed changing existing polystyrene (PS) trays for trays made fully of recycled PET, while using the same tooling. The internal use of trays, together with plastic waste related to the manufacture of devices, account for 64% of total waste.

Changing tray materials provides a significant opportunity to dramatically increase what we can recycle and reduce the volume of waste.

Life cycle assessments (LCAs)

Eco-design is about taking an innovative product design process, supported by data-driven decisions, to reduce a product's environmental footprint across its lifetime. Key in this process is initiating environmental LCAs to help influence our product development decisions.

To this end, SHL Medical conducts ISO 14040/14044 compliant LCAs to quantify environmental impact. In 2023, we had a third-party review the life cycle assessment of our main platform, from "cradle to gate". This allowed us to identify opportunities to improve the design and manufacturing process.

The LCA gives our customers unprecedented insights into the autoinjector's environmental impacts, from cradle to gate.



Conserve natural resources

Our commitment to sustainability extends to the responsible management of waste and water resources.

Our ambition is to eliminate it. This increase was achieved by reinforcing our internal sorting practices and collaboration with local waste management service providers. For further details on waste diverted from disposal, please see [Appendix A, table GRI 306-4](#).

Waste reduction and recycling

GRI 306-2

We approved targets to recycle more than 80% of our waste by 2025, thereby reducing the amount of waste sent to landfill, as well as reducing the overall amount of generated waste by 20% by 2030.

We recorded 5,185 tons of waste in 2023, a 10.2% increase compared to the previous year (see below table) due largely to a compound annual growth rate of 21% compared with the previous year.

In our journey to improve waste management, we have increased waste recycling by 3.7% compared to last year and further reduced our landfilled waste, which now accounts for only 0.89% of our total waste.

Waste generated in metric tons

GRI 306-3

TOTAL WEIGHT OF WASTE GENERATED IN METRIC TONS	2022	2023
Hazardous	727	670
Non-hazardous	3,977	4,514
Total	4,705	5,185

1 Our offices in Sweden and Switzerland have been excluded from the calculations as the amount of waste is negligible.

Target

Recycle >80% of our waste by 2025

Progress

74% of waste was recycled in 2023.

Target

Reduce total generated waste by 20% by 2030

Progress

Waste increased by 10.21% compared to our 2022 base year.

The largest contributor to waste is currently plastic waste related to the manufacture of devices and internal use of trays, contributing 64% of total waste. Secondly, hazardous halogenated waste related to surface treatments of springs needed for our products, accounts for 10%. Finally, there is non-hazardous household waste generated from canteens and leisure areas, that accounts for 7%.

We maintain stringent environmental records and inventory of both hazardous and non-hazardous waste. We also keep track of how much waste is recycled, sent to landfill and incinerated, with or without energy recovery. We made significant strides in improving the accuracy and quality of our waste data over the last year.

All of our sites have in place projects to reduce waste generation and increase recycling. In 2024, we are reinforcing these plans to further drive performance improvements while delivering impressive business growth. To raise employee awareness on how to handle manufacturing waste, SHL Medical sites will continue to provide employee training on waste reduction and sorting. These ongoing efforts will require careful planning and coordination with employees, customers, and suppliers.



Water use

Water scarcity is an increasingly important global challenge due to rising temperatures leading to both increased flooding and droughts. These events directly affect the availability of fresh water for local communities and introduce risks to business. Therefore, water stewardship is a topic that requests our attention even though we do not consider it material, owing to the risk posed to our business or our impact in this environmental area.

SHL Medical is committed to effective water management. Our environmental, health and safety policy, Code of Conduct and Supplier Code of Conduct (see ['Ensuring responsible business practices'](#) section for more information) all set out our vision and expectations regarding the appropriate management of waste and the management of potential water-related risks across our own operations and those of our suppliers.

The environmental impact related to water withdrawal is estimated to be low since all of our sites are located in low-risk locations according to the classification of Aqueduct Water Risk Atlas of the World Resources Institute (WRI). Our own materiality assessment also identified water stewardship as having a low impact on businesses within the medtech industry.

We mostly use water for domestic purposes in our headquarters, research centers, and manufacturing sites. In our headquarters and office based in Switzerland and Sweden, we use tap water for exclusively domestic use. At our manufacturing sites located in Taiwan and the US, we use groundwater from our own wells, in addition to municipal tap water for domestic use. The consumption of processed water is limited to some specific processes. In these cases, we continuously monitor usage to ensure efficient use.

Since some of our Taiwan manufacturing sites are situated near rivers, we monitor the quality of water released into those rivers to ensure it is in accordance with local regulations and industry best practices. In cases where wastewater from certain processes does not meet the quality parameters required, we collect the wastewater as hazardous waste and dispose of it appropriately through certified providers.

In 2023, water withdrawals decreased by 15% compared to 2022. We have also reduced the quantity of effluent generated that are eliminated as chemical waste by 13% in 2023 versus 2022 levels. This latest result was achieved through various process improvements such as increasing the number of closed loop cycles in our spring cleaning processes.

Ensuring responsible business practices: Supporting our people and communities

GRI 3-3



Goal

By 2030, we will manifest a sustainable business foundation for our people and supply chain.

Our work supports



SDG 8: Decent Work and Economic Growth

Our success depends on the growth and satisfaction of our people. We aim to provide a high-quality work environment where everyone receives competitive benefits.



SDG 10: Reduced Inequalities

Reducing inequality in the vulnerable populations our products serve must start with reducing inequality in our own workforce.

UNGC Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.



SHL Medical's strength lies in the quality of its people. The unique mix of minds that make up our global workforce, guided by our values that shape our operational and strategic work, strengthens our ability to do what we do best: driving patients' health and independence. We are proud to say that diversity is an integral part of our history, culture, and identity.

SHL Medical's values:

- Focus on customer
- Operate with ethics and integrity
- Drive simplicity
- Learn and improve
- Deliver together

Cultivating a diverse and inclusive workplace helps us learn and improve from each other every day, providing a fulfilling work environment. The diversity of our employees also reflects the diversity of our global patient audience, allowing us to better anticipate their needs. We have therefore set clear targets to ensure we support and empower our people.

We understand that building a strong workplace culture means taking a holistic approach to create an environment where employees can thrive. We provide a high-quality employee value proposition that enables our talented colleagues to improve their health, professional development, and lives, supported by a benefits package that promotes wellness, training, and growth. At the same time, we are committed to investing resources towards to consistently improve employee engagement, retention, and promotion.



