

serres



Sustainability Report

2021

Serres Sustainability Report 2021

This is the first 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 structure of the report is in the line with the EU Corporate Sustainability Reporting Directive (CSRD) covering Serres sustainability strategy, implementation, and performance measures. The report is under the responsibility of and approved by Serres Board of Directors.

Content

- Company profile4
 - Serres in brief.....5
 - Key facts5
 - Activities.....6
 - Mission, Vision and Values7
 - Value chain.....7
- Statement on sustainable development strategy8
- Sustainability framework10
 - Sustainability focus areas and priorities11
 - Management approach13

- Sustainability Priorities.....14
 - Clients and products15
 - The Serres fluid management solutions.....17
 - Product compliance and safety.....19
 - Planet.....20
 - Materials.....20
 - Waste and recycling20
 - Energy21
 - Emissions21
 - Logistics21
 - People23
 - Employee wellbeing and engagement23
 - Occupational safety and health24
 - Competence development24
 - Profit.....27
 - Code of Conduct27
 - Business partners27
 - Economic performance.....29
- Reporting principles30

Company profile



SERRES IN BRIEF

Serres is the progressive leader in smart medical fluid management solutions around suction. Through our solutions, we help healthcare professionals to succeed in their daily work. Supporting over 60,000 operations a day, Serres suction systems help healthcare professionals around the world focus where it matters. With headquarters in Finland, we serve our customers in 50+ countries with our global distributor network. Serres is a part of Paree Group, which is an established and progressive Family-owned Finnish company, with a strong focus in on medical technology, international operations and continuous development.

Key facts

Founded in
1973

Focused on
high quality fluid
management
solutions

Pioneer
in safe and smart
solutions around
surgical suction

Global distribution
network with sales
**in 50+
countries**

Research and
development
expenditures
**3,7%
of net sales**

HQ, design and
manufacturing
in Finland

Turnover
30 M€

Employees
around
200



Activities

Serres has two manufacturing factories in Finland and a global distributor network to make sure that our products are available where and when healthcare professionals need them. We operate in regions around the globe with specific distributors. Our trusted local partners are considered as our extended family, and we look forward to the continued collaboration.

Our products are used in all areas of the hospital. From the start we have focused on solutions around surgical fluid suction and collection and on developing new ways to enhance the process from suction to disposal. Our products are used in situations where there is no room for failure. That's why all our products undergo rigorous testing for maximum reliability. We work closely with healthcare professionals directly or through our distributors. Our products are designed to improve the entire workflow around fluid management. We develop holistic solutions around fluid collection that ensure a controlled environment throughout the process.

Serres Suction Bag Systems are an essential part of any operation, making fluid collection hygienic, reliable, and convenient. Serres Nemo creates value from a cost-efficiency, work efficiency and occupational safety point of view, making fluid disposal safer, cleaner, and easier than ever before, as well as lowering the energy consumption and carbon footprint in the process. Serres SAGA is an automatic integrated fluid management system that simplifies suction and fluid collection for surgical procedures where larger amounts of fluids are handled.



PURPOSE AND VALUES

Our purpose:

Together we make surgical fluid management safe and smart

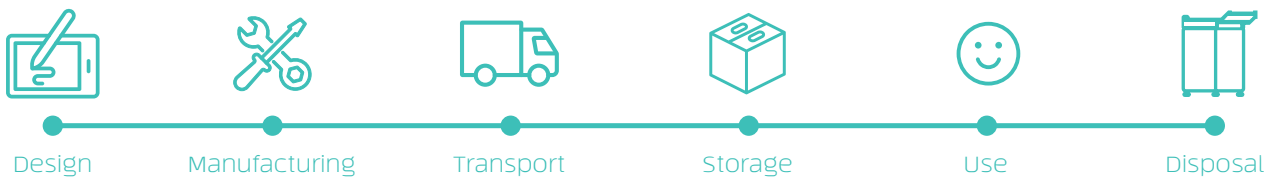
Our values:

Customer focus, Quality, Courage to change, Fairness and respect, Viability

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. Having the courage to change and progress, showing our caring by treating customers, colleagues and other people with fairness and respect, and nurturing our viability, we ensure that we can build continued success with relevant offering. 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 solutions that decrease the environmental impacts at every stage of the lifecycle, from solution design to disposal. Serres helps healthcare facilities become more sustainable with solutions that have concrete benefits and a measurable influence on the environmental impact of the whole process. Designing smart, more sustainable choices



for fluid management starts by looking at the entire lifecycle of the solutions. The most significant sustainability impacts are related to the overall lifecycle of our products. In addition, Serres pays attention to the environmental impacts of manufacturing and logistics. The wellbeing and safety of employees, workers in the value chain, healthcare employees and patients are important part of our sustainability. Serres is committed to responsible business practices in own operations and when working with business partners.

Statement on sustainable development strategy



STATEMENT ON SUSTAINABLE DEVELOPMENT STRATEGY

Serres has always taken a stand on sustainability. Our products provide an unmatched, cost-efficient, hygienic and safe method for fluid collection. Our solutions are used in thousands of surgery procedures every day. Our main product is a single use plastic disposable suction bag that normally is incinerated with its content after use. The procedure has an impact on the environment. Bearing that in mind we have invested in minimizing the impact through 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 system to that enables hospitals to minimize material sent to incineration.

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 is ten times more than in general surgery. Building on this we estimate that fluid collection units will grow 6% annually.

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 (Delivering a 'Net Zero' National Health Service, NHS, 2020). We see a trend of hospitals and healthcare providers requiring more environmentally friendly solutions both in materials and waste reduction.

