



EXTRUSION REIMAGINED

Sustainability Report 2021



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Letter from the CEO

When the world is busy tackling new Covid-19 variants during a global pandemic, it is important to remember that we also have another crisis unfolding at a dangerously rapid pace: climate change.

Although we saw a global decrease in CO₂ emissions in 2020, the scientific community has warned that it is only ephemeral due to a temporary economic slowdown. As the global business situation slowly improved in 2021, the level of CO₂ emissions have increased yet again at an unacceptable rate according to the recently published IPCC report.

Despite the gloomy assessment, 2021 has also shown us our ability to adapt quickly when we are called upon. The pandemic is the most recent example of our ability to adjust our way of life in the face of adversity. In response to Russia's unprovoked attack on Ukraine in February 2022, we also swiftly suspended all businesses and sales activities with the Russian Federation as an act of unity with the Ukrainian people. The Russian part of the Group's turnover was very limited, but quick and decisive measures like these are needed now more than ever as we in parallel confront the global climate crisis.

At Optinova, we work harder every day to walk the walk and contribute our part to reduce our environmental footprint and develop more sustainably. By showing our strong commitment and responsibility to the wellbeing of our employees, we have so far managed not to conduct any layoff since the beginning of the pandemic. We instead made investments to maintain the readiness of our employees for when the global business situation reached a new normal, and these investments have

certainly paid off in stakeholder satisfaction. Among our stakeholders, we are happy to report that our employee satisfaction rate reached an all-time high in 2021, placing us among the best workplaces in our regions. Our sales situation has also improved significantly in 2021. And with all motivated hands on deck, we were able to restart our business and support our partners with crucial deliveries that contribute to the betterment of the everyday life.

Globally, we have conducted and nurtured different initiatives to combat the climate crisis and support the overall sustainable development of Optinova. During 2021, we have made the decision to invest in a range of sustainability projects, including: installing 2 100 sqm of solar panels on the roof of our plant in Thailand, removing the remaining oil heaters and prototyping micro-plastics filtering solutions at our plant here in Åland, Finland, conducting environmental sampling in our global markets, adopting corporate cycling and garbage collecting programs, among many other initiatives and activities across our Group of companies.

To assess the effectiveness of our initiatives, we have established sustainability KPIs and regularly measured our performance. In 2021, we made investment decisions that would help us reduce our CO₂ emissions by almost 40 % (Scope 1 and 2) by 2022. In 2022, we will evaluate and make a decision on our deadline to become carbon neutral as well as our road map to make it happen.

Although we fully understand that our sustainability journey has only begun and there is a lot to do, we will continue to strive to lead these efforts in our industry and inspire our stakeholders to join us on this journey.

Mariehamn, April 2022

Andreas Remmer

The Optinova Group

Founded in 1971, Optinova is a world-leading extrusion partner for advanced medical and industrial tubing solutions.

With global sales offices and four extrusion plants in Finland, Thailand and the US, we are serving medical device manufacturers and leading industrial companies around the world.

| Vision | Mission |
|--|--|
| We want to be the number one extrusion partner for the global community in designing, producing, and distributing advanced tubing solutions for challenging medical devices and demanding industrial applications. | We use our experience and knowledge in extrusion, combined with a sustainable business mindset, to develop top quality components which are part of innovative solutions, increasing the quality of everyday life. |

Our greater purpose is to improve the quality of everyday life with advanced tubing solutions. In other words, we use our knowledge and experience in extrusion, combined with sustainable business mindset, to develop top quality components which are part of innovative solutions that make the world a better place to live in.

Therefore, the company supports the Sustainable Development Goals (SDGs) of the 2030 Agenda adopted by the United Nations member states in 2015. Due to the impact of its greater purpose, Optinova Group puts particular emphasis on the six SDGs 3, 8, 9, 10, 12 and 13.