Highlights^[1]



Healthcare program and annual health checks provided for all employees



Employee engagement score of 7.6 as of September 2023



60 employee nationalities



~6 years average worldwide tenure



Women represent 55% of our workforce and 28% of leadership roles



Employee Assistance Programs (EAPs) available at all sites



Code of Conduct codifies our commitment to DEI and a safe and healthy work environment

¹ There is a process in place for decentralized data collection across SHL Medical's sites that we are working to refine. We can't guarantee accuracy of the data at the time.

Diversity, equity, and inclusion

Belonging is a powerful feeling—which is why we strive to create a workplace at SHL Medical where everyone is welcome. Our founding by a Swedish entrepreneur in Taiwan set the foundation for today’s multi-cultural workplace, where around 60 nationalities are represented across three continents.

Diversity is part of both our heritage and our future. By acknowledging that we all bring diverse perspectives, lifestyles, and cultures to work with us, we further our mission to create an open and inspiring workplace where all individuals feel valued, respected, and included. Our collective experience and ideas are precisely what shape the OneSHL culture, drive the success of our business, and make SHL Medical a great place to work.

Women in senior roles

GRI 405-1

As part of our commitment to DEI, we have set a target for 30% of senior management roles to be held by women by 2025. In 2023, we saw the representation of women in leadership roles increase by 3% compared to last year. This success resulted from our efforts to identify a strong talent pool of individuals and continuously promote diversity in our talent pipeline.

Target

30% share of women in senior management roles by 2025.

Progress

The share of women in senior management roles increased by 3%, from 25% to 28%, compared to our 2022 base year.

In 2023, there was also an internal focus to drive individual development discussions to better identify team member strengths and leverage these within their roles, a process we aim to strengthen in 2024. To view a breakdown of SHL’s overall employee population by gender, age and region, please see [Appendix A, tables GRI 2-7 and 405-1](#).



“As an engineer, I know that the path for women to be truly recognized and appreciated for their important contributions is not always straightforward. I am pleased to see positive change and have huge respect for women who actively choose to work in engineering. The best ideas always come through diversity of thought and women will continue to make great impact in this incredibly important field of work!”

Satbir Bains, Chief Human Resources Officer

Our approach to DEI

Our approach to DEI is focused around key principles, each contributing to an atmosphere of belonging and inclusion in the workplace.

Anti-discrimination

Our Code of Conduct prohibits discrimination against employees based on origin, nationality, religion, race, gender, gender identity and expression, sexual orientation, age, disability, physical or mental ability, religion, political affiliation, union membership, covered veteran status, or protected genetic information, but also dimensions such as thought styles, differences in experience, backgrounds, and education.

Zero tolerance

Our Code of Conduct states that we do not tolerate any kind of verbal or physical harassment, abuse, bullying, or other inappropriate treatment and behavior based on the categories protected by anti-discrimination. Employees are encouraged to report any incidents they witness.

Equal pay for equal work

We are taking all necessary steps in our job evaluation and grading processes to ensure a fair compensation system, including analyzing whether we pay female and male employees equally for similar work and to proactively take corrective actions when necessary. We regularly review compensation against relevant local legal and regulatory equal pay requirements as they continue to evolve.

Everyday DEI across our sites

We design our workspaces with respect for employees across all walks of life, including new parents, disabled colleagues, and employees from various religious backgrounds.



Racial and gender equality in Switzerland

In 2023, our Swiss headquarters joined Asia Society Switzerland to honor our heritage and founding in Taiwan by a Swedish entrepreneur. As a growing global company with offices across three continents, we are excited about a partnership which will help us develop our team's competencies within the populous and dynamic Asian market.

On 8th May, 2023 we sponsored an International Women's Day event with Advance, a leading business association for gender equality in Switzerland. This event showed artists' interpretation of the gender and DEI topic in Zurich, Switzerland, accompanied by a flagship online event. The membership enables SHL to access programs and training for female managers and leaders, as well as men who support gender diversity and equality.



How we are promoting DEI at SHL Medical

Running for Pride in Sweden

We support equality for the LGBTQ+ community. The dedicated runners at our Swedish branch raised money for the Rainbow Fund, a foundation whose goal is to create a world where all people have the same basic rights regardless of sexual orientation, gender identity, and expression.



Men's health in Sweden

Due to cultural and social barriers, men often do not feel comfortable speaking up about their health. At our site in Sweden, we honored November Awareness Month—which is named after the movement that raises awareness about men's health—with an interactive seminar about prostate cancer diagnosis. We also made a donation to the Prostate Cancer Foundation.



Health and safety

Health and safety are the heartbeat of SHL Medical, with both physical and mental well-being having equal importance. We ensure that our employees are aware of the hazards associated to their tasks and that control measures are appropriately set to reduce any potential harm.

We train all relevant employees in various health and safety topics dependent on their roles. We consider health and safety the responsibility of everyone, each manager and member of staff, as well as the organization as a whole. We focus on preventive measures such as organizing annual campaigns to raise awareness of risks and hazards. We also conduct preventative health checks, including office area ergonomics assessments and various other wellbeing activities, such as relaxation activities and sponsored sport activities.

Additionally, we have in place Employee Assistance Programs (EAPs) to support employees with their physical and mental health, including providing support and counseling for those with addiction as well as legal and financial difficulties.

In 2023, we have committed to further lowering our incident rates with a 2030 target to reduce the number of injuries that lead to one or more days of absence, to less than one per million working hours. Across our manufacturing sites, our Lost Time Injury Rate (LTIR) was 2.16 in 2023 compared to 2.21 in our 2022 base year. For further information on work related injuries for both employees and others, please see [Appendix A, table GRI 403-9](#).

Target

< 1 Lost Time Injuries per million working hours by 2030

Progress

Lost Time Injuries per million working hours was 2.16 in 2023 compared to 2.21 in our 2022 base year.

How SHL Medical supports occupational health and safety

To ensure a safe and healthy work environment, we have defined guiding principles in the SHL Medical's Environment, Health and Safety (EHS) policy. Our EHS policy enables us to protect our employees, visitors, contractors, and the communities immediately surrounding SHL Medical sites. This helps prevent incidents that could potentially arise from our operations, safeguarding SHL Medical's reputation and building goodwill.



SHL Medical site managers have oversight over global EHS policy including hazard identification, risk assessment, and incident investigation across all areas under their control. Furthermore, they have the authority to establish local EHS organizational structures, standards, and guidelines in compliance with local laws and regulations, and to allocate responsibilities and resources to these efforts as required. All individuals responsible for EHS at SHL Medical are clearly identified.

Our Taiwan site, SHL Medical's largest, is ISO 45001-certified for its Occupational Health and Safety Management System.

