serres

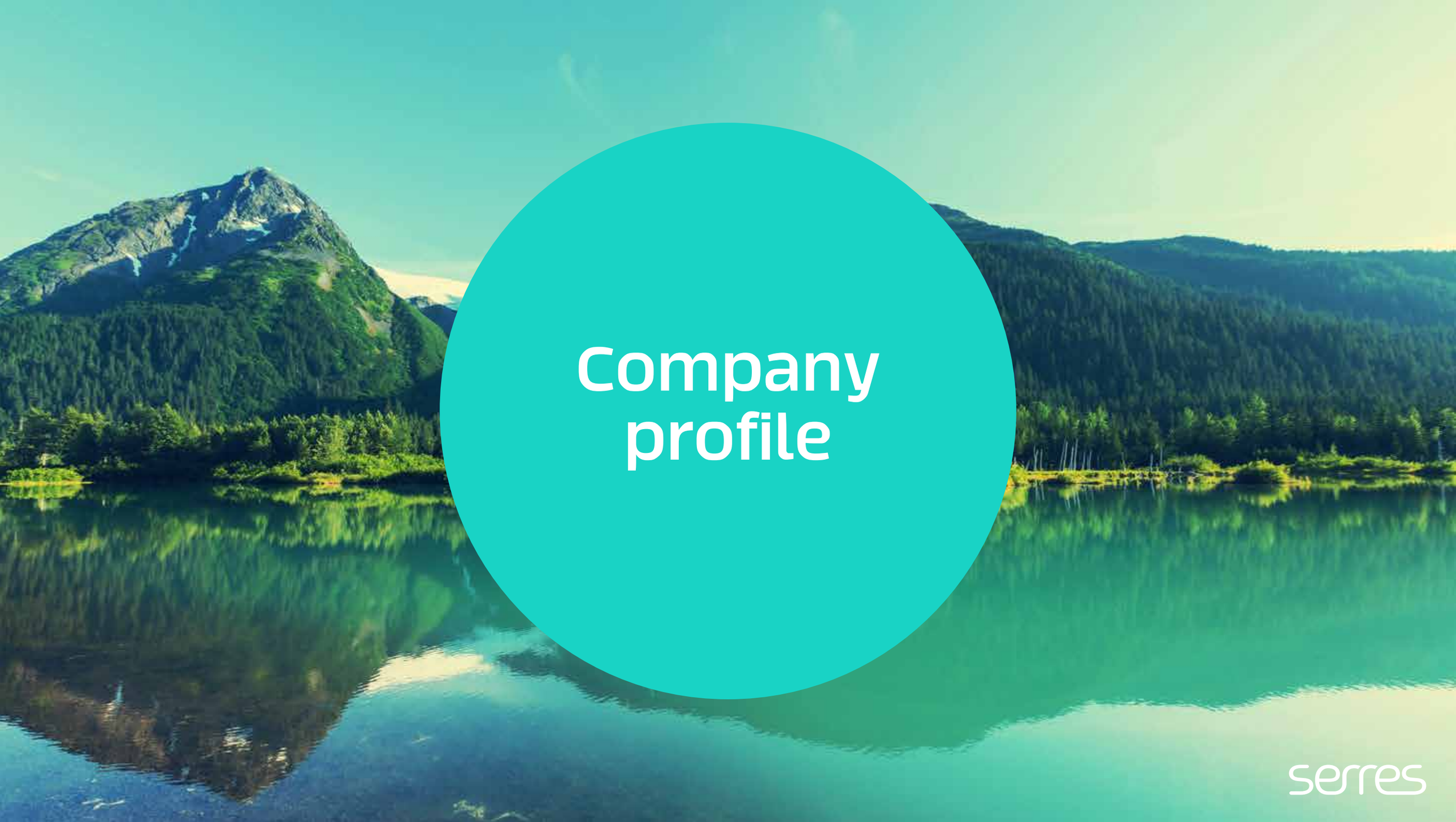
Sustainability Report

2022

Serres Sustainability Report 2022

This is the second sustainability report of Serres. However, sustainability has been a vital part of our operations for many years. This report provides an overview on material sustainability topics in the overall value chain. Serres has conducted a materiality assessment to define sustainability focus areas and material disclosure topics. The report is under the responsibility of and approved by Serres Board of Directors.

Content



Company profile

serres

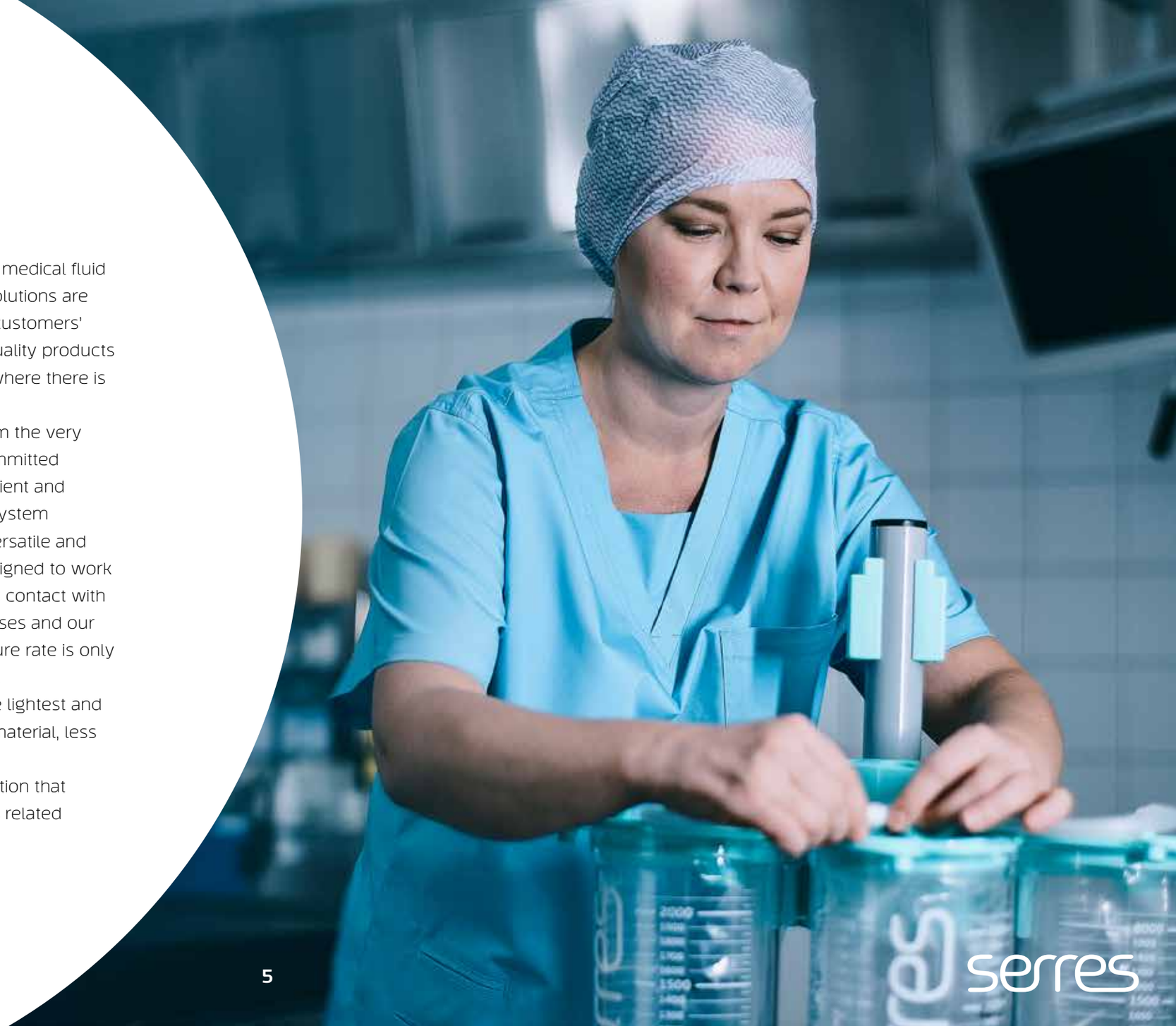
Serres in Brief

Serres is a progressive leader in developing smart and sustainable medical fluid management solutions. Our medical suction and waste disposal solutions are used daily in more than 60 000 operations globally. We share our customers' passion for patient care and support their work with unmatched quality products that provide confidence in the toughest conditions and situations where there is no room for failure.

Sustainability has been an essential part of our operations from the very beginning. We invest in sustainable growth and design and are committed to ambitiously developing solutions for tomorrow's challenges. Patient and healthcare professionals' safety is our priority. Our fluid collection system enhances workflow, safety, and cost efficiency while providing a versatile and sustainable choice for patient fluid collection. Our products are designed to work together, creating an integrated closed loop system that eliminates contact with collected blood and fluids. Our manufacturing follows strict processes and our products undergo rigorous testing. As a result, our suction bag failure rate is only 1 in a million making it the most durable suction bag in the market.

While having unmatched quality, our suction bags are also the lightest and thinnest on the market, providing a sustainable solution with less material, less logistical CO_2, and less material to dispose.

Our suction bag disposal device Serres Nemo is a unique solution that significantly decreases the carbon emission footprint and the costs related to fluid waste disposal in the hospital.