Also, the covid-19 pandemic has even further increased the need for infection control. Single use solutions for fluid handling still provides the safest method for healthcare professionals and patients at the same time fulfilling the various country regulations.

Another market trend is the introduction of devices that combine suction, fluid collection and waste disposal directly into the hospital sewer with single solution. These devices simplify the workflows and are

often marketed as a more sustainable solution. However, it is important to take all aspects into consideration when comparing this with a suction bag workflow: consumption of single use patient manifolds energy consumption, cleaning detergents' burden and overall stress on the hospital sewer waste treatment.

Serres is currently re-developing its company strategy based on the recent market trends. Sustainability will be one of the main pillars and we target to follow the proposal for a Corporate Sustainability Reporting Directive (CSRD) to the benefit of our customers, co-workers, suppliers, and owners. For Serres all topics of sustainability are equally important given the urgency of contributing to solutions that lowers our carbon footprint we stress some specific commitments in relation to this.

Our commitments are the following:

- Partner with hospitals to build systematic knowledge about environmental impact of various clinical product solutions with the aim to reduce footprint based on usage of our products without moving the problem somewhere else in the environmental impact chain.
- Incorporate design for environmental sustainability in our product design controls
- Take the lead on sustainable innovation where our co-workers are praised for their commitment to sustainability
- Continue our commitment to an efficient manufacturing and supply chain with the aim to deliver our products with a minimal viable impact on the environment



Nicke Svanvik
Serres Oy
managing director

Sustainability framework

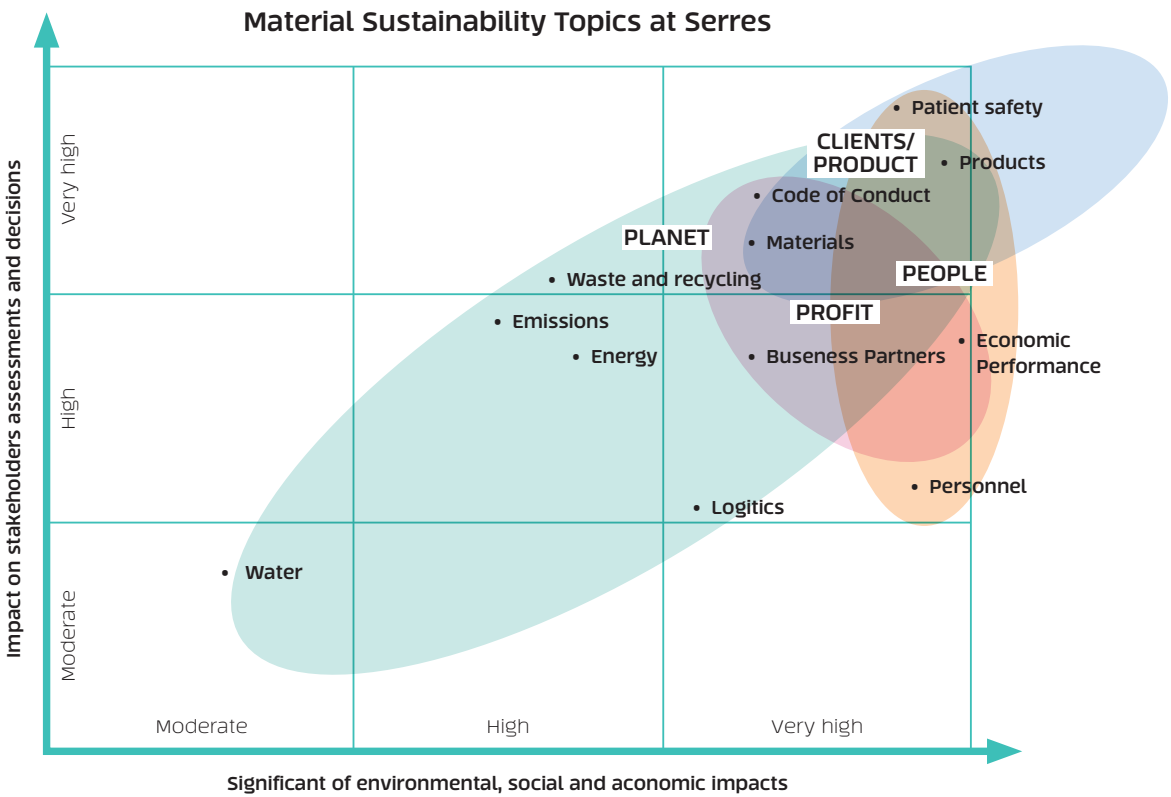


SUSTAINABILITY FRAMEWORK

Sustainability focus areas and priorities

Serres is committed to ambitiously develop solutions to tomorrow's problems. We make an impact today for a healthier and sustainable tomorrow. 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. We want to contribute to long-term improvement for people and their health. Our operations are centred around values, which are vital to attract and keep top talents and customers. We believe profitability and sustainability to be equally important – often one can drive the other. We are part of the problem – and of the solution.

In spring 2022 Serres conducted a materiality assessment to define the most material sustainability topics. In the process the most significant environmental, social and governance related impacts in the overall value chain were identified and prioritized as Serres sustainability focus areas. The focus areas provide a balanced sustainability framework to long-term commitment and value-driven sustainability in the whole value chain.



The sustainability priorities and related metrics and targets are described in the table below.