We describe the What, How and Why we do by using our guiding star #feelgoodfactory. Since 2019, the

4 PRODUCTION PLANTS

10 GLOBAL SALES OFFICES

+50 YEARS OF EXTRUSION EXPERTISE

+100 EXTRUSION LINES

+500 EMPLOYEES

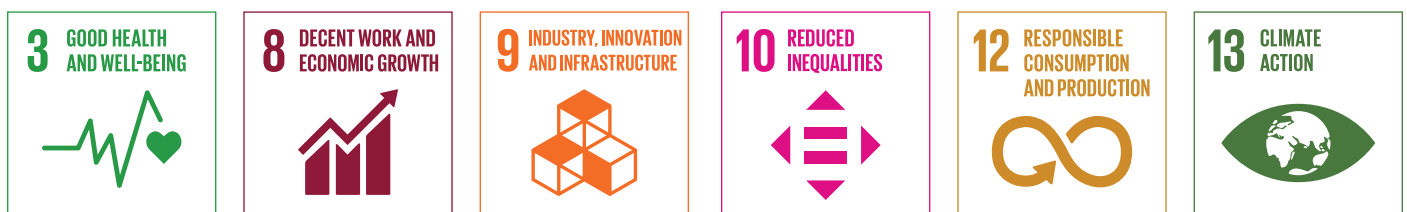
+1 000 LONG-TERM PARTERS

#feelgoodfactory has been integrated into our logo as a tagline and used in both external as well as internal communications.

Putting sustainability into practice

In 2017, Optinova published its first sustainability report in a simple format. Since then the sustainability work has gotten more focus in the company and monthly reporting across the group keeps track on how we are doing. We'll look more into the data further on in this report.

The day to day work with sustainability is driven on several levels in the company, from top management down to all sites. Optinova's Sustainability Ambassadors are reporting on activities and progress. Keep reading for more insights in activities done 2021.



Stakeholder dialogues

During 2020, Optinova moved forward with the stakeholder dialogues and priority analysis.

Optinova interacts with and affects several stakeholders, including:

- Employees and the societies we operate and innovate in,
- Our customers, partners, and suppliers globally,
- The industries and the world through our end applications.

Stakeholder dialogues are important for collecting input, discussing priorities, building relationships and for regular communication. In addition to what the stakeholders believe to be of importance, we also take an inside-out approach to analyze the priorities.