Enabling a consistently safe and healthy workplace at SHL Medical is also seen as a team effort. Every SHL Medical employee is required to take reasonable care in the workplace for their own health and safety, and for that of others. Employees are encouraged to report near misses and hazardous conditions to EHS supervisors.

On a day-to-day basis, employees have access to ergonomic office furniture and IT materials to limit ergonomic risk and their impact. At manufacturing sites, employees apply a regular rotation of post, which has both physical and mental benefits. Employees have access to internal and external medical services, depending on the site where they work. In addition, employees can take advantage of well-being programs available at their site.

Sport at lunchtime

Our site in Switzerland partnered with "Sport am Mittag" ("Sport at Lunchtime"), a company that offers sports classes in fitness, strength training, yoga, and various team sports. This gives employees the opportunity to have fun and stay active while promoting physical movement and mental health during the workday.



SHL Medical celebrated World Day for Safety and Health at Work on 28th April, 2023

SHL Medical encourages people to stay informed about their health through regular health check-ups and interactive sessions, accessible via on-site events and through SHL Medical-provided health insurance. Globally, over 1,500 employees participated in health-centered activities.



How SHL Medical supports employee well-being

Employee well-being is of critical importance to us at SHL Medical. As a consequence our employees have access to a number of related benefits including: health checks, a global remote work policy, subsidies for sports programs and gyms, sports event tickets, wellness days with massage sessions, on-site infirmary with various ergonomic aids and ergonomics stations.

It is especially important to us that our employees have the tools to recognize, mitigate, and deal with stress. The Employee Assistance Programs (EAP) at our sites support our colleagues' mental health by offering a broad portfolio of live and online talks, social activities, sports and wellness classes, and other events, such as a Wellness Day with free chair massages. We also organized events to spread awareness about mental health across SHL Medical sites in 2023.

Employee engagement and satisfaction

At SHL Medical, we recognize the importance of creating the right conditions for employees to give their best each day and to feel committed to our mutual goals, values, and success. To this end, employee engagement has become an essential part of our journey to build a strong, inclusive working environment. We have set a target to achieve an employee engagement score of greater than 7.8 by 2030.

We started engaging employees globally in 2021 through the Workday Peakon Employee Voice platform, also the year SHL Medical Taiwan won the 'Excellent Enterprise Award' in Taoyuan City under the category "Best Employer."

All employees have access to the Peakon dashboard, which enables employees to share anonymous feedback. The feedback reflects several factors of employee experience that influence engagement, for example, accomplishment, autonomy, growth, recognition, reward, workload, DEI, and health and wellbeing, among others.

Our September 2023 Peakon survey outcomes showed the highest-ever participation rate, an impressive 82% across our workforce. The last survey marked an increase in our overall engagement score from 7.3, when we first started measuring, to 7.6 out of 10.

Target

7.8 employee engagement score by 2030

Progress

Our engagement score was 7.6 in 2023 compared to 7.3 in our 2022 base year.

This success was possible due to several measures we have taken: reinforcing our performance management discussions and feedback sessions and ensuring our employees have fair and competitive compensation.

Based on these results, we believe we are on target to reach our 2030 goals. We remain committed to collecting suggestions, both openly and anonymously, and encourage employees to share their feedback without fear of repercussions. In the meantime, our management teams have committed to turning the feedback we receive into meaningful action.



Investing in young engineers

SHL Medical believes in cultivating young talent. We partner with local universities and provide on-the-job training for future engineers. In 2023, we were delighted to have 20 students from Lunghwa University of Science and Technology to participate in a four-year program that offers solid training in manufacturing operations and excellence. We kicked-off the new apprenticeship program at our Taiwan site, where the students can witness manufacturing activities in our facilities, while also gaining hands-on operational experience under the guidance of experienced supervisors.

Recruitment and retention

We are continuously developing our employee recruitment and selection practices to include innovative ideas and approaches, while pursuing candidates that embody our values and can contribute to our performance and reputation. Our Global Recruitment Policy ensures that recruitment and selection are done professionally, fairly, timely, and responsibly comply with local employment legislation.

Our commitment to fair employment practices based on trust, mutual respect, and recognition enables us to attract and retain the best talent. It is equally important for us to pave the way for an inclusive future. We have various programs that recognize employee contributions to this vision, including SHL Medical Global Inventor Award. We also invest in the talented young minds in our communities who are interested in technical fields, for example, by sponsoring youth educational science events and providing training opportunities for students in engineering.

Training and development

Talent development is at the heart of SHL Medical. A core focus area is identifying top-tier talent and fostering their growth through development initiatives that empower our employees to excel.

Company-wide and department-driven training is conducted on a yearly basis. Training topics cover general soft skills, leadership skills, quality compliance, health and safety training, and more—as determined by the employee’s role.

We reviewed our employee training programs in 2023 to identify areas for improvement and plan to implement new programs starting in 2024.



Supporting our communities

At SHL Medical, we are committed to giving back to the local communities in which we operate. We support our employees to organize and take an active part in events that support youth, LGBTQ+ communities, groups made vulnerable due to specific health issues, communities that have been affected by natural disasters, and many more. We are honored by the consistency with which our employees show their giving spirit and commitment to the community, both within and beyond SHL Medical.

Engaging youth through science training

SHL Medical collaborated with the Taiwanese government to cultivate future young talent. In 2023, we participated in the Science Train program by the National Science and Technology Council (NSTC) for the second consecutive year. The designated train travelled the country giving students the opportunity to learn basic physics principles through fun science activities.

Donations to vulnerable communities

Earthquake in Türkiye and Syria

In response to the dire humanitarian crisis in those regions directly impacted by the 7.8 magnitude earthquake in February 2023, SHL Medical donated US \$100,000 to the United Nations High Commissioner for Refugees (UNHCR, the UN Refugee Agency) and Doctors Without Borders. The donation helped support those in need with immediate medical aid and emergency medical equipment, shelter, tents, mattresses, blankets, cooking and hygiene items, and warm winter clothes.



Christmas gifts for those in need

Following our cherished tradition of giving back to local communities, SHL Medical employees from Switzerland to Taiwan, US to Sweden showed their spirit of compassion by fulfilling requests for gifts from charity organizations supporting children and elders. We collected over 300 gifts which were subsequently donated to Caritas Zürich, The Caring Place Thrift Store, Stockholm's Stadsmission, Northern Region Children's Home, and Chensenmei Social Welfare Foundation.



Sweden

Blood donations

In June 2023, on World Blood Donation Day, staff across all our sites held blood donation drives with the assistance of a specially commissioned blood donation bus or by traveling to nearby donation centers. We worked with partners to ensure the donations reached people in need.