Focus area	Objective	KPIS	Targets	Performance
Clients/ Products	To ensure customer satisfaction	Delivery assurance, %	Above 98%	99,9%
	To ensure quality of processes, customer satisfaction, follow quality experienced by customer and detect risks and needs for improvement	Customer complaint compared delivered suction bag pcs, ppm	Below 30	1,3 ppm ¹
	To ensure quality of processes and detect risks and needs for improvement	Number of internal nonconformities in production compared to the produced pcs, ppm	Below 10	2,7 ppm ¹
Planet	To ensure efficiency of processes and minimize use of materials	Suction bag scrap, average	Below 2,75%	2,03%
	To increase use of renewable energy sources	Serres share of renewable electricity, %	Above European average	29,10%
	To increase recycling of waste	Recycling rate, %	Factory specific targets set	68%
	To minimize greenhouse gas emissions from the product use and in own operations	Greenhouse gas emissions (Scope 1 and 2), t CO ₂ e	GHG-emissions inventory and product carbon footprint calculated in 2022	1672 t CO ₂ e
People	To ensure employee satisfaction and engaged employees	PeoplePower index		71,0
	To ensure safe working environment	Number of lost time injuries		2
	To engage employees and keep employee turnover low	Attrition rate (white-collars, 12 months rolling)		3,3
Profit	To ensure long-term sustainable business	Share of research and development expenditures from net sales, %		3,7%
	To ensure supplier delivery reliability	Supplier delivery assurance	> 95%	97,8%

1 Parts per million



Management approach

Sustainability is embedded to 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 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 the time. The Quality and Environmental Policy defines principles for corporate social and environmental responsibility and the commitment to improve 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 business using the quality and environmental indicators and objectives we have set for ourselves.

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

Key stakeholders and their expectations are always taken into account. Serres is committed to 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, distributors 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.	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 inquiries



sustainability priorities

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT



SUSTAINABILITY PRIORITIES

Clients and products

Serres contributes to minimizing the environmental impact of healthcare by looking at the entire process of fluid management and designing the smartest solution for each phase.

As the progressive leader, we always seek new ways to reduce our impact on the environment to benefit our customers with safe and sustainable solutions around suction. Our sustainability initiatives extend from lean manufacturing and efficient use of raw materials to product design, product range optimization and end-of-life solutions for medical fluid waste disposal. We prioritize sustainable raw materials.

We care for the people who rely on our equipment in their work, and we want to make sure they can focus where they truly bring value: caring for the patients. Our products support over 60 000 operations each day in all areas of the hospitals in more than 50 countries.

We are dedicated to make medical fluid collection, fluid disposal and fluid management smarter, so that healthcare professionals can better focus where it matters. Our integrated Serres solution for fluid collection

and disposal promotes safer, smarter, and more sustainable fluid waste management in the hospitals.

Serres suction bag system is trusted to provide reliable fluid collection. Serres bags are designed for safety and durability. Serres Nemo offers a new way of disposing of medical fluid waste. It cleans up the whole process by protecting healthcare professionals from unwanted spills and exposure to biohazardous fluids. The result is a more clean, safe, and ergonomic work environment. It is designed for on-site disposal of fluid medical waste into sewer in a clean and easy way. Together Serres Suction Bag System and Nemo offer a complete solution from suction to disposal.

Serres Saga Fluid Management System is designed to manage large fluid volumes in operating rooms and improving efficiency, safety, and patient care. The system collects surgical fluids and measures the volume differential between irrigated and recovered liquid.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

“We care for the people who rely on our equipment in their work, and we want to make sure they can focus where they truly bring value: caring for the patients.”



Advantages in and around the hospital

1. Hospital management

- Quality products that create value in use and over time.
- Reliability and ease of use promote occupational safety and enhance job satisfaction.
- Sustainability built into products through responsible actions in factories, design and use of materials.

2. Ward domestic

- Enabling clean fluid waste disposal promotes workplace safety.
- Decreased risk of infection.
- Serres Nemo speeds up disposal with its 20-second emptying cycle.