| | Optinova wishes to offer | Communication channels | Stakeholders' priority topics |
|------------------|--|---|--|
| Employees | <ul style="list-style-type: none"> • Safe workplace • Reliable employment • Stimulating atmosphere • Lead for equality • Diversity and inclusion • Growth environment | <ul style="list-style-type: none"> • Annual personnel survey • Recurring info sessions • Social media groups • Weekly action talks • Health promotion groups • Sustainability groups | <ul style="list-style-type: none"> • Job security and continuity, fair pay, and benefits • A sense of strong friendship in the workplace • Reliable, fair, and competent management and professional colleagues • Balance between work and time off • A safe work environment where you can be yourself • Equal treatment of all employees |
| Customers | <ul style="list-style-type: none"> • A reliable supplier for high quality and on time service • A partner for innovation that delivers high quality on time • Swift and smooth communication • Growing strong, feelgood, and accountable business relationships • Proactive risk mitigator and waste reducer in supply chains | <ul style="list-style-type: none"> • Daily customer service dialogues and resilient interactions • Proactive follow-ups • Knowledge and technical support from engineering, quality, to procurement • Strategic and long-term support, regular dialogues • Digital communication | <ul style="list-style-type: none"> • Follow the industry relevant regulations • Lead social responsibility, including occupational health and safety • Measure and set targets for social responsibility (employee engagement, customer feedback, ethical decisions), financial sustainability (KPIs, yield, processes), and environmental (CO₂ footprint, waste, alternative materials) |
| Suppliers | <ul style="list-style-type: none"> • Accountable feelgood interactions and relationships with suppliers • Proactive responsibility for sustainability, part of the business • Mutual interest and inspiration • Processes to support growth of successful business relationships • Long-term value generation and financial stability | <ul style="list-style-type: none"> • Regular supplier interactions for support related to raw material • Defined process for demand and purchase planning dialogues • Supplier visits • Sustainability dialogues | <ul style="list-style-type: none"> • Collaborate on the industry expectations on supply chains and market demands • Key priorities are to reduce emissions and the CO₂ footprint • Suppliers share commitment for global CSR for social sustainability • Proud to work with #feelgoodfactory |
| Owners | <ul style="list-style-type: none"> • Proud family owners of the business • Long-term value generation and financial stability • An inspiring place to work for all employees • An example of when people grow, the business prospers | <ul style="list-style-type: none"> • Weekly 1-1 dialogues between CEO and chairman of the board • Monthly Board meetings and extra when needed • Bi-annual strategy meetings between Board and CEO • Annual update of governance documents • Annual owner's EC day forum | <ul style="list-style-type: none"> • Has a genuine passion and alignment for the chosen products and technology to improve quality of everyday life on a global scale • Contribute to local societies • Lead for inclusion and equality • Inspiring workplace to grow people and business • Increase the quality of everyday life for many |
| Society | <ul style="list-style-type: none"> • The societies where Optinova is active, the employees can flourish and contribute proactively • To be a contributor to the economies and driver for technological innovation • To be a reliable contributor for climate commitment and role model for change | <ul style="list-style-type: none"> • Active player in local industry networks for influence • Participating in workshops and initiatives for driving change • Communication locally and globally | <ul style="list-style-type: none"> • Fostering and growing a variation in the local industry and business • Crucial for the financial sustainability and resilience of the society • #feelgoodfactory leading by example showing the wide-spread effects on stakeholders • Safe society with stable workplaces |

Sustainability at Optinova

Highlights of 2021

Sustainability is one of the key focus areas in our annual ambition plan. In 2021, we significantly improved the way we collected and reported on our sustainability performance. We use sustainability data to determine our footprint.

We worked to minimize microplastics being released into the environment. We provided instructions on how to clean PTFE barrels and filters that can help to separate microplastics from wastewater from washing machines and other cleaning stations.

Optinova Innovation Center conducted different "smart solutions" projects to make our production even more efficient. Such solutions ultimately help us reduce waste and consumption of raw materials.

We made investment decisions that helped reduce our CO₂ emissions. In scope 1, we are replacing all oil heating with district heating in Jomala, Åland and installing 2 100 sqm of solar panels in Thailand. These two investments alone is forecast to allow us to cut our current CO₂ emissions by as much as 36%.

Local campaigns for environmental and social sustainability were carried out across our Group of companies. Such activities included sustainable food consumption project, Clean Åland walking project,

coral restoration in Thailand, clothing collection for charity in Åland as well as donation to children's wards at the hospital and other monetary donations.

In terms of employee development, we organized and facilitated different skill and leadership training programs. Optinova Academy has provided 19 different courses with 637 participants.

We also moved along our circular economy efforts, including identifying partners for recycled materials and unsintered PTFE waste.

The #feelgoodfactory foundation also played an important role in energizing both internal and external stakeholders to change our behavior as we navigated through the pandemic.

KPIs

We set sustainability KPIs to measure our performance and set our goals for the journey forward. Optinova's long-term commitment to developing sustainably is measured using the KPIs illustrated in the table below.

KEY SUSTAINABILITY MEASUREMENTS (KPIs)

Environmental Sustainability

- Water and Energy consumption
- % Renewable energy
- CO₂ emissions

Social Sustainability

- Personnel satisfaction
- Customer satisfaction
- Good cause initiatives

Financial Sustainability

- Sales Growth
 - EBITDA
 - Product Quality
 - % On-time delivery
-

Environmental sustainability

Water and fuel consumption

| | 2021 | 2020 | Change in % |
|--------------------------|--------|--------|-------------|
| Water usage (m3) | 26 056 | 25 272 | 3.1 |
| Petrol usage (l) | 2 353 | 1 972 | 19.3 |
| Diesel usage (l) | 6 836 | 5 011 | 36.4 |
| Oil usage (l) | 36 120 | 35 710 | 1.1 |
| Fuel reimbursements (km) | 4 853 | 21 488 | -77.4 |

We saw an increase in water consumption due to the expansion and increase in business. Reducing water consumption is a focus area of the Optinova Group, and we expect to see a decrease in the water consumption during the latter part of 2022.