2022 key facts

Footprint Calculations

We initiated the carbon footprint calculation of a Serres 2l Suction bag in 2022. A comprehensive cradle-to-grave* methodology was employed to evaluate the suction bag's life cycle and the calculation was performed with reference to the GHG protocol and the ISO 14044:2006 standards, but only taking CO_2 emissions into account.

The carbon footprint of the emptied 2l Serres Suction bag is 0.20 kg CO_2e and the carbon footprint of the full 2l Serres Suction bag is 0.55kg CO_2e per bag. Based on the results of the carbon footprint calculations, using the Nemo solution has a significant impact on emissions, as using it significantly reduces emissions.

*From Serres manufacturing site Kauhajoki to Rotterdam hospital Netherlands.

CO_2 footprint of an emptied 2 l bag

0.20 kg

CO_2e

Company

Employees around

200

Turnover

35

M€

Customers

Customer satisfaction

94%

Supplier delivery

97%

Products

Recycling rate

79%

Product quality

1.1

ppm

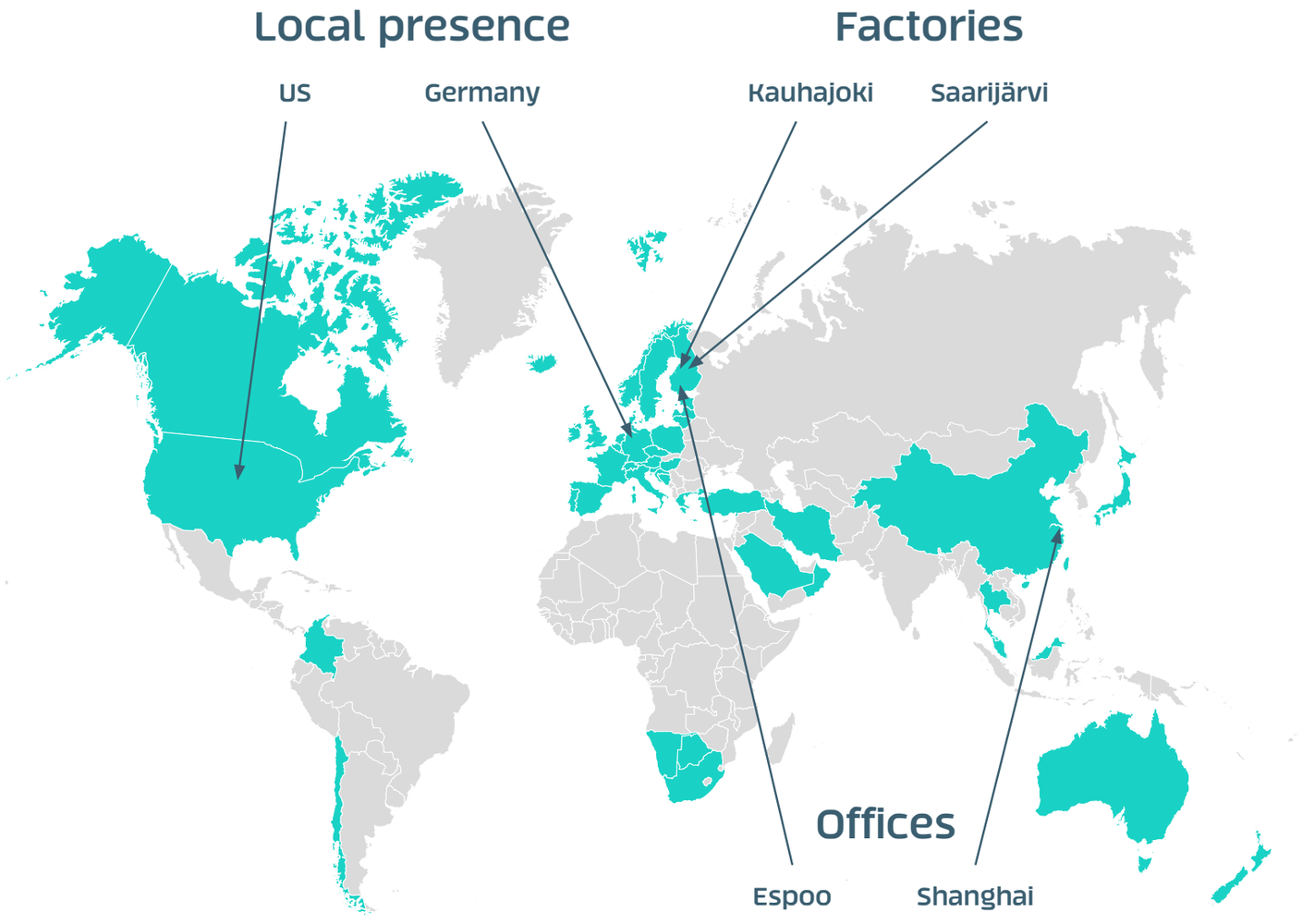
Failure rate 1 in a million

serres

Global presence

Serres is a part of the Paree Group, a family of leading small and medium-sized growth companies who share a mission to make an impact today for a more sustainable and healthier tomorrow. The family-owned Paree Group is celebrating its 50th anniversary this year.

Serres has headquarters and two manufacturing factories in Finland. Our global network of distributors supports our customers in more than 50 markets. They are our strategic partners representing local healthcare and market knowledge. As our extended family they ensure our product availability and support our customers in getting the full benefit of our smart and sustainable medical fluid management portfolio.



Purpose and values

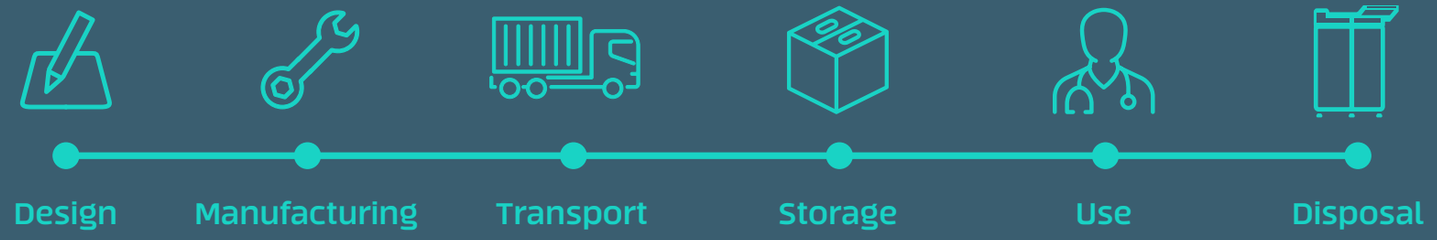
Our mission:
We dedicate our work for the safest and most sustainable fluid management solutions for patients and healthcare professionals worldwide.

Our purpose:
Together we make surgical fluid management safe, smart, and sustainable.

Focusing on our customers, we always aim for the highest quality in all that we do. Having the courage to change and progress, showing our caring by treating customers, colleagues and other people with fairness and respect and keeping sustainability at the core of our operations and offering development, we ensure that we continue building success with forerunning, sustainable and customer centric solutions. We are passionate about what we do, and that is something we share with the people who rely on our equipment day in, day out. We use our expertise on smart fluid management for the patients' benefit, so that each of us can do what we do best and focus where it matters.

Value chain

Serres provides smart and sustainable solutions that decrease the environmental impact of both our own and our customers operations.



Designing smart, more sustainable choices for fluid management starts by looking at the entire lifecycle of our operations and solutions but also our customers operations. Our products are designed to support our customers to reach their sustainability targets.

Sustainability is incorporated into our design processes; a smart material strategy with less materials, recyclable raw materials, PCV, Latex and DEPH free materials, and a light and foldable suction bag design contribute towards reducing CO_2 emissions.

We expect our suppliers to demonstrate their commitment towards sustainable and ethical practices. We only purchase materials from suppliers whose qualifications we have confirmed.

With manufacturing in our own hands, we ensure unmatched product quality and control, and we continuously develop our own production process. We have set high standards when it comes to social responsibility and personnel well-being.

Through our space-saving product and packaging design, we minimise the need for logistics and create efficiencies in material flows, storage, and product inventory management within hospitals.

In the health care facilities where our products are being used, they provide unmatched safeguards, providing protection against contamination in fluid collection and fluid disposal.

We make sure that waste materials from our own operations are appropriately treated, with 79% of the manufacturing waste being recycled. Serres is committed to responsible business practices in its own operations and when working with business partners.

Statement on a sustainable development strategy

serres

Statement on a sustainable development strategy

Serres has always taken a stand on sustainability. Our products provide an unmatched, cost-efficient, hygienic, and safe method for surgical fluid collection. Our innovative solutions are used for thousands of surgical procedures every day across the globe. The core of our offering is a single use plastic disposable suction bag, which is normally incinerated with its content after use. This means that the procedure has a impact on the environment that is not negligible.

At Serres we contribute towards sustainable development and support the sustainable development goals of the United Nations. However, we feel that we can help our customers the most by reducing the effect our products have on the climate, and by contributing towards sustainable healthcare in cities and communities.