3. Nurses

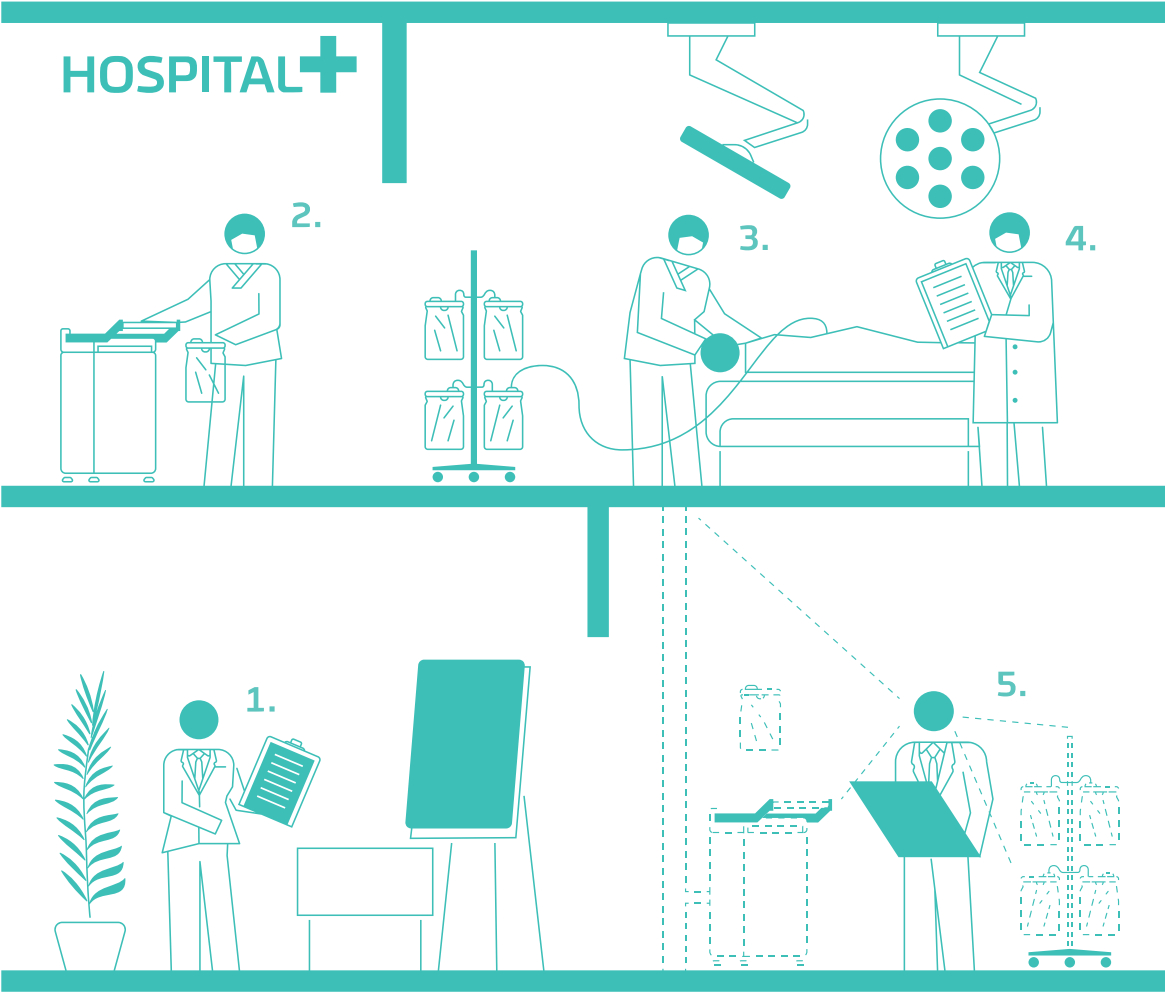
- Smoother, faster and safer workflow.
- Easy-to-use solutions virtually eliminates human errors.
- High quality bags remove unnecessary frustrations and contamination risks.

4. OR Managers

- Versatility of solutions eases day-to-day work.
- Workflow improvements from fluid collection to disposal.
- Serres Nemo is a cost-efficient solution that pays itself back in use.

5. Procurement

- With Serres Suction Bags, you can achieve up to 88% reduction of storage space compared to some other solutions in the market.
- One bag can be used in different operations and areas of the hospital.
- We keep our promises and deliver on time.



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

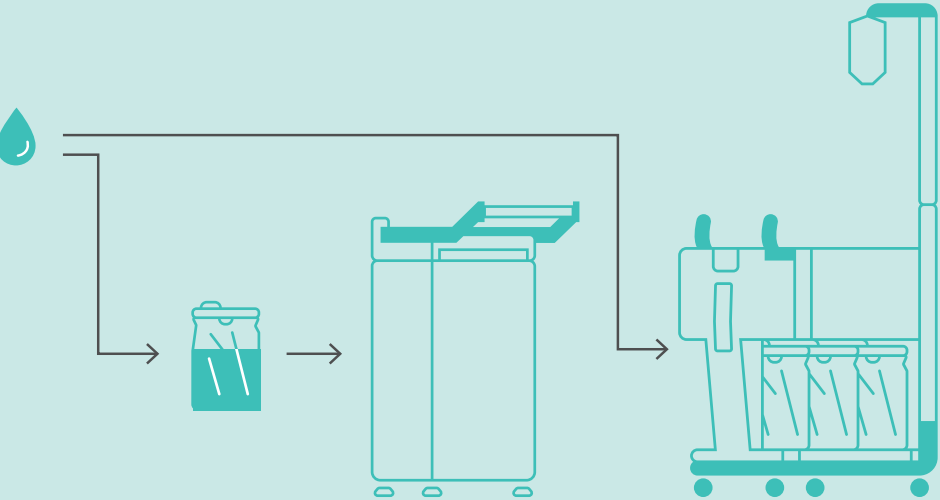
PLANET

PEOPLE

PROFIT

The Serres fluid management solutions

We develop holistic solutions around suction that ensure a controlled environment throughout the process. With our solutions the medical fluid management is as hygienic, safe, sustainable, and efficient as possible.



Serres solutions made smart for the environment

We make healthcare more sustainable by designing solutions that help decrease the environmental impact of fluid management around suction. We look at the impact across the healthcare lifecycle to make Serres the sustainable choice for the healthcare professionals.



- Minimizing the environmental impact starts from purchase to design
- With production in our own hands, we control the impact of the process
- Product design and packaging that is ideal for smart transport
- Smart space-saving packaging creates efficiencies in hospitals
- Solution designed to be more environmental in use with a positive influence also on cost-efficiency, safety, and wellbeing at work. By using Serres Nemo, it is possible to reduce medical fluid disposal cost up to 97%.
- Minimizing waste and the Serres Nemo waste disposal equipment significantly decrease the carbon footprint of fluid waste disposal.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