In terms of fuel consumption, we saw a great increase of company car usage and a significant decrease of personal car usage from the fuel reimbursement data.

The consumption level of the oil heater in one of our facilities accounts for a large part of our fuel consumption. Therefore, we made an investment decision in the end of 2021 to transition all oil heating to district heating at our plant in Jomala. We anticipate that the plant will be fully connected to district heating in Q3 2022.

Energy consumption

| Energy usage (kWh) | 2021 | 2020 | Change in % |
|---------------------|-----------|-----------|-------------|
| Regular electricity | 2 711 404 | 1 560 250 | 73.8 |
| Green electricity | 3 303 230 | 3 465 379 | -4.7 |
| District heating | 1 373 035 | 1 009 574 | 36.0 |
| Gas heating | 59 882 | 94 013 | -36.3 |

We saw an increase in the regular electric heating due to the integration of our new US-based production plant Optinova Valley Forge into the system. There was also an increase in district heating in Åland, but a decrease in green electricity consumption.

In mid-2020, Optinova started operating Hall 7, our newest extrusion hall in Godby, Åland. Hall 7 is a large contributor to the higher consumption of district heating, but the increase is still relatively small given that Hall 7 adds 2 000 sqm of extrusion floor to our production facility in Godby.

The proportion of sources shows that most of the energy used for heating comes from renewable energies.

| Energy source (%) | 2021 | 2020 |
|-----------------------|------|------|
| Regular electricity | 36 | 25 |
| Renewable electricity | 44 | 57 |
| District heating | 19 | 16 |
| Gas heating | 1 | 2 |

CO₂ emissions

The total of CO₂ emissions were 689 tons in 2020 and 1 083 tons in 2021. Most of the CO₂ emissions came from non-renewable energy. Increasing the proportion of renewable electricity in our energy portfolio is a focus area of the Optinova Group and we expect to see a decrease once the solar panels are installed and the oil heater is replaced with district heating at our production facilities.

We saw a 57.1% increase of CO₂ emissions in 2021 mostly because of the integration of 8 825 sqm of production facility in our newest plant in the US, Optinova Valley Forge.

| CO ₂ emissions (tonnes) | 2021 | 2020 | Change in % |
|------------------------------------|--------------|------------|-------------|
| Non-green electricity | 918 | 528 | |
| Gas heating | 13 | 20 | |
| Oil usage | 95 | 94 | |
| District heating | 34 | 27 | |
| Fuel usage | 23 | 20 | |
| Total | 1 083 | 689 | 57.1 |

Social and Financial sustainability

Employee satisfaction

In 2020, our main KPI was called the Trust Average Index and the result was 82%.

In 2021, we changed the personnel survey tool. Our new employee satisfaction KPI is called the General Satisfaction Rate. By comparing the survey results of the beginning and the end of year, we saw an increase of 2 percentage points with the General Satisfaction Rate among our employees (from 80% to 82%).

Customer satisfaction

| Customer Satisfaction (Scale from 1 to 6) | Avg. score 2021 |
|---|--------------------|
| Sales contact satisfaction | 5.5 |
| Product quality | 5.4 |
| Delivery time | 4.6 |
| Overall satisfaction | 5.2 |

In 2021, Optinova Nordic conducted a customer satisfaction survey for their customers. In 2022, we will look into the possibility to conduct this survey for all customers across our Group of companies.

| | 2021 | 2020 | Change in % |
|---------------------------|------|------|----------------|
| Complaint rate (%) | 18 | 22 | -4.0 |
| On-time delivery rate (%) | 96 | 96 | 0 |

Globally, we saw 4% less complaints of our products and services. Our on-time delivery rate remained steady at 96%.