The healthcare sector contributes up to 15% of GHG emissions and over 60% of these emissions originate from medicines, medical equipment, single use products, and other parts of the supply chain[1]. We see a trend of hospitals and healthcare providers requiring more environmentally friendly solutions, both with regard to materials and waste reduction. This is now slowly starting to have an impact on tendering conditions and purchasing decisions, and we do anticipate that this will accelerate significantly over the next 10 years.

Over the years we have invested in minimising the footprint throughout the entire product usage life cycle. Our suction bags are PVC free, and they contain a minimal amount of material. Recently we launched the Serres Nemo device that enables hospitals to minimise the waste sent to incineration by discarding the fluid in an automatic and hygienic manner. Using Nemo not only lowers the CO_2 up to 64% from the total footprint and up to 97% from the incineration phase[2], but it also meets customers' expectation on lowering waste handling costs as energy costs are reaching new heights and CO_2 taxation is impacting on hospital waste.

The number of surgeries worldwide is expected to grow 5% annually by 2030. Furthermore, the ratio between minimally invasive surgeries (MIS) to open surgeries is expected to expand. In MIS, the volume of fluid handled can be up to ten times more than it is in general surgery. Building on this, we estimate that fluid collection units will grow 6%[3] annually.

The lack of nursing staff is a global phenomenon[4], and after the pandemic the hospitals are tending towards a shift

Nicke Svanvik
Serres Oy
CEO

in their focus.

Attracting and retaining nurses by amongst other means, investing in a good work-environment for nurses[5]. Suction bag canister solutions for fluid handling provide a safe and hygienic, but still cost-efficient[6] method for healthcare professionals while fulfilling the various current waste handling regimes set by national regulations.

Taking all these trends together, Serres has recently launched a new strategy. In this strategy we are pledging to accelerate the development of our offering in sustainable suction and fluid collection solutions together with our partners and end-users. One of the key strategic initiatives is – sustainability as a business driver, with the assumption that we can drive profitable growth by taking the lead on these matters in our product segment.

We expect that our strategy will result in 'sustainability-in-action' being practiced by all our employees, every day. As a customer, buying group, or partner, you can trust that we will do all in our power to help you reach your sustainability targets. We realise that the way our products are used has the largest impact, and we will transparently share our knowledge and data with you so you can draw your own conclusions.

Serres is part of the Paree Group. The Paree group is a family- owned and long-term owner of leading small and medium-size growth companies with a shared mission to make an impact today for a more sustainable and healthier tomorrow. This sustainability report highlights what Serres is already doing today to fulfil this mission.

Sources

1. Delivering a 'Net Zero' National Health Service, NHS, 2020.
2. Carbon footprint of a 2l Suction bag, Netherlands report by Serres and PwC, April 2023.
3. Source: Internal data model, Statista – Size of the minimally invasive surgery market (2021), OECD – Number of surgical procedures.
4. E.g. International council of nurses policy brief (ICN Policy Brief_Nurse Shortage and Retention_0.pdf).
5. E.g. Trends in Medicine (Attract and Retain the Clinical Workforce | HMS Postgraduate Education (harvard.edu)).
6. Source: Internal calculation based on market insight, e.g., comparing suction bag fluid collection with one of the market leading systems for automatic fluid collection showing that suction bag fluid collection costs between a fourth and a fifth per operating room and day.

Sustainability framework

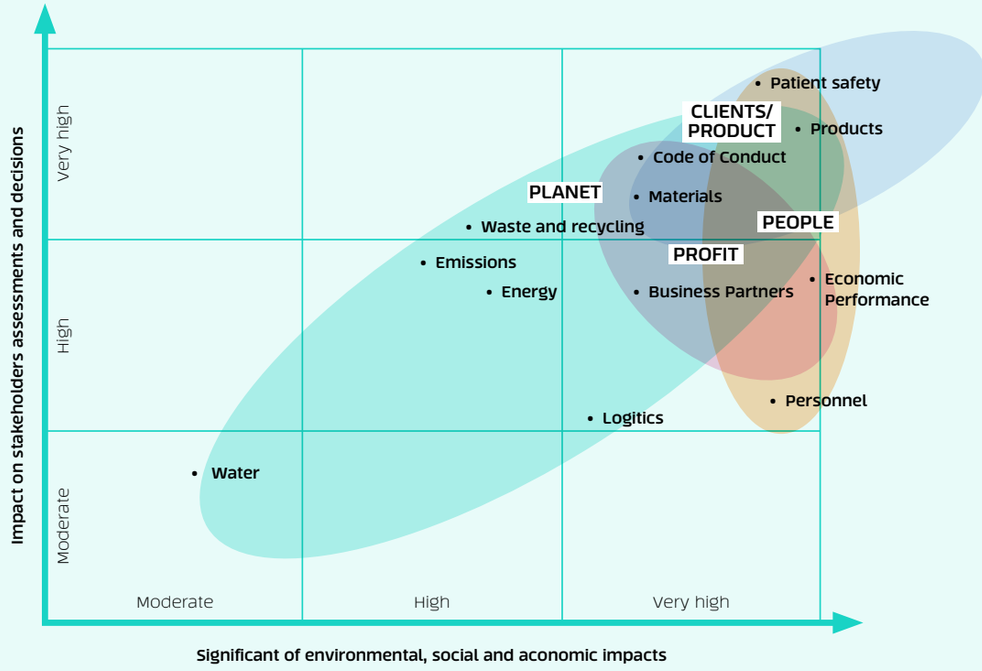
Sustainability focus areas and priorities

We have set high standards for sustainability and quality to enable us to grow and support our customers with forerunning solutions. We believe in integrity in all that we do, from our value creation activities together with our partners to raising the bar on sustainability across our operations. Our desire is to contribute towards a long-term improvement for people and their health. As a company, we are centred around values essential to attracting and retaining top talents and customers.

We believe profitability and sustainability to be equally important – often one can drive the other. We are centred around values essential to attracting and retaining top talents and customers as a company.

We constantly follow market trends and the requirements that affect our operations. During the spring of 2022 we conducted a materiality assessment to define the most relevant sustainability topics. Within this process the most significant environmental, social, and governance related impacts in the overall value chain were identified and prioritised as Serres sustainability focus areas.

Material Sustainability Topics at Serres



The focus areas identified provide a balanced sustainability framework to long-term commitment and value-driven sustainability in the whole value chain.

In 2023, we will assess double materiality as part of the Paree Group sustainability reporting. We will assess double materiality in order to align business strategies, actions, targets, and future reporting with sustainability. The double materiality analysis includes impact materiality and financial materiality.

Impact materiality includes topics that have actual or potential, positive, or negative impacts on people or the environment over the short-, medium- and long-term. Financial materiality includes topics that trigger or may trigger material financial effects on the company, i.e. it generates or may generate risks or opportunities that have a material influence on the company's cash flows, development, performance, position, cost of capital, or access to finance in the short-, medium- and long-term. Also, carbon footprint calculations are continuing in 2023.

The sustainability priorities and related metrics and targets

Focus area	Objective	KPIs	Targets	Performance
Clients / Products	To ensure customer satisfaction	Delivery assurance, %	Above 98%	94%
	To ensure the quality of processes, customer satisfaction, to follow the quality experienced by the customer, and to detect the risks and needs for improvement	Customer complaints compared, delivered suction bag pcs, ppm	Below 30	1.1 ppm[1]
	To ensure the quality of processes and to detect the risks and needs for improvement	Number of internal nonconformities in production compared to the produced pcs, ppm	Below 10	2.3 ppm[1]
Planet	To ensure the efficiency of processes and to minimise the use of materials	Suction bag scrap, average	Below 2.25%	2.0%
	To increase the use of renewable energy sources	Serres share of renewable electricity, %	Above European average 42.92%[2]	36%
	To increase the recycling of waste	Recycling rate, %	Factory specific targets set Kauhajoki 81%, Saarijärvi 78%	79%
	To minimise greenhouse gas emissions from product use and in own operations	Greenhouse gas emissions (Scope 1 and 2), tCO_2e	Target will be defined later	1529 tCO_2e
People	To ensure employee satisfaction and engage employees	PeoplePower index	Above Finland general norm 69.1	70.3
	To ensure a safe working environment	Number of lost time injuries	Target will be defined later	2
	To engage employees and keep employee turnover low	Attrition rate (white-collars, 12 months rolling)	Target will be defined later	7.9
Profit	To ensure long-term sustainable business	Share of research and development expenditures from net sales, %	Target will be defined later	2.3%
	To ensure supplier delivery reliability	Supplier delivery assurance	> 95%	97%

[1] parts per million
[2] Source: European Residual Mixes, Association of Issuing Bodies

Management approach

Sustainability is embedded in the Serres strategy, business model and management approach. The company has in place the certified ISO 14001 Environmental Management System and ISO 13485 Quality Management System under the Medical Device Single Audit Program (MDSAP). Serres is fully committed to the Medical Device Manufacturer's and Chemical Industry's Responsible Care (RC) sustainability program. Serres has been a member of the RC sustainability program since 1999.

Our sustainability principles are described in the Serres policies and principles. The Code of Conduct covers our basic ethical standards and core values that are applicable to all of us, all of the time. The Quality and Environmental Policy and our Sustainability Policy defines principles for corporate, social, and environmental responsibility, as well as our commitment towards improving the efficiency of our quality and environmental system and to protecting the environment, by monitoring and regularly assessing the quality and environmental impacts of our operations using the quality and environmental indicators and objectives we have set for ourselves.