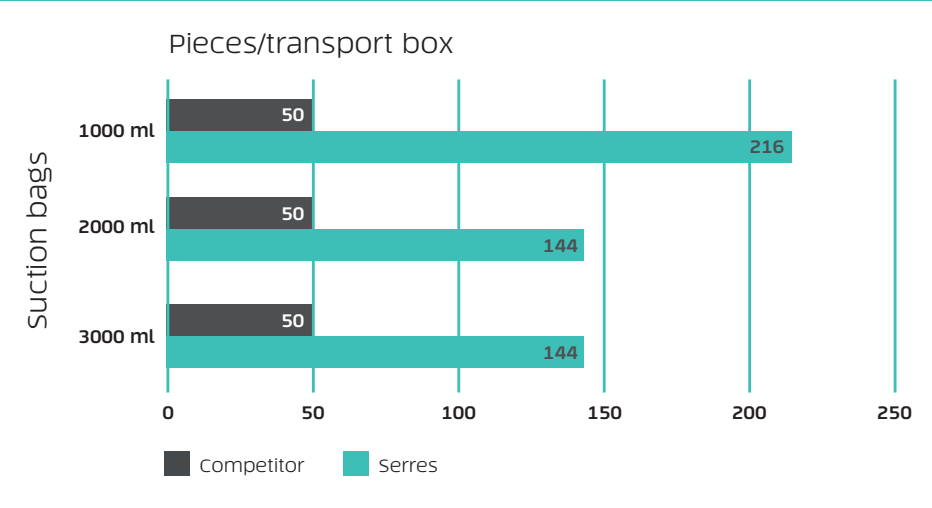
PLANET

PEOPLE

PROFIT

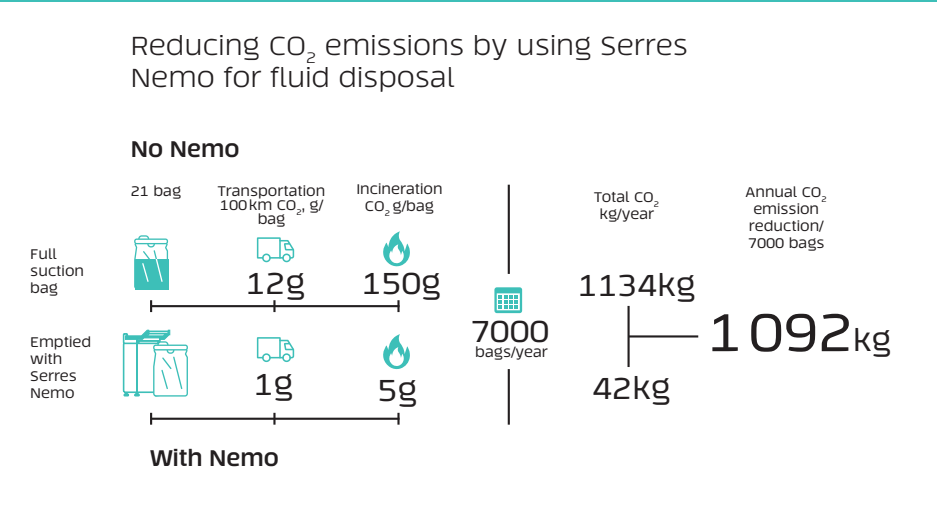
Serres solutions are both sustainable and cost effective. Designed with the environment in mind, Serres Suction Bags are exceptionally light and compact. This makes for more compact package sizes and lower logistics and inventory costs, resulting up to 88% reduction on corrugate, storage space and CO₂ emissions on transport. Package optimization also minimizes the resulting packaging waste. 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 CO₂ emission during manufacturing and incineration. When incinerated, empty Serres suction bag results in up to 58% reduction on CO₂ emissions when compared to similar products.

In addition, Serres Suction bags and canisters are PVC Free. Upon incineration PVC contributes to the level of dioxin, which is extremely toxic to humans and the environment.



Serres Nemo equipment for suction bag emptying.

Instead of disposing full suction bags by incineration, Serres Nemo flushes the suction bag's content into the sewer, where local regulation and practices allow for this, thereby reducing hospital waste and offering healthcare professionals a more environmentally friendly and cost-effective option to fluid waste disposal, not to mention the user-friendliness.



After a medical care procedure, a full suction bag is either transported to incineration or first the content is emptied with Serres Nemo and only the empty bag is transported into incineration.

- In our example, the incinerator is 100km away from the healthcare facility.
- One full 2l Serres Suction Bag generates 12g of CO₂ emissions / 100km.
 - One empty 2l Serres Suction Bag generates 1g of CO₂ emissions / 100km.

- Incineration of the bag**
- One full 2l Serres Suction Bag generates 150g of CO₂ emissions.
 - One empty 2l bag Serres Suction Bag generates 5g of CO₂ emissions.

- The carbon emissions in a facility that uses 7,000 bags per year.**
- Disposal of full Serres Suction Bags amounts to 1,134kg of CO₂ emissions.
 - Disposal of only empty Serres Suction Bags amounts to 42kg of CO₂ emissions.

Serres Nemo saves 1,092kg of CO₂ emissions from being released into the environment per year. As waste disposal apply only to empty suction bags rather than fluid waste.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

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.

Regulatory requirements for medical devices

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

Complaints, vigilance events and CAPA

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

Complaints, non-conformities, CAPAs, incidents and near incidents are reviewed quarterly during the CAPA reviews, and the summary of these data is part of the Annual product review.

Patient safety

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 more clean and safe 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 fast 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	2021	2020	2019
Delivery assurance, % average	Above 98%	99,9%	99,85%	99,85%
Customer complaint compared delivered suction bag pcs, ppm ¹	Below 30	1,3	1,4	1,3
Number of internal nonconformities in production compared to the produced pcs, ppm ¹	Below 10	2,8	4,7	5,5

1 Parts per million

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

Planet

Materials

Materials used in Serres production consists of plastics raw materials, solidifying agents, and components. Main materials are mainly coming from Europe with full loads. The use of materials is minimized in the product design. The material efficiency and decrease of scrap from manufacturing process is a high priority. Material efficiency is measured through scrap 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 compliance with REACH and RoHS is based on suppliers' declarations and materials safety data sheets. The up-to -datedness of the safety data sheets is monitored by an external service provider.