Taiwan



Taiwan



Taiwan

2023 Global Clean-Up Initiative

SHL Medical employees are supporting the health of local communities and the natural environment they live in. Every fall, staff from around the globe participate in World Clean-Up Day events. In September and October 2023, our US and Taiwanese colleagues focused on beaches while Swiss and Swedish colleagues cleaned up local streets.



Sweden

Our Swedish employees organized a local clean up initiative near their site to raise awareness of the impact of waste on our daily lives.



Switzerland

Our employees and their families in Zug, Switzerland, joined an initiative with a local association.



Taiwan

Taiwan employees, along with their families, have been part of an initiative to clean-up local areas in Taoyuan, Taiwan.



US

US colleagues participated in a beach cleanup activity in Deerfield, Florida with their relatives and friends.

Our colleagues love to run!

Many of our staff use their passion for running to participate in corporate and charity marathons.

SHL Medical colleagues in Taiwan participated in the 2023 Standard Chartered Taipei Charity Marathon, in partnership with the British Chamber of Commerce in Taipei, to raise money to provide educational scholarships for underprivileged children.

SHL Medical “sole mates” in Switzerland gathered in Zug to participate in the B2Run Schweizer Firmenlauf event, promoting our company’s presence with their enthusiasm and team spirit.













Switzerland









Taiwan

Other community events

In addition to the initiatives just outlined, several other smaller activities were delivered across our sites during the reporting year, some of which are listed below.

EVENT	SUMMARY	CONTRIBUTION TO SDGS
Taiwan		
Food bank	A total of 60 colleagues gathered at the Andrew Charity Association in Xinchuang to help pack 540 boxes of food for families in need while also raising money for charity.	 
Laptop donation	We donated 20 second-hand laptops to local Taoyuan elementary schools helping children with special needs. In addition to providing much needed digital resources, we were also able to reduce our waste and associated emissions.	  
Lost money donation	We donated unclaimed cash, collected over a period of five years, to the Reindeer children home in Yangmei, Taoyuan. Reindeer Children Home is an organization that provides shelter and care for the most vulnerable children.	 
Charity community parking spaces	We opened 40 community charity parking spaces at our Liufu offices for use by the local community.	 
Children's home for the Christmas gift event	More than 20 SHL Medical volunteers went to the North Region Children's Home of the Ministry of Health and Welfare in Taoyuan City, to celebrate Christmas early with the children. In addition to providing gifts, singing and playing hula hoop, our staff also provided a donation to support their invaluable work.	

EVENT	SUMMARY	CONTRIBUTION TO SDGS
Sweden		
Spring challenge	Local staff raised money for Operation Smile and Läkare Utan Gränser (Médecins sans Frontières).	 
Convinistafetten Relay Run	Participating in Sweden's largest relay, our running team came on an amazing 82 nd place out of 759 teams, helping to raise funds for Bårncancerfonden, the Swedish Childhood Cancer Fund.	 
Switzerland		
Swiss National Future Career Day	As part of the Swiss National Future Career Day, our members in Zug office's Testing team invited local school children to our labs. In addition to experiencing our work environment, the kids got involved in several fun activities.	 

Ensuring responsible business practices:

Maintaining good governance

GRI 3-3

Goal

By 2030, we will manifest a sustainable business foundation for our people and supply chain.

Our work supports



SDG 8: Decent Work and Economic Growth

Our success depends on the growth and satisfaction of our people. We aim to provide a high-quality work environment where everyone receives competitive benefits.



SDG 9: Industry, Innovation and Infrastructure

We approach our work with an emphasis on ethical behavior with strong risk assessment protocols relating to environmental and social welfare. We also support volunteering in a variety of community events.



SDG 12: Responsible Consumption and Production

Healthier people and supply chains contribute to a healthier society. We take a proactive approach to the well-being of our labor force and the development of transparent supply chains so we can practice mindful consumption of resources.

UNGC Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

UNGC Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

UNGC Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor.

UNGC Principle 5

Businesses should uphold the effective abolition of child labor.

UNGC Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

UNGC Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

We believe that transparency is critical to building trust with our stakeholders and driving change. As we work to embed our Sustainability Strategy within our overall business strategy, we are also improving our governance related protocols and procedures to ensure ethical and fair business conduct.

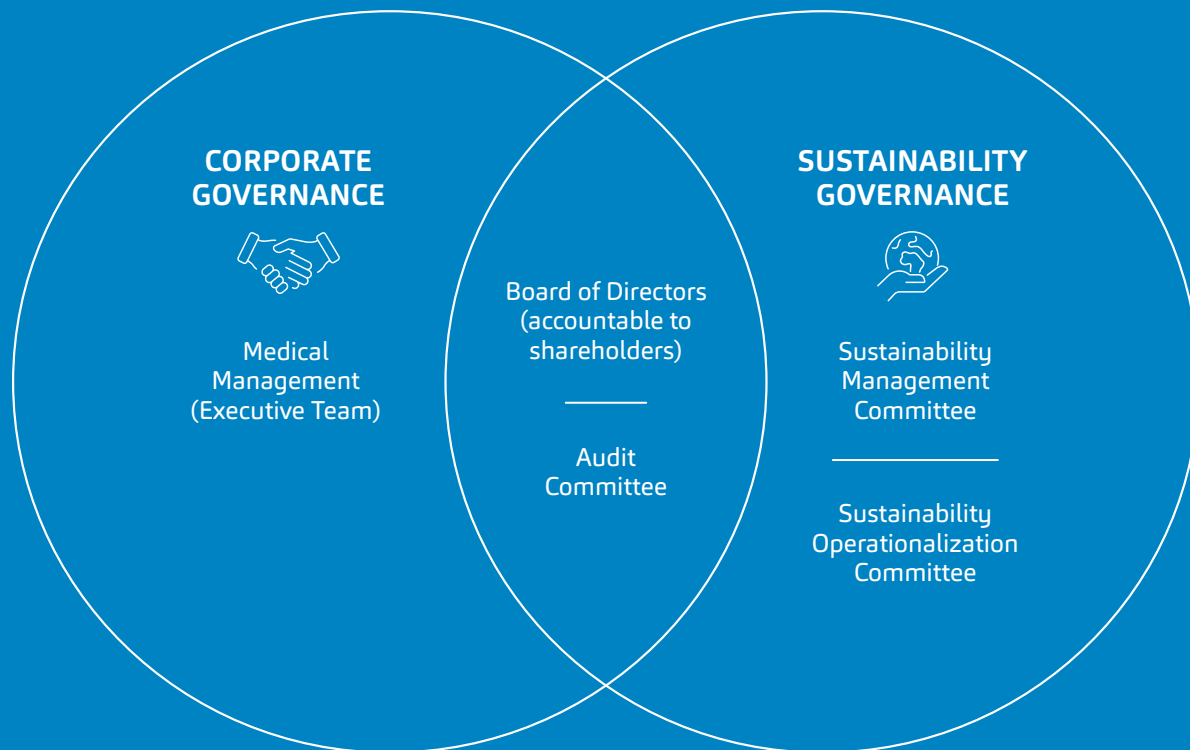
Governance structures

GRI 2-9, GRI 2-13

SHL Medical has defined a robust governance structure that enables us to support delivery of our strategic goals including the Sustainability Strategy 2030 priorities.