Sustainability management is a component of the Serres Corporate Governance model. The Board of Directors have the overseeing role to ensure the correct level of ambition and to frame the sustainability work. The Serres Management Team is responsible for embedding sustainability into the management work and implementing the Serres sustainability strategy. The Serres Quality Team, headed by Director, QA/RA and Sustainability, coordinates the sustainability work.

Key stakeholders and their expectations are always taken into account. Serres is committed to an active stakeholder dialogue with all interested parties.

Stakeholder group	Key expectations	Interaction with stakeholders
Customers, distributors and end-users	Operations in accordance with relevant laws and regulations. Products are safe for patients and users	Regular customer feedback, distributor meetings, trainings, and webinars
Owners	Long-term sustainable and environmentally responsible operations. Operations are in accordance with laws and regulations	Board of Directors meetings, Quartal Paree Group information sessions
Personnel	Fairness, respect for others, working in a safe and healthy environment	Employee engagement survey, regular employee meetings and updates, monthly CEO message, whistleblower channel
Authorities and certification bodies	Demonstration of compliance with statutory and certified standards. Following laws and regulations.	External audits, necessary communications with authorities
Contract manufacturer, subcontractors and suppliers	Contractual action, honesty and fairness	Supplier assessments and audits, supplier meetings
Local communities	Environmentally responsible operations, operations in accordance with contracts, and statutory requirements	Discussions and communications, answers for enquiries

Sustainability Priorities

Clients and products

Our customers operate in a complex and highly demanding environment where flawless patient fluid suction and the highest possible protection against contamination is required. Our products are designed to be used in surgical suction in operating rooms, in anaesthesia for airway opening, and in intensive care and emergency rooms to support life during resuscitation, and in normal wards, in public and private hospitals, surgical centres, day clinics, emergency services, as well as care facilities. Serres end users are healthcare professionals, surgeons, anaesthesiologists, nurses, as well as technicians, waste handlers, cleaners and service personnel to all of whom protection against hazardous spills and contamination is essential.

Serres provides suction bags from 1l, 2l, 3l to meet the needs of different procedures and space requirements. Our versatile suction system can be used for small 1 litre fluid collection up to 36 litre collection.

Serres provides a large number of accessories to further enhance safety and efficiency. For example, a collection cup to collect samples and particles from suctioned liquid, accurate measuring tools, a system to collect liquid spills from the floor, multiple connectors and valves and fixing systems to facilitate the use of full system.

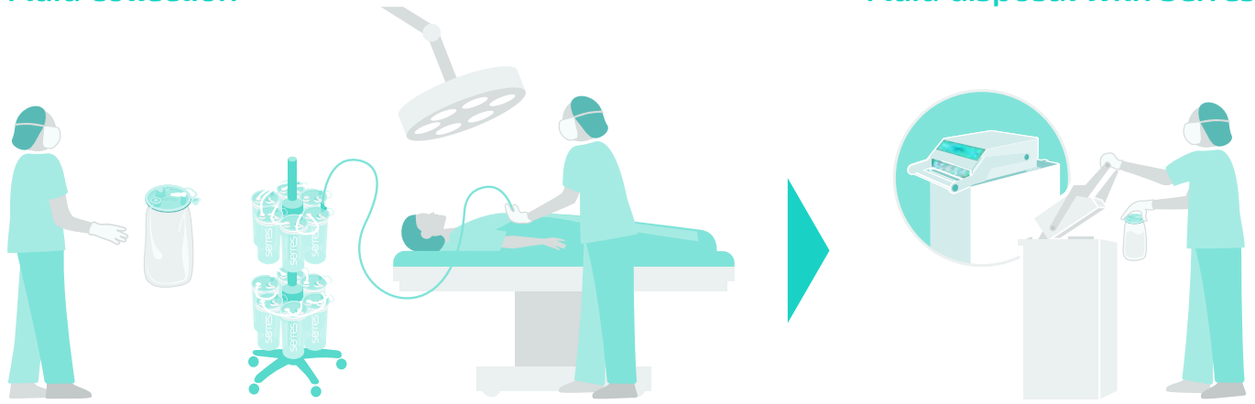
In critical situations at hospitals, the Serres Suction bag provides hygienic and smart solution to avoid cross contamination between patient and caregivers as well as between patients. With the Serres system, patient fluids are always removed from the OR after surgery and all surfaces are easily cleaned. Surgical fluids, patient blood and secretions do not stay in the OR at all. There is very low risk of patient's secretions contaminating the OR and or exposing healthcare professionals.

The Serres fluid management solution

Our products are designed to work together, creating an integrated closed loop system that eliminates contact with collected blood and fluids. Serres Suction bags with unmatched quality, only 1 in a million product failures ensure maximal protection against contamination. Serres Nemo, a fluid disposal device, secures the emptying of the Serres Suction bag in a hygienic manner while significantly reducing the amount of waste generated in the process. Due to an efficient collection and disposal of an emptied suction bag instead of a full suction bag, healthcare providers can gain up to 97% cost savings while generating up to 97% less CO_2 emissions generated by incineration[1].

Fluid collection

Fluid disposal with Serres Nemo



[1] Based on a carbon footprint of a 2l Suction bag Case Rotterdam report by Serres and PwC, April 2023.

Using Serres Nemo means taking a step towards a more sustainable healthcare.

Serres Suction bag and Serres Nemo

Serres Suction bag

Designed with the environment in mind, Serres Suction bags are exceptionally light and compact. This makes for more compact package sizes and lower logistics and inventory costs, saving on storage space and reducing transport-related CO_2 emissions. The use of thin, yet exceptionally durable plastic film reduces the amount of raw material compared to other similar products on the market. Smart use of resources translates into lower CO_2 carbon emissions during manufacturing and incineration. Serres Suction bags and canisters are PVC free. Upon incineration, PVC contributes to environmental levels of dioxins, which are extremely toxic to humans and the environment.

Serres Nemo

Serres Nemo is an on-site medical fluid waste disposal device. Serres Nemo empties the suction bag's content in a hygienic way. After a medical procedure, a full and capped suction bag is inserted into the Serres Nemo. The device automatically flushes the content into the sewer, without exposure to hazardous spills. Typically, full suction bags are disposed by incineration, causing a high burden to the environment. When producing less waste, the cost for waste disposal reduces significantly as do CO_2 emissions. Serres Nemo is used in the most advanced healthcare facilities, where environmental targets and staff safety are a high priority.

Advantages in and around the hospital

1 Nurse

- Minimal risk of contamination
- Simple to use, easy to learn
- Up to 97% CO_2e[1] reductions from fluid management

2 Cleaning personnel

- Minimal risk of contamination
- Unmatched bag durability - no hazardous spills and extra cleaning
- Less waste to manage

3 Management

- Up to 97%[1] cost savings
- Staff and patient safety
- Increased employee satisfaction
- Up to 97% less gCO_2e[1]

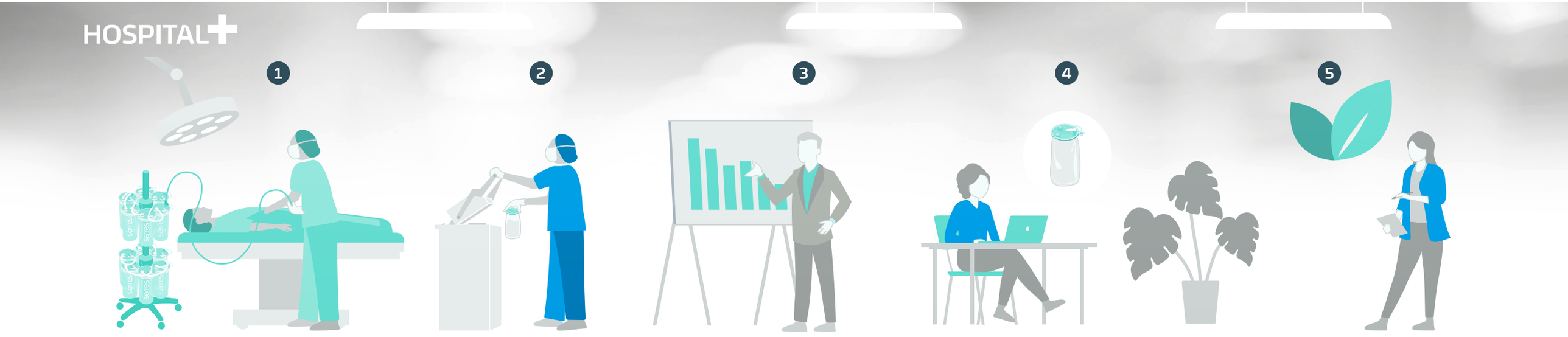
4 Procurement

- 97%[1] supplier delivery assurance
- One bag, versatile usage around the hospital (less SKU's)
- 4-6 times more bags in a box; efficient storage and optimised logistics

5 Environmental Manager

- Up to 97% gCO_2e[1] savings from fluid management
- Fast and easy to implement, immediate CO_2e reductions

[1] Based on a carbon footprint of a 2l Suction bag Case Rotterdam report by Serres and PwC, April 2023.