Key performance indicators	Target	2021	2020	2019
Main raw materials in production, tonnes ¹		2333	2317	2332
Suction bag scrap, avegage	Below 2,75%	2,03%	2,27%	2,52%

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

Waste and recycling

Circular economy is in the heart of the company and materials are used very efficiently. Waste management at Serres manufacturing is organized based on local waste legislation. Total waste consists of energy waste and recycled waste. No landfill waste is generated. Serres has set targets for the manufacturing factories to increase share of recycled scrap 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 fulfills the responsibility through the 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	Target	2021	2020	2019
Total waste (both factories), tonnes		185	208	218
Hazardous waste (both factories), tonnes		0,5	0,16	0,34
Energy waste, tonnes		59	70	67
Recycled waste, tonnes		126	138	151
Landfill waste, tonnes		0	0	0
Recycling rate, %		68%	66%	69%

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT





SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

Energy

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

Energy and water consumption is regularly monitored, and energy audits conducted to seek possibilities for improving energy efficiency. The latest energy audit was conducted at the end of year 2021. Serres has set a target for the share of renewable electricity. Electricity consumption since 2019 has decreased 7% and share of renewable electricity was 29,1% in 2021. All water consumed is municipal water.

Key performance indicators	Target	2021	2020	2019
Use of electricity, MWh		4254	4232	4581
Share of renewable electricity, MWh		1238	1579	1498
Share of nuclear energy, MWh		1761	1472	1424
Share of fossil energy sources, MWh		1254	1181	1658
Serres share of renewable electricity, %		29,1%	37,3%	32,7%
European level share of renewable electricity ¹		41,7%	37,0%	34,0%
Use of district heating, MWh		1957	1731	1551
Use of water, m³		960	968	780

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 energy consumed and emission factors. Serres has also evaluated the greenhouse gas emission in the upstream and downstream value chain. The most significant indirect greenhouse gas emissions are related to main raw materials used for manufacturing, upstream and downstream transportation, and end of use of products. For Scope 3 emissions Serres has estimated emissions from the main raw materials in the production of suction bags and collected emissions data for outbound logistics from the logistics supply partners. Serres is developing further the scope of GHG accounting in 2022.

Key performance indicators		2021
Greenhouse gas emissions Scope 1, tCO ₂ e		0
Greenhouse gas emissions Scope 2 ¹ , tCO ₂ e		1672
Greenhouse gas emissions Scope 3		
• Main raw materials for suction bags production ² , tCO ₂ e		4350
• Outbound logistics ³ , tCO ₂ e		402

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

²Emissions for 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.

³GHG emissions for downstream transportation are reported based on information provided by the four Logistics Service Partners, who are responsible for product transportations from the factories to distributors.

Logistics

In logistics planning the products deliveries are made in biggest possible delivery units or full loads. For 2021 the logistics partners provided for the first time the greenhouse gas emissions from outbound logistics. When selecting transportation and logistics partners, Serres pays attention to sustainability, environmentally friendly operations, commitment to responsible business practices and mitigating greenhouse gas emissions in their transport and logistics services. Majority of outbound transports are done by road and sea.

Key performance indicators	Target	2021	2020	2019
Share of outbound transportation by transport mode				
Air		0,4%	0,4%	0,5%
Road		66,6%	66,3%	64,5%
Sea		33%	33,3%	35%

The environmental impacts from manufacturing operations are low and no environmental permits are needed.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

People

Employee wellbeing 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' dedication through the insight gained from the survey, 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, Employee survey gives an excellent base to recognize the strengths and possible development targets of Serres Oy. Through the survey, management gets up-to-date and accurate information to be able to address any potential issues and keep the organization's strengths also in the future, supporting employees in everyday life and in longer-term development and engagement.

People Power index gives an overall rating of the results of Employee survey and in that respect, Serres has succeeded to improve its results in between the surveys. In 2021, Serres Oy's PPI was on a seven-point scale at level 5, which was better than the Finnish employee standard in that year.



Key performance indicators	Target	2021	2020	2019
Employee survey				
• Response rate, %		84,8	86,2	
• PeoplePower index		71,0	66,9	
• PeoplePower rating		AA	A+	
Number of employees, 31.12		151	154	157
Employees by employee group				
• White collar		64	63	61
• Blue collar		87	91	96
• External workforce		21	21	21
Employees by employment contract type				
• Permanent employees, %		96%	97%	96%
• Temporary employees, %		4%	3%	4%
Employee by gender				
• Female, %		59%	60%	61%
• Male, %		41%	40%	39%
Employees by age group				
• Below 20 years, %		0%	0%	1,0%
• 20-29 years, %		9,3%	7,8%	9,6%
• 30-39 years, %		21,1%	21,4%	21,7%
• 40-49 years, %		28,5%	28,6%	30,6%
• 50-59 years, %		30,5%	30,5%	28,7%
• Over 60 years, %		10,6%	11,7%	8,9%
Average age of employees, years		45		
Newcomers				
• White collar		9	10	10
• Blue collar		10	1	12
• External workforce		37	67	37
Leavers				
• White collar		9	7	10
• Blue collar		13	6	10
Attrition rate (white-collars, 12 months rolling)		3,3	3,2	
Retirements				
• Retirement (old age pension)		3	0	1
• Retirement (other)		0	2	0
• Average retirement age		64	62	63

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

Occupational health and safety

Serres has a systematic occupational health and safety management practices in place. The management is responsible for defining, organizing, and ensuring the general guidelines of occupational health and safety and ensuring that occupational health and safety related activities are properly organized and effective. Serres has a corporate 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 use of personal protection equipment. Regular safety trainings are provided for employees.