Our Organizational Regulations have established the powers and duties and delegation of the governing bodies and functions in the company; namely, the Board of Directors, Executive Team, and Audit Committee, which play a role in both corporate and sustainability governance. Other committees involved in sustainability governance include the Sustainability Management Committee and the Sustainability Operationalization Committee.

SHL Medical corporate governance structure



Board of Directors (BoD)

GRI 2-9, GRI 2-10, GRI 2-11, GRI -2-12, GRI 2-14, GRI 2-18, GRI 2-19, GRI 2-20

SHL Medical's BoD acts as an advisory board, approving financial and Sustainability Strategy and advising on new developments. It consists of up to six Board members and three 'Observers' that meet quarterly. The BoD appoints and supervises the CEO, who also serves as Chair of the Board, to streamline decision-making. Overarching responsibility for sustainability and publicly disclosed sustainability information is held by the CEO. All members of the Board, including Observers, are nominated and elected by shareholders at the annual general meeting of the company for a six-year term. Observers do not vote.

From 2024, our shareholders will evaluate the BoD's performance annually. The BoD will also evaluate the performance of the Executive team on an annual basis. Board Members and Observers are not compensated for services rendered. The BoD approves remuneration for Executive Team members, which is externally benchmarked and designed to incentivize sustainable business growth and innovation. Compensation includes fixed pay in the form of an annual base salary and may also include bonuses and incentives, as laid out in respective employment agreements. SHL Medical does not currently incentivize the Board or Executive based on sustainability performance.

<p>Ulrich Faessler CEO & Chairman</p> <ul style="list-style-type: none"> Swiss national, non-independent Former CEO and Chairman of a Swiss precision tooling company Board member since 2018; Chairman since 2020 	<p>Steffen Oppenländer</p> <ul style="list-style-type: none"> German national, independent advises on private equity and corporate mandates in complex transactions Board member since 2020 	<p>Thomas Ebeling</p> <ul style="list-style-type: none"> Swiss national, independent experienced healthcare executive Board member since 2023
<p>Stephen Oesterle</p> <ul style="list-style-type: none"> US national, independent healthcare investor and consultant with background in medical and technology sectors Board member since 2020 	<p>Andreas Aschenbrenner</p> <ul style="list-style-type: none"> German national, non-independent industrial goods and corporate finance group Board member since 2020 	<p>Petra Rumpf</p> <ul style="list-style-type: none"> Swiss national, independent experienced board member and Chairwoman at Straumann, experienced healthcare executive in strategy and transformation Board member since 2020

The Audit Committee

GRI 2-14

Audit Committee members provide oversight of the financial reporting and audit process, the company's system of internal controls ensuring compliance with laws and regulations. Led by the CFO, the Audit Committee meets three times a year. In addition, Audit Committee members follow progress on non-financial reporting requirements bi-annually, including those relating to sustainability matters.

Audit Committee Internal Members

- Ulrich Faessler, CEO
- Anne Pagenkemper, CFO

Audit Committee External Members

- Petra Rumpf
- Pascal Noël
- Steffen Oppenländer



Executive Management Team

GRI 2-23

The Medical Management Team (MMT) make up SHL Medical's Executive Team, which is responsible for day-to-day operational leadership and management. The MMT consists of the CEO and other senior executives, and in its extended form, the eMMT, which includes two general managers. The MMT controls governance mechanisms that include: reviewing and guiding annual budgets, strategy, and innovation/R&D priorities; overseeing major capital expenditures, value chain engagement, and the setting of corporate targets; and monitoring progress towards corporate targets.

All sustainability policy commitments are approved by our CEO, as the most senior member of our company, and they apply to all SHL Medical subsidiaries.

SHL Medical Management Members*

- Ulrich Faessler, CEO & Chairman
- Markus Puusepp, Chief Growth Officer
- Ralph Howald, Chief Technology Officer
- Martin Turvill, Chief Operations Officer
- Said Djaouat, Chief Quality and Regulatory Officer
- Satbir Bains, Chief Human Resources Officer
- Sebastien Martin, Chief Digital Implementation Officer
- Dietmar Bettio, Chief Digital Transformation Officer
- Kimberlee Steele, General Manager SHL Medical North America
- Anne Pagenkemper, Chief Financial Officer
- Barbara Lange, Chief Legal Officer

* As of 2024

Sustainability Management Committee

GRI 2-17

The Sustainability Management Committee (SMC) is headed up by the Head of Sustainability (HoS), who reports directly to the CEO. This Committee sets the direction of SHL Medical's Sustainability Strategy and oversees the implementation of strategic initiatives to reach 2030 sustainability targets across all locations. The HoS shares updates and expertise at Executive meetings, quarterly Board meetings, and twice-yearly Audit Committee meetings.

Sustainability Operationalization Committee

The Sustainability Operationalization Committee (SOC) monitors the implementation of the Sustainability Strategy, including monitoring deadlines and ensuring cross-functional alignment between initiatives and departments to ensure successful implementation. The SOC meets on a monthly basis during the initial phases of the strategy implementation. SOC members include the initiative sponsor, c-suite executives, and senior representatives from relevant functions.



One of the most transformative regulatory changes in the EU is the Corporate Sustainability Reporting Directive (CSRD). Although SHL Medical is not required to report against CSRD requirements until 2028, we are steadily working to put systems in place to prepare for this eventuality.

As a global company that operates on three continents, we also hold ourselves to a high standard of reporting in the interim. We aim to provide relevant sustainability information to our key stakeholders and to provide a clear perspective on our targets, as well as our progress against them. Our reporting will comply with emerging relevant reporting standards.

Here is an overview of our voluntary reporting (see ['Key 2023 Highlights'](#) section for more information):

- We issued our first sustainability report in April 2023.
- In the 2023 Sustainability Report, we are reporting 'with reference to' the Global Reporting Initiative (GRI). GRI is a framework for corporate sustainability reporting established in 1997. This widely recognized framework guides organizations like SHL Medical to share our economic, environmental, and societal impacts in a transparent and consistent manner. We will increase transparency in the future as we pursue a reporting status of 'in accordance with GRI'.