Carbon footprint of a 2l Serres Suction bag

The growing sustainability expectations of our customers demand for concrete actions to lowering the carbon footprint of our products. The carbon footprint of a Serres 2l Suction bag has been calculated with reference to the GHG protocol and ISO 14044:2006 standards, however, only including CO_2 emissions. Inventory analysis was conducted to assess energy and material inputs and environmental outputs. An impact assessment was conducted to assess the potential climate change impact associated with the CO_2e emissions. (Other emissions and other environmental impact categories were excluded.)

The scenarios:

The following two scenarios were analyzed: in the first scenario, the suction bag is emptied with Nemo device before disposal, while in the second scenario, the suction bag is full when disposed of. For each scenario, a cradle-to-grave approach is applied.

Calculation approach and inventory analysis

Building categories Respective to Carbon footprint approach

Manufacturing			Transportation		Use	Disposal
Inbound logistics	Materials	Energy and heat used in production	Packaging materials	Outbound logistics	Nemo Solution	Disposal

Identifying activities

Transportation of raw materials and packaging materials from suppliers	Raw materials processing and production at Serres manufacturing sites.	Electricity and heat needed for the manufacturing of the suction bag	Packaging materials used for outbound logistics	Transportation of finished suction bags to the destination country and health-care facility.	Suction bag emtying with Serres Nemo	Production waste sent to recycling (Suomen käyttömuovi) and the end product waste send to incineration from the destination country

Carbon footprint calculated with reference to the GHG protocol and ISO 14044:2006 standards, however, only including CO_2 emissions.

Serres – Carbon Footprint of a 2L Suction Bag. Source PwC

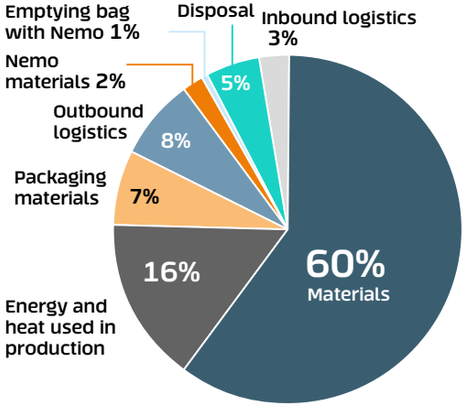
Carbon footprint: Case Rotterdam hospital

The results:

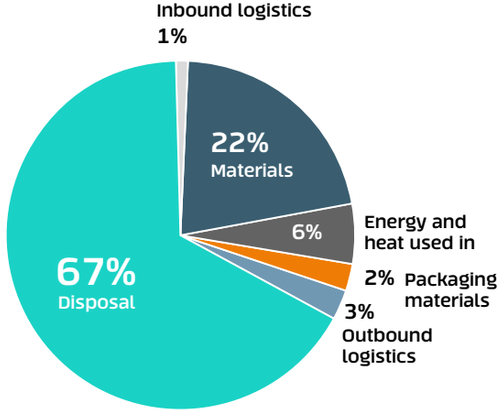
The largest contributor to the total emissions for empty suction bags is raw materials (60%) and the second largest is the energy and heat used in production (16%).

The carbon footprint of the emptied 2l Serres suction bag is 0.20kg CO_2e and the carbon footprint of the full Serres suction bag is 0.55kg CO_2e per bag. For full suction bags, the largest quantity of emissions comes from the disposal phase (67%) and the second largest comes from the raw materials (22%).

Disposal **with Serres Nemo**



Disposal **without Serres Nemo**



Serres – Carbon Footprint of a 2L Suction Bag. Source PwC

Typical differences in footprint calculation results:

1. **Amount of material used in producing a suction bag**
2. **Packaging materials and weight**
3. **Oubound freight type and distance**
4. **Waste transportation**
5. **Waste incineration**

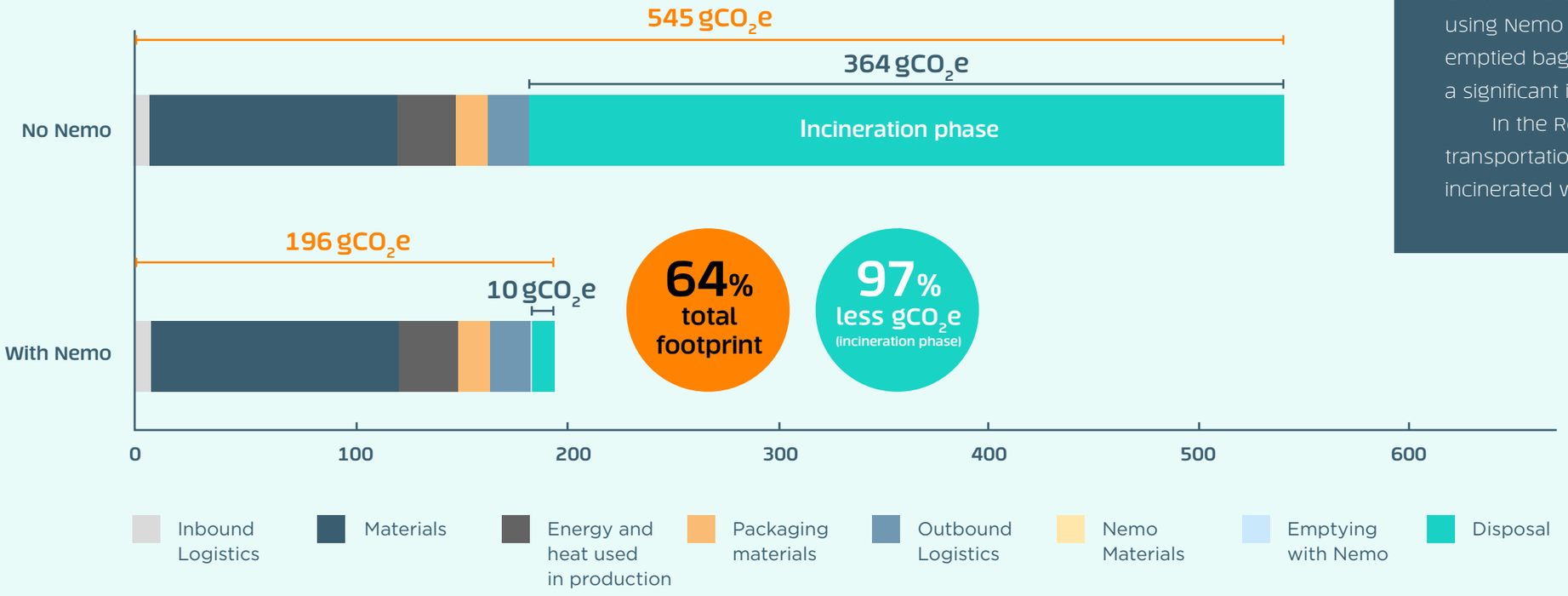
In case of Rotterdam, outbound logistics is within Europe, and including trucks and trucks loaded to a ship.

In the incineration phase in the Rotterdam case plastic boxes are used to transport full bags to incineration, and they are also incinerated with the bags. From the incineration phase 12% constitues from incinerating the full suction bag.

Carbon footprint: Case Rotterdam hospital

Full bag versus emptied bag

Impact of the incineration phase



Serres – Carbon Footprint of a 2L Suction Bag. Source PwC

Based on the case Rotterdam calculation, using Nemo for fluid disposal and incinerating emptied bags versus incinerating full bags has a significant impact on the carbon emissions.

In the Rotterdam case the plastic transportation boxes (fits 6 full bags) are incinerated with the bags.

Did you know:

The results of calculations indicate that the carbon footprint of the emptied 2l Serres suction bag 0.20 kg CO_2e per suction bag is almost an eighth of the emissions compared to a single use of a grocery plastic bag (1.58 kg CO_2e).

Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/291023/scho0711buan-e-e.pdf

Product compliance and safety

We work with the highest quality criteria to guarantee that all our products have the necessary certifications and documentation and are safe for our customers and patients. Product quality and safety are taken into consideration in the early phases of product design, ensuring a thought out full development process and implementation in production. We seek constant feedback from clinicians and hospitals and implement industry standards to meet all expectations.

Regulatory requirements for medical devices

Serres´ business is regulated by several different standards and regulations. These rules and regulations define how we in the medical device sector operate, every single day. Examples of these include ISO 13485, MDSAP (Medical Device single Audit Program) and the European Union Medical Device Regulation (EU MDR). To ensure that we comply with applicable requirements, audits (both external and internal) are carried out on a regular basis at Serres. External audits are performed by accredited third party organisations.

Complaints, vigilance events and CAPA

All complaints related to our products are transferred to the complaint handling system. This also includes serious incidents and near incidents. The complaint handling system includes investigation of the complaint, determination of immediate corrections, preliminary root cause analyses, and analysis of the need for a corrective and preventive action (CAPA) process. If a CAPA process is needed, it will be linked to the complaint. The complaint handling process includes evaluation of the need to update the risk management file if new risks, more serious risks than expected, or more often repeating problems are detected. The Quality Department monitors and participates in the complaint handling process and evaluates the need for vigilance reporting. Any serious incident needs to be reported to the competent authority as stipulated by the European Union Medical Device Regulation (EU MDR). Also, any possible field safety corrective actions need to be communicated.