Occupational Health and Safety Committee

The Occupational Health and Safety Committee is a co-operation 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, grievances identified by the occupational health and safety commissioner and risk assessments are updated to the action plan. The assessment and implementation of the initiatives given by the Occupational Health and Safety Committee is at the Top management's responsibility.



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

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 and grievances identified by the occupational health and safety commissioner and risks assessments are 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 a part of building systematic safety culture.

Accidents at work and sick leaves are recorded and statistics 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 name improvement actions. The impact of these actions is constantly monitored. In each accident case an accident report is made and stored. In the event of major accident, the authorities are informed and conduct investigations.

Preventive safety measures are implemented, such as regular safety walks and safety observations. A safety observation is a finding related to deficiency in physical working conditions and work actions, which may increase a risk of occupational safety or process safety event. Safety observations can also be positive observations from 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 to maintain working capacity and promote wellbeing at work. Our occupational health care contract is comprehensive, which supports employee health. We develop e.g., 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 leave and their cause classifications.

Key performance indicators	Target	2021	2020	2019
Number of high consequence injuries		0	0	0
Number of lost time injuries		2	1	0
Number of total recordable injuries		3	3	3
Lost time injuries frequency, LTIF		8,6	4,3	0,0
Total recordable injuries frequency, TRIF		13,0	12,9	12,5
Working hours, h		231 450	232 034	240 000
Absence hours due to illness, h		12 152	15 016	14 776
Absence hours due to injuries, h		58	40	0
Absence rate, %		5,3	6,5	6,2
Near-miss cases, number of		8	13	13
Safety walks, number of		39	15	

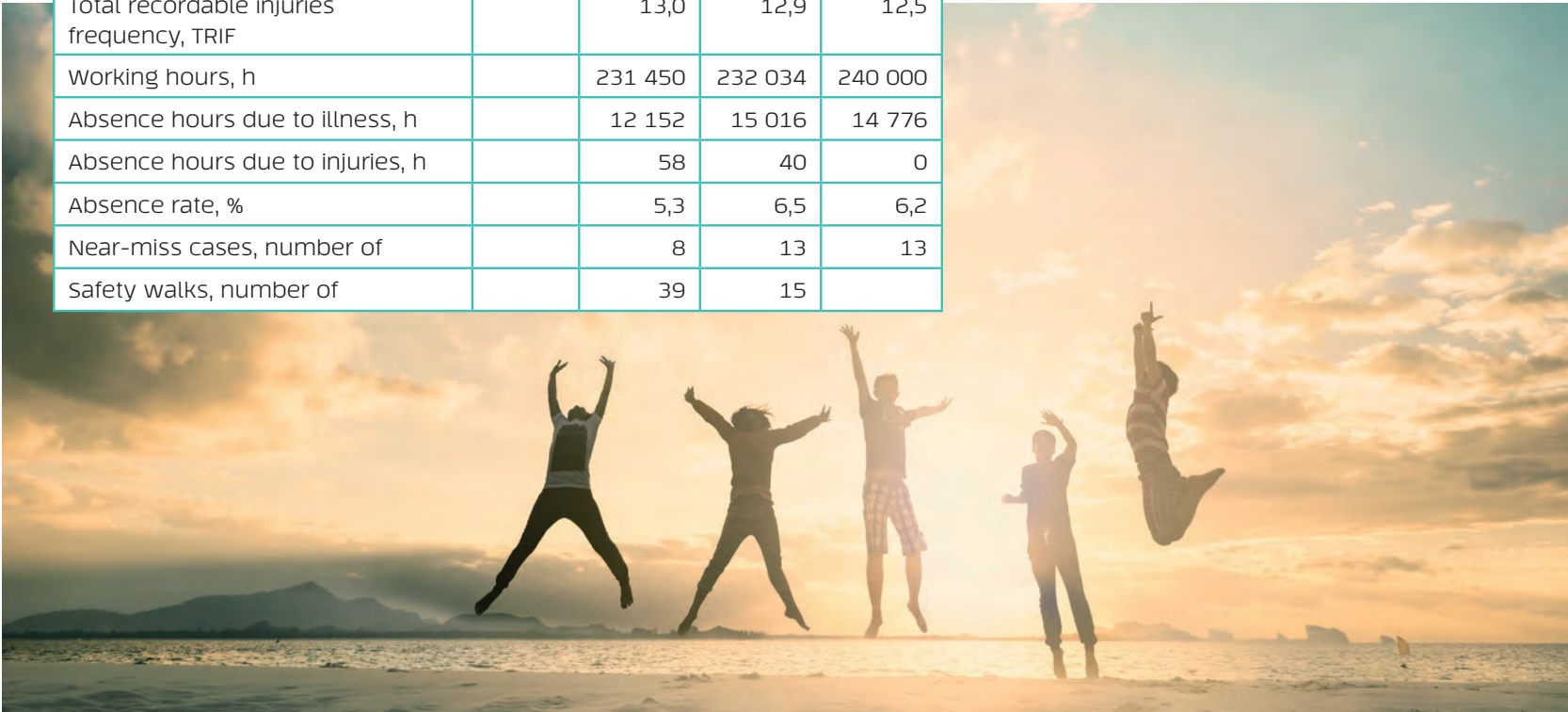
SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT



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, 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 the job today and in the future, which reduces mental strain, increases job satisfaction and a sense of ability in the performance of work. All our employees have equal opportunities to develop their professional skills, e.g., education and on-the-job learning. The starting point for development and training is the needs derived from the company's business operations. The aim is to promote job rotation both in similar types of tasks and between different parts and functions of the organization. We also seek to encourage job rotation between different subsidiaries.