- Our key stakeholders request annual reporting of key performance indicators (KPIs) as well updates on related governance, policies, and risks. Reporting must be in accordance with SFDR (Sustainable Finance Disclosure Regulation) Art.91 and NFRD2.
- We report annually with EcoVadis and in November 2023 we achieved an EcoVadis Silver score.
- We report annually on CDP and scored a C-rating in 2023, an improvement from our D-rating in 2022.
- In September 2023, we became a signatory to the UN Global Compact's ten principles, which will require us to annually report our progress towards the ten principles of UNGC.

We will continuously improve our processes surrounding data collection and consolidation to comply with and fulfill these and future sustainability obligations.

Transparency, accountability and reporting

GRI 2-3

As we enter our second year of annual sustainability reporting, we continue to respond to the evolving sustainability landscape. The public is increasingly aware of the large collective effort needed to ensure a sustainable future.

The expectations of our customers, suppliers, and consumers are shifting in favor of companies that have understood their risks and opportunities. This includes setting tangible goals and plans, ensuring transparency and accountability regarding their actions and reporting openly with all stakeholders in order to build trust. We continue to work hard to meet these ever-evolving expectations.

Risk management, identification, and response

GRI 2-25

Risk management is a critical element of SHL Medical's current success and future viability. We manage and assess risk through several mechanisms, including enterprise risk management (ERM), business continuity management (BCM), and crisis management. We also have a process for identifying, assessing, and responding to climate-related risks and opportunities across our value chain, including our direct operations as well as the upstream and downstream parts of the value chain.

Key operational risks

SHL Medical compiles an annual ranking of major risks based on total financial cost impact, alongside an evaluation of whether the risk is increasing, decreasing, or newly added. Such risks include geopolitical risk, business continuity risk, and sustainability risk.

How we assess sustainability-related risk

At SHL Medical, we assess numerous ESG-related risks, with climate being of central importance. We assess risk through a qualitative risk matrix, structured by physical (acute and chronic), and transition risks (regulatory, technological, market, and reputation). For the assessment, internal and external sources are leveraged to assess the level of vulnerability: based on a qualitative scale and potential opportunities. Our level of vulnerability to climate events (physical risks) and/or to the transition to a lower-carbon economy (transition risks) are assigned one of four levels of vulnerability: Negligible, Limited, Intermediate, or High. Risks are also assigned a timeframe, whether Short-term (0-5 years), Medium-term (6-10 years), or Long-term (11-20 years).

SHL Medical will focus on reinforcing the risk assessment methodology, integrating it into multi-disciplinary, company-wide risk management processes and defining periodicity of review.

We also voluntarily submit yearly reports to the global rating organizations CDP and EcoVadis (see ['Key 2023 Highlights'](#) section for more information). As part of these assessments, we received feedback on areas of risk and areas for improvement.



Key sustainability-related risks

The systems and processes outlined here have helped us identify a number of specific near-term risks that include the evolving legal and regulatory landscapes, carbon pricing regulations (potential supply chain impacts), supplier actions and expectations, availability of biobased materials for low-carbon products, our reputation as a result of striving to meet sustainability targets, and extreme weather events that may have an acute physical and chronic physical risk on our supply chain or direct operations.



Corporate ethics

GRI 2-23, 2-24, 205-2

At SHL Medical, all employees, from the Board and Executive team down to the newest hire, are responsible for considerate and ethical behaviors. We comply with all labor and employment laws, regulations, and rules in the jurisdictions we operate in and ensure that our conduct with employees meets the highest ethical and professional standards. Our long-standing employee Code of Conduct prohibits corruption and reinforces our expectations towards any violations, such as discrimination and bullying, that could detract from a safe and healthy workplace.

In 2023, we reinforced this approach by initiating the development of a whistleblower system.

We also committed to delivering ethics training for 100% of employees annually by 2025. We are currently developing this program and will begin implementation in 2024.

Target

Ethics training for 100% of employees annually by 2025

Here are some of the most salient ethics topics for SHL Medical:

Policy commitments

GRI 2-23

We care about our business and are committed to the highest standards of business ethics and behavior. We are expected to demonstrate personal integrity and live the values and behaviors that underpin all our work.

Our Code of Conduct and Environmental, Health and Safety policy are essential to ensure all employees and partners adhere to our principles. New hires acknowledge these expectations during onboarding and receive ongoing training. These policies apply globally to all employees.

Our Code of Conduct and Environmental, Health and Safety policy are central to ensuring our employees and partners apply the principles we strive for at SHL Medical. Employees acknowledge the Code of Conduct expectations during hiring processes. Employees are trained during their onboarding and throughout their careers to ensure they understand SHL's expectations relating to environment, health and safety.

In addition, we have a Suppliers Code of Conduct, which we communicate directly to our suppliers via our website, that outlines our expectations on ethics and governance.

Human rights

GRI 2-23

SHL Medical is firmly committed to upholding human rights in all areas of our operations, as laid out in the UN Global Compact (see '[Key 2023 Highlights](#)' section for more information). Adherence to the highest standards in this area help shape a sustainable and ethical supply chain as well as fair recruitment and labor practices for our employees and candidates.

We are currently examining the status of related risks, including child labor and human trafficking, migrant labor, and potential conflict minerals used in our manufacturing. Further details are listed below.

Child labor and human trafficking

In line with the principles of the UN Global Compact and the Sustainable Development Goal 8 for Decent Work and Economic Growth, SHL Medical does everything in its power to prevent child labor, slavery, and human trafficking and to support fair, voluntary labor practices. Although we have protocols in place to screen and verify all candidates' ages, we operate in and are supplied from countries classified as "enhanced" risk. To mitigate this risk and uphold our human rights obligations, we will run a human rights risk assessment in 2024.

Migrant labor

SHL Medical pays special attention to regulations related to migrant workers and is monitoring new regulatory frameworks closely. We will comply with all relevant regulations and take measures to fulfill requirements in due course.

Conflict minerals

A screening for the existence of conflict minerals, tungsten, tantalum, and gold (collectively referred to as 3TG) in our products revealed there is no evidence of 3TG raw materials in final products or "intentionally" integrated in processes. We understand the importance of this issue and will continue to evaluate it on an ongoing basis.

Anti-discrimination and anti-bullying

We strive to create a work environment that is free from discrimination based on one's identity and are working to create a DEI program to address gender gaps, which includes evaluating our approach to gender equality in compensation (see '[Diversity, Equity, and Inclusion](#)' section for more information).