Complaints, non-conformities, CAPAs, incidents, and near incidents are reviewed quarterly during the CAPA reviews, and the summary of such data constitutes a component of the annual product review.

Patient safety

The Serres suction bag system helps healthcare professionals to manage surgical suction in a safe and hygienic way. Hygienic and smart fluid collection helps to avoid cross contamination and improve patient outcomes. The Serres suction bag system is also used in emergency cases, when the reliability and ergonomics of the system is crucial to support critical situations and patient's lives, helping the user to focus on the essentials for patient care.

Hygiene is at the top of any hospital's priorities. Serres' too. That's why all the solutions we design help ensure hospital staff can work as safely as possible. We protect healthcare professionals from unwanted spills and exposure to biohazardous fluids all the way. The result is a cleaner and safer work environment.

The Serres integrated solution reduces the risk of splash back contamination and spills in the OR, while speeding up turnover times and workflows. With a rapid and easy setup, the team can work more efficiently while reducing the amount of expensive infectious fluid waste and meeting the sustainability goals.

Key performance indicators	Target	2022	2021	2020
Delivery assurance, % average	Above 98%	94.0%[1]	99.9%	99.85%
Customer complaint compared delivered suction bag pcs, ppm[2]	Below 30	1.1	1.3	1.4
Number of internal nonconformities in production compared to the produced pcs, ppm[2]	Below 10	2.3	2.8	4.7

[1] Change in calculation method, not comparable with previous years.
[2] parts per million

Planet

Materials

We actively research into innovations when it comes to our raw materials (e.g. plastics) without compromising patient and healthcare professional safety.

Materials used in Serres production include plastics raw materials, solidifying agents, and components. Most materials mainly originate from Europe with full loads. The use of materials is minimised in our product design. The material efficiency and a reduction in waste from the manufacturing process is a high priority. Material efficiency is measured through the waste from the manufacturing process.

Material selections take into account the requirements of the REACH Regulation No 1907/2006 and RoHS Directive 2011/65/EU. Monitoring of compliance with REACH and RoHS is based on suppliers' declarations and material safety data sheets. The currency of the safety data sheets is monitored by an external service provider.

Key performance indicators	Target	2022	2021	2020
Main raw materials in production, tonnes[1]		2673	2333	2317
Suction bag scrap, average	Below 2.25%	2.0%	2,03%	2,27%

[1] The main raw materials in production are polyethylene (PE) and polypropylene (PP) for suction bags and polycarbonate (PC) for canisters.

Waste and recycling

A circular economy is in the heart of the company and materials are used very efficiently. Waste management at Serres manufacturing is organised based on local waste legislation. Total waste consists of mainly energy waste and recycled waste. No landfill waste is generated. Serres has set targets for the manufacturing factories to increase the share of recycled waste from the total waste.

Producer responsibility for packaging applies to packaging placed on the Finnish markets as well as recycling and collection of imported packaging. Serres fulfils its responsibility through an agreement with Finnish Packaging Recycling RINKI Ltd. According to the Finnish legislation a producer is liable for the recycling and other waste management of its electrical and electronic equipment put on the market by the producer. This obligation is fulfilled through the agreement with the SELT association, which manages recycling, dissemination of information, registration, and other statutory obligations on behalf of its members.

Key performance indicators	2022	2021	2020
Total waste (both factories), tonnes	233	185	208
Hazardous waste (both factories), tonnes	0.2	0.5	0.16
Energy waste, tonnes	75	59	70
Recycled waste, tonnes	158	126	138
Landfill waste, tonnes	0	0	0
Recycling rate, %	79%	68%	66%

Energy

Energy consumption mainly consists of the electricity and heat consumed at the factories. In addition, small amounts of energy are used at the offices. Energy consumption is reported as consumption of electricity at the Kauhajoki and Saarijärvi plants and as district heating at Kauhajoki. The Saarijärvi factory heat consumption is included in the rental and is not reported separately.

Energy and water consumption is regularly monitored, and energy audits are conducted to explore options for improving energy efficiency. The latest energy audit was conducted at the end of 2021. Serres has set a target for its share of renewable electricity. All water consumed is municipal water.

Key performance indicators	2022	2021	2020
Use of electricity, MWh	4648	4254	4232
Share of renewable electricity, MWh	1673	1238	1579
Share of nuclear energy, MWh	1813	1761	1472
Share of fossil energy sources, MWh	1162	1254	1181
Serres share of renewable electricity, %	36.0%	29.1%	37.3%
European level share of renewable electricity[1]	42.92%	41.7%	37.0%
Use of district heating, MWh	1831	1957	1731
Use of water, m^3	1006	960	968

[1] Source: European Residual Mixes, Association of Issuing Bodies

Emissions

There are no significant direct emissions to air, water, or soil from Serres manufacturing operations. The environmental impacts from manufacturing operations are low and no environmental permits are needed. The greenhouse gas emissions from Serres operations arise mainly from the use of purchased electricity and district heat and indirectly from the productions of the raw materials. Scope 2 greenhouse Gas emissions are calculated based on the GHG protocol and the ISO 14044:2006 standards. Serres has also evaluated greenhouse gas emission in the upstream and downstream value chain. The most significant indirect greenhouse gas emissions are related to the main raw materials used for manufacturing, upstream and downstream transportation, and to the end of use of the products. For Scope 3 emissions, Serres has estimated emissions from the main raw materials in the production of suction bags, and has collected emissions data for outbound logistics from the logistics supply partners.

Key performance indicators	2022	2021
Greenhouse gas emissions Scope 1, tCO_2e	0	0
Greenhouse gas emissions Scope 2[1], tCO_2e	1529	1672
Greenhouse gas emissions Scope 3 • Main raw materials for suction bags production[2], tCO_2e • Outbound logistics[3], tCO_2e	 5108 736.5	 4350 402

[1] Greenhouse gas emissions from purchased electricity is calculated based on the electricity utility-based energy mix (156 g/kWh). The Kauhajoki factory is using district heat and the GHG emissions are calculated in a manner based on the local district heat emission factor provided by Motiva (350 g/kWh). Heat for the Saarijärvi factory is included within the rent. The GHG emissions are estimated in a manner based on light fuel oil use and fuel specific emissions factors (Statistics Finland, Fuel classification, 2022)

[2] Emissions for the main raw materials used in the production of suction bags are calculated based on emission factors and information provided by Eco-profiles and Environmental Product Declarations of the European Plastics Manufacturers and raw material suppliers.

[3] GHG emissions for downstream transportation are reported based on information provided by the four logistics service partners responsible for product transports from the factories to the distributors. The outbound logistics have increased from last year due to the enhanced reporting from the logistics service partners, and the increase in production.

Logistics

In the logistics planning, the products deliveries are made in the largest possible delivery units or as full loads. For 2021, the logistics partners for the first time provided the greenhouse gas emissions from outbound logistics. The majority of outbound transports are completed via road and sea.

Key performance indicators	2022	2021	2020
Share of outbound transportation by transport mode			
Air	0.3%	0.4%	0.4%
Road	66.2	66.6%	66.3%
Sea	33.5	33%	33.3%

People

Employee well-being and engagement

Serres Oy has acquired feedback from its employees for years through an employee survey with the help of an external partner. The aim is to increase the employees' engagement through the insight gained from the survey, with the development actions based on the needs - and thereby create an even better basis for a good employee experience and operational efficiency. In this way, implemented professionally, the employee survey provides an excellent basis for recognising the strengths and potential development targets for Serres Oy. Through the survey, management gets up-to-date and accurate information for addressing any potential issues and maintaining the organisation's strengths also in the future, supporting employees in their everyday life and longer-term development and engagement.

The People Power index provides an overall rating of the results of the employee survey. In November 2022, Serres Oy's PPI was at level four (70.3/A+) on a seven-point scale. Serres has succeeded slightly better in the last two years (2021 and 2022) than what was the employers' general norm in Finland.

Key performance indicators	2022	2021	2020
Employee survey			
• Response rate, %	86.8	84.8	86.2
• PeoplePower index	70,3	71,0	66,9
• PeoplePower rating	A+	AA	A+
Number of employees, 31.12	151	151	154
Employees by employee group			
• White collar	59	64	63
• Blue collar	92	87	91
• External workforce	24	21	21
Employees by employment contract type			
• Permanent employees, %	95%	96%	97%
• Temporary employees, %	5%	4%	3%
Employee by gender			
• Female, %	59%	59%	60%
• Male, %	41%	41%	40%
Employees by age group			
• Below 20 years, %	0%	0%	0%
• 20-29 years, %	8.6%	9.3%	7.8%
• 30-39 years, %	19.9%	21.1%	21.4%
• 40-49 years, %	27.8%	28.5%	28.6%
• 50-59 years, %	33.8%	30.5%	30.5%
• Over 60 years, %	9.9%	10.6%	11.7%
Average age of employees, years	46	45	
Newcomers			
• White collar	6	9	10
• Blue collar	9	10	1
• External workforce	51	37	67
Leavers			
• White collar	13	9	7
• Blue collar	4	13	6
Attrition rate (white-collars, 12 months rolling)	7.9	3.3	3.2
Retirements			
• Retirement (old age pension)	4	3	0
• Retirement (other)	0	0	2
• Average retirement age	64	64	62

Occupational health and safety

Serres has systematic occupational health and safety management practices in place. The management is responsible for defining, organising, and ensuring the general guidelines of occupational health and safety, and ensuring that occupational health and safety related activities are properly organised and effective. Serres has an organisational culture that values safety, quality, and continuous development. The managers and shift supervisors are responsible to the day-to-day implementation of occupational health and safety. They are responsible for the working conditions, facilities, machinery, equipment, and for the control of working methods. The employees must follow the regulations and act to promote safe working practices including the use of personal protective equipment. Regular safety trainings are provided for employees.