One example of our determination for competence development is Paree Leading for future program, targeted to our current and future leaders. Another example is Excellent supervisor program for factory leaders and supervisors. In addition to leadership development, we develop technical skills when for example implementing new working methods or machinery, improve our English skills or enable effective ways of using the new ERP.

Performance Discussion

Performance management is an annual, business driven process that aims to improve individual and collective performance. Performance Discussions (Performance Review, Target Setting and discussion on the Individual Development Plan) are part of a continuous dialogue throughout the year; giving feedback, recognition and coaching. Performance is not just about what we achieve (goals), but also how we achieve (value-based behaviors). Our bonus system is targeted to



be engaging and motivating, while encouraging collaboration and high performance: the bonus is integrated into the performance management process. Developing people towards excellence, building skilled teams, and guiding successful collaboration are 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. With the procedures explained in the Equality Plan, we communicate our commitment to e.g., 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 the values developed together with all personnel. Our companies in the Group have defined their own values that guide our operations. Based on our values, our company treats its personnel fairly and with equality. As far as possible, the aim is to promote equality, e.g., in recruiting, developing, and supporting staff, career opportunities and reconciling work and family life.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

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 illustration of those values. Our Code of Conduct covers our basic ethical standards and core values that are applicable to all of us, all 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 raising of concerns through Whistleblower channel.

Serres is committed to complying with its Code of Conduct and expects compliance also 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 Whistleblower 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 confidential, and consequences will be considered only after completion of 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. Product managers are responsible for the content of training that matches the content of the product training defined in Teamcenter. Similarly, the training provider responsible for the topic decides whether the training includes a test. Serres is able to monitor training and test performance. If necessary, like always in service training, the trainee will receive a training certificate, which will be stored in the person's data in the CRM system. Periodically (3 years) at least service personnel are required to complete recertification training.

SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT



Business partners

Serres has a global distribution network and sales in over 50 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.

Serres supply chain consists of materials and services suppliers, subcontractors, and contract manufacturers. Sustainability is a part of supplier evaluation process, and the Code of Conduct is communicated to 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 made and the visits are carried out. This information is used to evaluation, classification, and approval of suppliers, and then the measures required for the supplier

category including sustainability-relates actions are carried out. The specification of purchase information and the finalization 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 means the monitoring related to supplier deliveries, which may reveal nonconformities that call for measures to be taken. Continuous monitoring helps 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	2021	2020	2019
Supplier delivery assurance, %	> 95%	97,8%	98,2%	95,8%

Continuous monitoring helps ensure the supplier's reliability of delivery in terms of both capacity and quality.



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

Economic performance

Serres Oy is a Finnish family-owned company with a focus on sustainable business and long-term value creation. In 2021 the net sales were 30 million euros and the result 2,5 million euros. Serres is profitable and financially solid company, which is investing in the sustainable future. In 2021 our research and development expenditures were 1,1 million euros, which is 3,7% of 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. Serres provides products and solutions to hospitals and healthcare professionals, the sectors where delivery reliability and accuracy are critical. In 2021 Serres delivery assurance was 99.9%. Serres creates jobs directly around 200 persons and several other in the supply chain. In 2021 Serres paid personnel expenses were 7,1 million euros. Our distributors are the link between Serres and the users. 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 and specific tools and regular Global Serres Distributors Meetings.

Serres is an active member of the local communities where it operates. Serres supports activities promoting social responsibility and community engagement. In 2021 Serres sponsored local sports and societies.

Serres provides products and solutions to hospitals and healthcare professionals, the sectors where delivery reliability and accuracy are critical.



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

Reporting principles



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

REPORTING PRINCIPLES

Serres conducted a materiality assessment to define the most material sustainability topics. The process follows the Global Reporting Initiative's GRI 1 Foundation Standard and the process for defining material disclosure topics. First, we identified all relevant sustainability topics based on impacts of our business in the whole value chain and expectations of our key stakeholders. Based on the identification phase we recognized the most relevant environmental, social and governance topics. Then the identified topics were prioritized as sustainability focus areas. We clustered topics to four priority areas, which cover our clients and products, our impact to the planet, our people and economic responsibility of our activities. Finally, the topics were validated to ensure completeness and relevance of the content and relevant metrics were selected for the sustainability report.

This is our first sustainability report, and the focus has been in increasing our preparedness for the forthcoming EU Corporate Sustainability Reporting Directive and related European Sustainability Reporting Standards and other international sustainability reporting standards, specifically the GRI Standards. The report provides a baseline for development of our reporting in compliance with the future requirements.

The scope and the boundary of the report is Serres Oy and its products, solutions, and manufacturing operations. Data is collected by Serres Quality team from the existing operative management systems, purchasing records, energy audits, 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.



SUSTAINABILITY PRIORITIES

CLIENTS AND PRODUCTS

PLANET

PEOPLE

PROFIT

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better and more about
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Serres Oy
Keskustie 23
FI-61850 Kauhajoki as., Finland

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