Good cause initiatives

In 2021, we engaged in different social and charitable events. We see it as our responsibility to contribute to the societies that we live in. Such social involvement is fundamental to our #feelgoodfactory values.

Financial sustainability

We see financial sustainability as equally important as other sustainable development areas. Optinova believe that only when we are in a financially stable position, we can contribute to the societies as extensively as we desire.

Our financial sustainability is achieved through leadership and agile quarterly rolling plan and forecast. Such agile approach allows us to adapt and be flexible. The core process includes all steps from individual weekly coaching to regular long-term direction and ambition planning.

Financial sustainability is tracked monthly on a rolling 12-month basis. Like most companies, we experienced a decrease in sales results during 2020 due to the Covid-19 pandemic. However, we chose to use that as an opportunity to press ahead and implement an initiative called "Warp Zone" where we promoted a proactive approach to monitoring and resolving the economic fallout of the pandemic. Such approach enabled us to be fully ready as the businesses started to pick up again in 2021.

Governance

Optinova is 100% owned by Eriksson Capital (EC). EC's commitment to sustainability and support with educational and best practice dialogues across the companies are imperative. The genuine interest from the owners becomes a robust foundation for the efforts within the organization as it supports every aspect of sustainable business from environmental, social, to financial sustainability.

Representing the owner, Eriksson Capital, and at the same time also Chairwoman of the Board, Rebecka Eriksson, has clearly outlined the importance of sustainability for the Optinova Group.

Optinova Group has a framework of policies and directives which all support business and operational sustainability. Here are some of the governance practices supporting Optinova in the day-to-day operations:

- The quality policy and certifications support the robust manufacturing of high-quality products, agile framework supporting good planning practices and reduced wasted resources in the organization.
- Digital safety is central to operations, with communication, business development, and transactions taking place in the digital arena following IT policies.
- Crisis plan for managing and mitigating threatening situations.
- Business ethics and code of conduct committing to our business partners what they can expect from Optinova but also what Optinova expects from them.
- Financial authorizations, payment and cash-collection policies are tools to support the overall business and financial sustainability.
- Sustainability and travel policies clearly outline the importance of taking environmental sustainability into every step of decision making to support the important global and local climate actions.
- Group equality directive pays attention to

promoting diversity, equality, personal and professional growth, employee health and safety

- The Optinova Way and #feelgoodfactory imposes way-of-working in stakeholder relationships and CSR activities support a wide range of activities for social sustainability.

Optinova commits to:

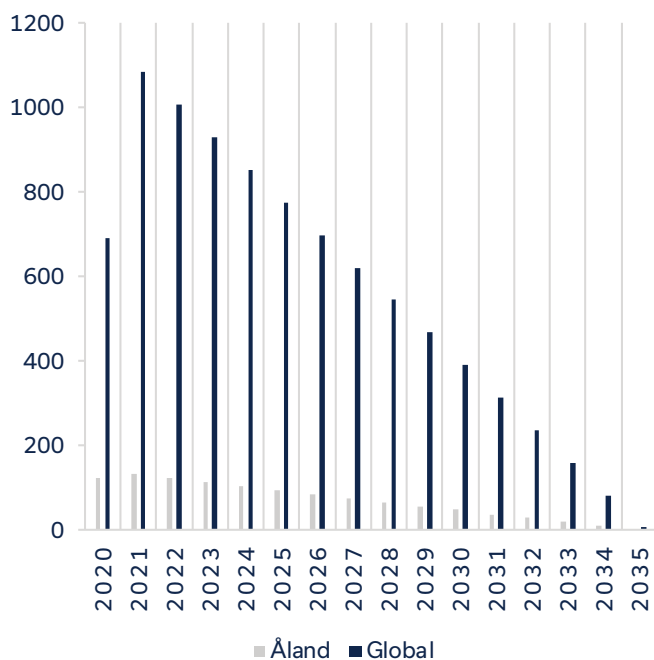
- Conducting business with a sustainable mindset
- Designing supporting agile business operations
- Following applicable laws and regulations
- Continuously enhancing our sustainability efforts
- Regularly measuring, analyzing, and communicating sustainability