Occupational Health and Safety Committee

The Occupational Health and Safety Committee is a co-operative body between management and employees. The task of the Occupational Health and Safety Committee is to monitor working conditions and take initiatives to improve working conditions. The Occupational Health and Safety Committee monitors the implementation of the action plan and follows the guidelines of the occupational health and safety action plan. The accidents at work, actions in near misses, the grievances identified by the occupational health and safety commissioner, and the risk assessments are all updated to the action plan. The assessment and implementation of the initiatives given by the Occupational Health and Safety Committee is the responsibility of the company management.

Risk identification and incident management

The hazards and risks of the work environment are identified and evaluated. Accidental, chemical, physical hazards, physiological stress, mental strain, mental and physical violence, and social stressors are examples of issues evaluated. In the identification and assessment of hazards, the best practice is used, for example, monitoring visits or occupational health and safety authorities and forms and indicators related to such visits. Risk assessments are always updated when working conditions change, but at least once a year.

The accidents at work, actions in near misses, the grievances identified by the occupational health and safety commissioner, and the risk assessments are all updated to the action plan. The employees are encouraged to take initiatives regarding workplace safety, health and other issues to employer and receive feedback from them. All initiatives and feedback are considered as components of building a systematic safety culture.

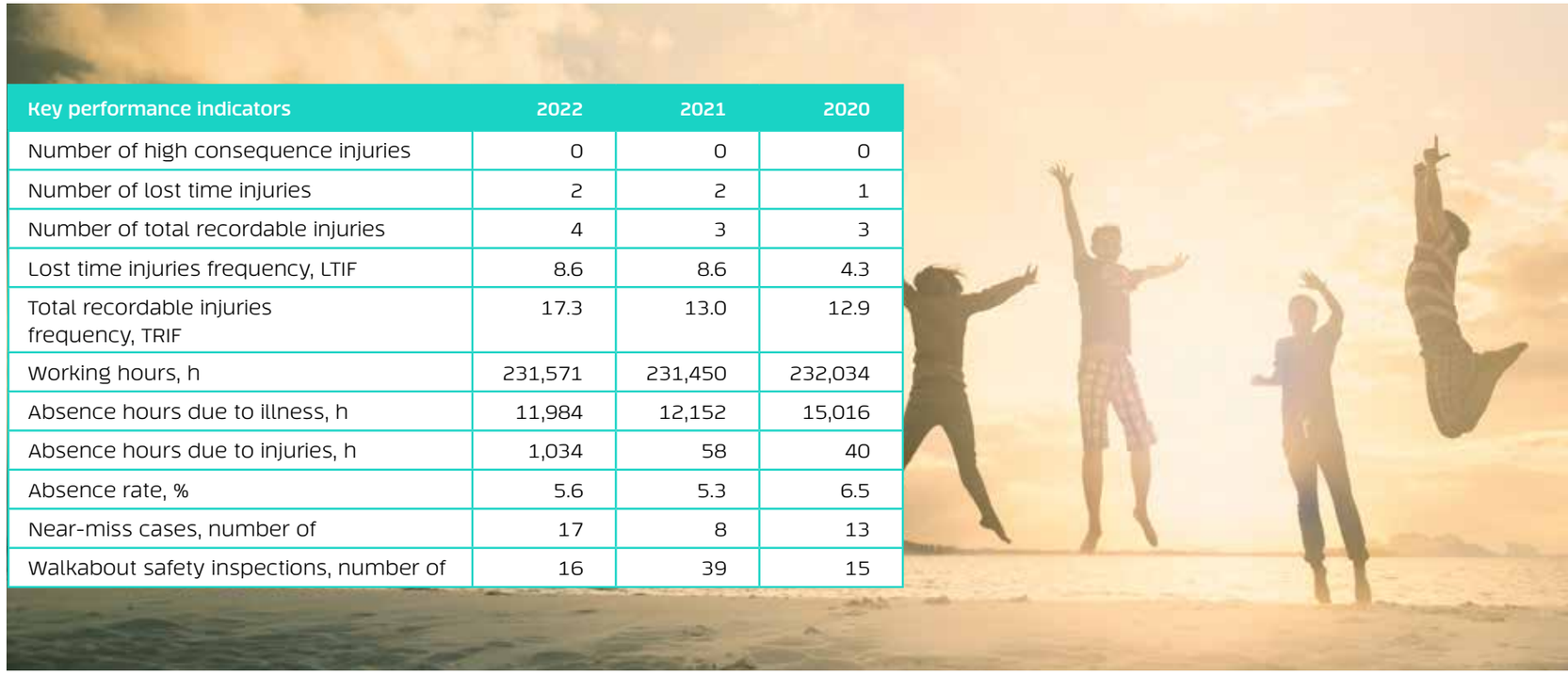
Accidents at work and sick leaves are recorded and the statistics are used for developing occupational health and safety practices. The work environment is also monitored through internal audits included in the operating system. Based on the audit results, the management team can then eleborate actions for improvement. The impact of these actions is constantly monitored. In each accident case, an accident report is generated and stored. In the event of a major accident, the authorities are informed and investigations are conducted.

Preventive safety measures are implemented, such as regular walkabout safety inspections and safety observation. A safety observation is a finding related to a deficiency in physical working conditions or work actions, and which may pose an increased risk to occupational safety or a process safety event. Safety observations can also be positive observations of best practices in physical working conditions or work actions.

All employees are covered by occupational health services. Occupational health includes e.g. the following areas: entry health checks (for new employees), periodic health checks, workplace surveys, and medical care.

We work closely with the Occupational Healthcare Department to maintain working capacity and promote well-being at work. Our occupational health care contract is comprehensive, and is designed to supports employee health. We develop approaches to the management of sick leave and work ergonomics. In addition, comprehensive health insurance has been taken out for the personnel. The scope of the occupational health care is the same for all. We receive consistent and clear reporting on the number of sick leaves and the classifications for their causes.

Key performance indicators	2022	2021	2020
Number of high consequence injuries	0	0	0
Number of lost time injuries	2	2	1
Number of total recordable injuries	4	3	3
Lost time injuries frequency, LTIF	8.6	8.6	4.3
Total recordable injuries frequency, TRIF	17.3	13.0	12.9
Working hours, h	231,571	231,450	232,034
Absence hours due to illness, h	11,984	12,152	15,016
Absence hours due to injuries, h	1,034	58	40
Absence rate, %	5.6	5.3	6.5
Near-miss cases, number of	17	8	13
Walkabout safety inspections, number of	16	39	15



Competence development

The aim of competence management and development is to find out what competence is needed to implement the strategy and our annual targets, and to guide measures concerning what and how competence is acquired and developed. By developing and managing competence, we ensure that the competence of our personnel meets the requirements of work both today and in the future, all of which reduces mental strain, increases job satisfaction, and improves a sense of ability to do the work. All our employees have equal opportunities to develop their professional skills, e.g., via education and on-the-job learning. The starting point for development and training are the needs derived from the company's strategy and business operations. The aim is to promote job rotation both for similar types of tasks and between different parts and functions within the organisation. We also encourage job rotation between different subsidiaries.

One example of our commitment to competence development is the Paree Leading for Future program, which is targeted both to our current and future leaders. Another example is the Excellent Supervisor program for factory managers and supervisors. In addition to developing leadership, we also develop technical skills, e.g. when implementing new working methods or machinery or when improving our language skills.

Performance discussions

Performance management constitutes an annual, business driven process that aims to improve individual and collective performance. Performance discussions (performance review, target setting and discussion of the Individual Development Plan) are components of a continuous dialogue process implemented throughout the year; giving feedback, providing recognition, and coaching. Performance is not just about what we achieve (goals), but also how we achieve (value-based behaviours). Our annual bonus system is designed to be engaging and motivating, while at the same time encouraging collaboration and good performance: the bonus is integrated within the performance management process. The development of people towards excellence, the building of skilled teams, and the guiding of successful collaborations are all in the core of our roles as leaders.

Equality plan

The goal of the Equality Plan is to promote equality and non-discrimination and to prevent direct and indirect discrimination and harassment in our work community. The plan has been prepared in accordance with the obligations imposed by the Equality Act. Using the procedures explained in the Equality Plan, we communicate our commitment to the systematic promotion of diversity, equality and inclusion in the workplace, and the prevention of discrimination. Our company's operations are based on the vision and strategy approved by the company's Board of Directors, as well as on the values developed together with all our staff. Based on our values, our company endeavours to treat its staff fairly and with equality. As far as is possible, the aim is to promote equality, e.g., in recruiting, developing, and supporting staff, as well as with career opportunities and with reconciliation work and family life.