Anti-corruption

GRI 2-15

Our Code of Conduct lays out clauses on conflicts of interest, insider trading, business integrity, and fair competition. Further details of which are listed below:

- **Conflicts of interest:** Our employees are required to provide written disclosure of any actual or potential conflict of interest that could influence one's judgement in a particular course of action. When members of the Board or Executive Team disclose a conflict of interest, appropriate measures are applied to avoid interference with the company's decision-making, which may include abstaining from participation in discussions or voting.
- **Insider trading:** All our employees are required to comply with relevant laws and regulations on insider trading and trade secrets. Employees agree not to use or profit from information about SHL Medical's customers or vendors received in the course of their employment, including to trade in the shares and securities of those customers, vendors, or their relevant competitors.
- **Business integrity and fair competition:** SHL Medical prohibits any form of bribery, illegal inducement, extortion, embezzlement, corruption, and criminal conduct in the conduct of its business affairs. SHL Medical conducts business in a manner that complies with fair business practices and applicable competition and anti-trust laws.

Trade compliance

SHL Medical plays an active role in commercial transactions that cross national boundaries, which exposes the company to various trade-related compliance risks. SHL Medical complies with applicable laws, regulations, and rules governing the cross-border exchange of goods, services, and data, including export controls, embargoes, trade sanctions, and customs measures.



Communication on critical concerns

GRI 2-25, GRI 2-26

Our Code of Conduct encourages any employee who becomes aware of any actual or suspected non-compliance to immediately report the matter to their superior or to the HR Department, the Legal Department, or any C-Level Officer, who will then investigate all reports or complaints. The identity of the reporting employee and the content of the report are confidential and only disclosed on a need-to-know basis or as required by applicable laws during the investigation. Any actual or potential retaliation for making a good-faith report or complaint is strictly prohibited.

SHL started the process in 2023 to identify a third-party provider for a whistleblower platform allowing both external stakeholders and employees to voice their concerns. This will be rolled out in 2024.

Information and cybersecurity

We are committed to the responsible use of information in our business processes, including personal information, and we adhere to appropriate standards to achieve this purpose. We have robust governance, processes, and policies in place to ensure the security of our data and IT systems. All SHL Medical employees participate in the annual mandatory training in information management. To prevent IT system interruptions, we maintain risk-based service continuity and system recovery plans, which are tested periodically. We also conduct ongoing vulnerability analyzes to ensure the effectiveness of our cybersecurity controls. SHL Medical's Cyber Security Operations Center operates 24 hours a day and analyzes events and reports on potential security incidents. We did not experience any material cybersecurity incidents.



Engaging with industry associations

GRI 2-28

SHL Medical engages directly with industry associations to drive collaboration and advance shared priorities across several sustainability areas. More recently we have joined the organizations below.

- **Association for the Decarbonization of Industries in Switzerland:** We joined in 2022 to support the development of green hydrogen production processes, using novel technologies

like methane pyrolysis and hydrogen electrolysis. The association's focus to drive innovation to support decarbonization ties in seamlessly with our Sustainability Strategy and reflects shared ambitions around the decarbonization of our industry.

- **MedPharma Plastics Europe (MPPE):** MPPE is a sector group created in 2014, made up of European plastic converters (EuPC) and companies involved in the plastic medical devices and pharmaceutical packaging supply chain. We became an MPPE member in 2023 and participate in the Sustainability Working Group which has a focus on circularity and related governance. SHL Medical's representatives were also invited to speak at the 2023 MPPE conference in Belgium.



Maintaining supply chain excellence

SHL Medical manages a comprehensive supply chain of suppliers that includes over 70 tier-1 vendors that all meet our quality and operational standards, supplying us materials and mechanical components among other purchased goods. We follow strict measures, which include a systematic supplier approval process with periodical audits and reassessments, all with the purpose of maintaining the qualification status of our supply base and consistently assuring the highest quality.

The standards we set for our suppliers are consistent with the high expectations we hold for ourselves. Our focus on supplier excellence also includes monitoring daily performance metrics, assessing supply based risks, ensuring compliance monitoring, driving continual improvement, and striving for a sustainable business partnership through close supplier collaboration and governance.

These exacting standards have historically been maintained by requiring our suppliers to sign a Supplier Code of Conduct.

Due to the increasing importance of the sustainability landscape and the growing challenges around compliance, in 2023 we issued an updated Code of Conduct to our suppliers. This agreement reinforces our expectations of them, including how they can help contribute to a sustainable value chain that supports our Sustainability Strategy 2030 and associated targets.

Through this process, we aim to ensure sustainable business conduct and accountability across the supply chain, including compliance with evolving regulations that impact SHL Medical's supplier relationships. The process also allows us to identify and mitigate any social and environmental risks arising from our suppliers.

This Supplier Code of Conduct is available on our website in Mandarin and English, and includes relevant clauses on Human Rights and Labor, Health and Safety, Environment, Ethics, Management System, and Quality.

Target

100% of strategic suppliers and 75% of other suppliers to sign our Supplier Code of Conduct by 2025

Supplier assessments

We are also assessing suppliers across various social and environmental criteria related to our targets. This qualification process involves inquiring about their environmental, social, and governance performance and commitments. This includes any targets set and how they are communicated, with an emphasis on carbon footprint and Scope 3 emissions. All newly selected suppliers are requested to set a strategy to reduce Scope 1, 2, and 3 GHG emissions. This includes undertaking a reasonable effort to set ambitious SBTi-aligned targets (see [‘Combating Climate Change by Reducing Our GHG Emissions’](#) section for more information) and demonstrate emission reductions through 2030 and beyond. The screening also helps reinforce our positions on conflict minerals and child labor, among other things. Suppliers must agree to support due diligence through data sharing upon SHL Medical’s request.

Our suppliers have been receptive to our efforts so far, and we expect to continue collaboration on GHG reduction, for example, transitioning towards renewable energy usage.

Target

90% of relevant suppliers to be covered by a sustainability assessment by 2025

Engaging suppliers

In 2023, we set targets for 100% of strategic suppliers to sign our Supplier Code of Conduct by 2025 and for 90% of relevant suppliers to be covered by a sustainability assessment by 2025. Strategic suppliers include any supplier of materials used directly for device manufacturing and shipment.

Supplier engagements will be introduced as a constant recurring agenda item in our regular business reviews with key suppliers. Through our Code of Conduct engagement and supplier assessment, we aim to ensure sustainable business conduct and accountability across the supply chain, including compliance with evolving regulations that impact SHL Medical’s supplier relationships. In this way, we can help identify and mitigate potential social and environmental risks arising from our suppliers.