Sustainability outlook for 2022

Launched in 2020, the European Green Deal is a testament to the EU's commitment to achieving climate neutrality by 2050. The deal includes a plan to reduce greenhouse gas emissions to at least 50% in 2030 compared to 1990 levels. The European Union also plans to introduce new legislation to promote circular economy, biodiversity and innovation.

Optinova will be a committed supporter of the EU's ambition to become carbon neutral by 2050. Our goals are clear, albeit there are local differences across our Group of companies. In 2022, we will decide on a three-year road map to ensure that our sustainability efforts will continue to forge ahead.

Large Åland organizations within Bärkraft will also report their combined CO₂ emissions for 2021 by March 2022. This effort is part of the ambition to make Åland climate neutral by 2035 and reduce the greenhouse gas emissions on the islands by 80% before 2030. Below is our CO₂ emission reduction to zero scheme to 2035 for both our facilities in Åland and globally.



Our answer for how to get there rely heavily in renewable energy. We will continue to innovate and modernize our facilities to be more energy efficient. Our way forward to reduce our CO₂ emissions is by choosing sustainable alternatives and ways of working. Continuous renovation at Optinova Jomala and Optinova Innovation Center will be carried out to increase their energy efficiency and improve their waste separation and management system.

The pandemic has also given us an opportunity to rethink the way we organize our workplace. The improved IT infrastructure and rapid digital adoption that happened because of travel restrictions will certainly have a lingering effect on our organization and the way we conduct business travels and interact with our stakeholders. In 2022, we will update our post-Covid travel policy. The rapid digital adoption also means that it will be our Group IT's highest priority to continue the work to improve our data and cyber security.

We are still in the process of building a post-pandemic work arrangement that works best for our employees and our business as an on-site manufacturer. For now, we will continue to entrust individual team and company to make their own proposal. Principally, we encourage employees to work from home if their work permits it and by allowing that, we will reduce our CO₂ emissions from work commuting. Optinova has not collected data for Scope 3 employee commuting. Therefore, we will only give an approximate number in our 2022 report.

In 2022, we will continue our regular stakeholder dialogues to continue inspiring our partners to develop sustainably. Optinova has also been working on a whistle-blowings system and is ready to put it in place when the Finnish government has finalized the legislation.

Waste handling and water management are continuously a high priority for the manufacturing sites. Sorting and recycling is carried out at all possible levels. We will install filters and lint box for wastewater and finalize the concept for washing PTFE contaminated rugs and work shoes at Optinova Godby, which can be benchmarked for other manufacturing sites. Pelletizer will also be considered for increasing our ability to recycle materials at Optinova Jomala.

The polymer-based raw materials are crucial for Optinova's business. It is important to understand the regulatory requirements and to be compliant to the legislation concerning polymers. We will facilitate and nurture global initiatives to increase the use of renewable energy at our facilities and reduce water consumption across the board.

We will continue to measure the effectiveness of our sustainability investments in 2021, including

the change from oil to district heating at Optinova Jomala, the installation of solar panels at Optinova Thailand. In 2022, we will also set up new long-term activities to reach our goals of carbon neutrality by 2035.

And most important of all, continuing growing the #feelgoodfactory culture as a guiding star for inclusion, equality, diversity, code of conduct, personal growth, individual contributions, and responsibilities in the organization to be a workplace where everyone can thrive. In 2022, we will continue to support different social charitable events both locally and globally.

We are committed to making our efforts visible and communicating about our performance on both Group and local levels transparently and regularly.

Credits

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