Profit

Code of Conduct

In our daily work we live by our values. Focusing on our customers, we always aim for the highest quality in all that we do. Our Code of Conduct is an reflection of those values. Our Code of Conduct covers our basic ethical standards and core values that are applicable to all of us, all of the time. The topics covered by the Code of Conduct include human rights, principles and rights at work, wages and working hours, environment, health and safety, anti-corruption, regulatory compliance, relationships with third parties, and the raising of concerns through a whistle-blower channel.

Serres' Management is committed to complying with its Code of Conduct and also expects compliance from all its employees. Prevention of violation is easier than facing the consequences. All compliance concerns are addressed in accordance with Serres' internal processes, also through the whistle-blower channel. No adverse work-related consequences will be imposed for raising any concern about the compliance with its Code of Conduct. Any investigation will be conducted confidentially, and consequences will be considered only after completion of the investigation.

The Code of Conduct is communicated to all employees.

E-learning and training

Distributors and service partners can independently perform product training and service training for all Serres products. They register at the education system and are given learning paths to complete according to their own interests. Serres service monitors who are in the system and what training they want to complete. Serres can remove individuals and change the learning paths they use. The product manager is responsible for the content of the training that matches the content of the product training defined in the Teamcenter. Similarly, the training provider responsible for the topic decides whether the training should include a test. Serres is able to monitor training and test performance. If necessary, as is always the case in service training, the trainee shall receive a training certificate that will be stored in the person's data in the CRM system. At periodical intervals (3 years), the service personnel at the very least are required to complete recertification training.

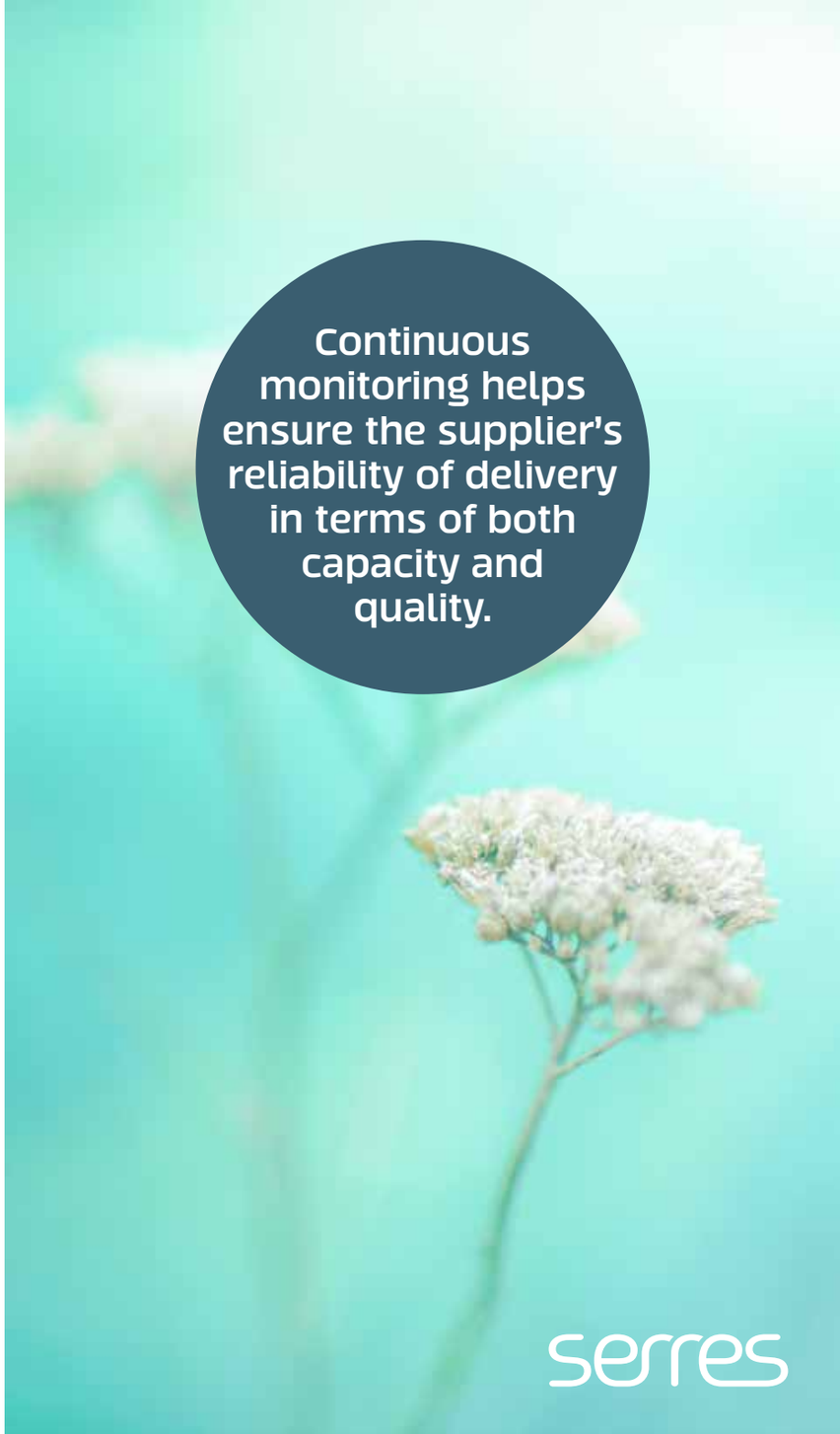
Business partners

Serres has a global distribution network and sales in over 70 countries. The distributors represent Serres brand in sales situations and healthcare facilities around the world. All Serres distributors have approved the Code of Conduct. Sustainability has been high on the agenda in the annual Global Serres Distributors meetings.

The Serres supply chain consists of materials and services suppliers, subcontractors, and contract manufacturers. Sustainability is a part of the supplier evaluation process, and the Code of Conduct is communicated to the main raw materials suppliers. Co-operation with contract manufacturers takes into account sustainability.

The procurement process is the way to implement sustainability in the supplier management. The process starts with the procurement planning when potential suppliers are identified. The goal of the selection and approval of potential suppliers is to find the most suitable suppliers for the procurement need. A risk mapping is conducted for these supplier candidates, decisions on any evaluation visits are reached, and the visits are carried out. This information is used for the evaluation, classification, and approval of suppliers, before the measures required for the supplier category including the sustainability-related actions are carried out. The specification of purchase information and the finalisation of procurement aim to ensure that the controls applied are proportionate to the risk and that written proof is available of the procurement. The delivery control ensures that the required goods and services arrive on time and that they correspond to the specifications. The measurement of supplier performance refers to the monitoring related to supplier deliveries, which may reveal nonconformities that call for measures to be taken. Continuous monitoring helps to ensure the supplier's reliability of delivery in terms of both capacity and quality. The key measures at this stage are related to supplier audits, communication with suppliers and, to the extent required, management of feedback and corrective actions.

Key performance indicators	Target	2022	2021	2020
Supplier delivery assurance, %	> 95%	97.0%	97.8%	98.2%



Economic performance

Serres Oy is a Finnish family-owned company with a focus on sustainable business and long-term value creation. In 2022 the net sales were 35,7 million euros and the profit was 490 thousand euros. Serres is a profitable and financially solid company that is investing in a sustainable future. In 2022, our research and development expenditures were 0.8 million euros, representing 2.3% of its net sales. The focus of R&D activities is in the design for sustainability.

Serres aims to create long-term tangible value for its key stakeholders. Healthcare professionals and hospitals are Serres' primary customers, where quality, reliability and accuracy are all essential. In 2022, Serres' delivery assurance was 94.0 %. Serres creates jobs directly for around 200 persons as well as for several others in its supply chain. In 2022, Serres paid salary costs of 7.6 million euros. Our distributors are the link between Serres and its consumers. They provide information on how to best create value to healthcare professionals with Serres products. Serres provides support for the distributors to develop their business via Serres Extranet as well as specific tools and regular Global Serres Distributor meetings.

Serres is an active member of the local communities where it operates. Serres supports activities promoting social responsibility and community engagement. In 2022, Serres sponsored local sports and societies.

Reporting principles

Reporting principles

Serres conducted a materiality assessment in 2022 to define the most material sustainability topics. First, we identified all relevant sustainability topics based on the impacts of our business in the whole value chain and the expectations of our key stakeholders. Based on the identification phase we then recognised the most relevant environmental, social, and governance topics. The identified topics were then prioritised as sustainability focus areas by Serres' Management. We clustered topics to four priority areas, covering our clients and products, our impact to the planet, our people, and the economic responsibility for our activities. Finally, the topics were validated to ensure completeness and relevance of the content, and relevant metrics were then selected for the sustainability report.

The reporting period corresponds to the calendar year and with Serres Oy's financial year of January 1–December 31, 2022. Serres Oy's sustainability reporting covers functions under Serres Oy's operational control. Data is collected by Serres' Quality team from the existing operative management systems, purchasing records, energy audits, the HR-system, financial accounts, and Responsible Care -reporting. Data quality and credibility is internally reviewed, and the sustainability report is approved by Serres' Board of Directors.

serres

In order to get to know us better and find out more about how we can help you, please visit **serres.com**

Serres Oy
Keskustie 23
FI-61850 Kauhajoki as., Finland

6007867