As our supplier engagement program will be primarily implemented in 2024, we will share progress against our supplier-related targets in our next report.



GRI index

KPIs/target data

SHL Medical has reported the information cited in this GRI content index for the period 01.01.2023–31.12.2023 with reference to the GRI Standards.

GRI 1 Used: GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	
GRI 1: Foundation 2021	2-1 Organizational details	page 3 and page 6	
	2-2 Entities included in the organization's sustainability reporting	page 3	
	2-3 Reporting period, frequency and contact point	page 3 and page 68	
	2-6 Activities, value chain and other business relationships	page 8 and page 9	
	2-7 Employees	page 86	
	2-9 Governance structure and composition	page 64 and page 65	
	2-10 Nomination and selection of the highest governance body	page 65	
	2-11 Chair of the highest governance body	page 65	
	GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	page 65
		2-13 Delegation of responsibility for managing impacts	page 64
2-14 Role of the highest governance body in sustainability reporting		page 65 and page 66	
2-15 Conflicts of interest		page 74	
2-17 Collective knowledge of the highest governance body		page 68	
2-18 Evaluation of the performance of the highest governance body		page 65	
2-19 Remuneration policies		page 65	
2-20 Process to determine remuneration		page 65	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	page 4
	2-23 Policy commitments	page 67 and page 72–73
	2-24 Embedding policy commitments	page 72
	2-25 Processes to remediate negative impacts	page 70–71 and page 75
	2-26 Mechanisms for seeking advice and raising concerns	page 75
	2-28 Membership associations	page 76
	2-29 Approach to stakeholder engagement	page 14
GRI 3: Material Topics 2021	3-1 Process to determine material topics	page 14
	3-2 List of material topics	page 15
	3-3 Management of material topics	throughout the chapters located on: p.17 / p.23 / p.43 / p.62
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	page 72
GRI 301: Materials 2016	301-1 Materials used by weight or volume	page 85
GRI 302: Energy 2016	302-1 Energy consumption within the organization	page 34
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	page 25–26
	305-2 Energy indirect (Scope 2) GHG emissions	page 25–26
	305-3 Other indirect (Scope 3) GHG emissions	page 25 and page 27–31

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	page 39
	306-3 Waste generated	page 39
	306-4 Waste diverted from disposal	page 84
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	page 87
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	page 46 and page 85

Forward-looking statements

This sustainability report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase” and “may fluctuate” and similar expressions or by future or conditional verbs such as “will”, “should”, “would” and “could.” These statements may relate to our plans, objectives, goals, strategies, future revenues, or performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Factors that may cause our actual results to differ materially from our forward-looking statements include, but are not limited to, changes in government regulations or policies, global economic conditions, market demand, competition, technological advances, environmental risks, and other risks and uncertainties. These factors are not exhaustive. The company operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. SHL Medical undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The inclusion of forward-looking statements in this sustainability report should not be considered a representation that any of our plans or objectives will be achieved.

Appendix A

GRI 306-4

Waste diverted from disposal in metric tons^[1]

HAZARDOUS WASTE	2022	2023
Preparation for reuse	0	0
Recycling	84.73	103.09
Other recovery operations	0.0360	0.039
Total onsite	0	0
Total offsite	84.77	103.13
Total hazardous waste for each recovery option	84.77	103.13

1 Our offices in Sweden and Switzerland have been excluded from the calculations as the amount of waste is negligible.

NON-HAZARDOUS WASTE	2022	2023
Preparation for reuse	0	0
Recycling	3,208.97	3,717.11
Other recovery operations	0	0
Total onsite	0	0
Total offsite	3,208.97	3,717.11
Total non-hazardous waste for each recovery option	3,208.97	3,717.11
Total waste diverted	3,293.74	3,820.24

GRI 301-1

Total weight of materials that are used to produce and package primary products and services during the reporting period

TOTAL RENEWABLE MATERIAL USED	2022 (BASELINE) IN METRIC TONS	2023 IN METRIC TONS
Paper	4.6	5
Total non-renewable materials used	2022 (Baseline) in Metric tons	2023 in Metric tons
Metals	1056	1331
Plastics	7723	7463

GRI 405-1

Percentage of individuals at SHL based on gender and age

GOVERNANCE BODY	2022 (BASELINE) IN %	2023 IN %
Male	n/a	76,92
Female	n/a	23,08
Under 30 years old	n/a	n/a
30–50 years old	n/a	46,15
Over 50 years	n/a	46,15
Age not Indicated	n/a	7,69

GRI 2-7

Employees (permanent and temporary) by gender and region Total number employees, by region and gender, FY23

REGION	FEMALE	MALE	OTHER	TOTAL
Switzerland	70	115	3	
Sweden	35	53	0	
Taiwan	2,959	2,294	0	
Deerfield and North Carolina, US	77	125	46	
Totals^{2]}	3,141	2,587	49	5777

2 Employee headcount was used to calculate the number of employees as of December 31, 2023. Any inaccuracies are due to fluctuations in the number of employees at new sites, including the South Carolina site and design office in Zug.

Total number of permanent employees, by region and gender, FY23

REGION	FEMALE	MALE	OTHER	TOTAL
Switzerland	67	114	3	
Sweden	35	52	0	
Taiwan	2,938	2,269	0	
Deerfield and North Carolina, US	75	125	46	
Totals	3,115	2,560	49	5724

Total number of temporary employees, by region and gender FY23

REGION	FEMALE	MALE	OTHER	TOTAL
Switzerland	3	1	0	
Sweden	0	1	0	
Taiwan	21	25	0	
Deerfield and North Carolina, US	2	0	0	
Totals	26	27	0	53

GRI 403-9

Work-related injuries for all employees

FOR ALL EMPLOYEES	2022	2023
Fatalities as a result of work-related injury		
Number	-	0
Rate ^{3]}	-	0
High-consequence work-related injuries		
Number	-	3
Rate	0	0.28
Recordable work-related injuries		
Number	22	23
Rate	2.21	2.16
Number of hours worked	9,969,250	10,656,749

Work-related injuries for workers who are not employees

FOR WORKERS WHO ARE NOT EMPLOYEES	2022	2023
Fatalities as a result of work-related injury		
Number	-	0
Rate ^{3]}	-	0
High-consequence work-related injuries		
Number	-	2
Rate	-	-
Recordable work-related injuries		
Number	-	-
Rate	-	-
Number of hours worked	-	-

3 Severity rate is the total number of high-consequence work-related injuries (excluding fatalities) divided by number of hours worked, multiplied by 1,000,000

