

# MTD SUSTAINABILITY REPORT 2020

**MTD**

Medical Technology and Devices



## Message from the Group CEO

*Dear Stakeholder,*

*on the following pages you will find MTD Group's second Sustainability Report, covering the events of 2020. It presents the Group's sustainability identity, our goals and performance.*

*This 2020 was a very special year, in which we faced situations we had never encountered before. We protected our people, in factories and offices. We were able to respond quickly to new customer needs, providing everyone with a new range of offerings designed to respond to Covid-19. We have ensured continuity of care for the many diabetic patients who use our solutions on a daily basis.*

*This makes us proud, and encourages us to continue, with even more energy, in our commitment: to be a reliable and safe reference point for patients, operators and health systems worldwide.*

*In order to continue on the path of sustainability with even greater strength and effectiveness, in 2020 we set up the ESG (Environmental Social and Governance Steering Committee), a cross-functional team whose task is to help the Group's Management to define and implement the overall strategy relating to ESG issues and to monitor the results achieved.*

*A first result of the ESGS Committee's work can be found by leafing through the following pages: they are the four pillars, consistent with the United Nations Sustainable Development Goals (UN SDGs), on which we have set the path of sustainability that we intend to pursue, with commitment and dedication. The first pillar has to do with our vocation to improve healthcare, focusing on continuity of care for patients and safety for professionals. The second pillar has to do with our desire to continue to care for our people, ensuring their safety, inclusion and empowerment. The third is centered on developing innovative and increasingly sustainable products. The fourth pillar, Ethics and Integrity, brings to system and disseminates at Group level the best practices adopted locally in our structures.*

*The results of 2020 make us proud: the last year has shown how fragile the world's balance is, and how crucial the sector in which our company operates is. This spurs us on to do better and better.*

Micol Fornaroli  
CEO of MTD Group





# CONTENTS

<p><b>We are MTD</b></p> <p><b>6</b></p>	<ul style="list-style-type: none"> <li>■ The Group identity                     <ul style="list-style-type: none"> <li>• MTD Story</li> <li>• The Group</li> <li>• MTD products portfolio</li> <li>• MTD value chain</li> <li>• The Group Corporate Governance</li> </ul> </li> <li>■ The Group sustainability path                     <ul style="list-style-type: none"> <li>• MTD sustainability governance and strategy</li> <li>• Our Stakeholders</li> <li>• Materiality analysis</li> </ul> </li> </ul>	<p><b>Close to MTD people</b></p> <p><b>41</b></p>	<ul style="list-style-type: none"> <li>■ Strengthening the MTD culture of health and safety</li> <li>■ Guaranteeing wellbeing of MTD employees</li> <li>■ Boosting the skills of our employees</li> </ul>
<p><b>We stand with patients</b></p> <p><b>23</b></p>	<ul style="list-style-type: none"> <li>■ Ensuring access to care and adherence to medical treatments.</li> <li>■ Engaging with patients</li> <li>■ Our Innovation</li> <li>■ Guaranteeing compliance and transparency</li> </ul>	<p><b>Our Responsibility to the environment</b></p> <p><b>49</b></p>	<ul style="list-style-type: none"> <li>■ Recognizing our impact on climate and air</li> <li>■ Reducing materials, packaging and waste</li> </ul>
<p><b>We are a trusted partner of healthcare systems</b></p> <p><b>34</b></p>	<ul style="list-style-type: none"> <li>■ Protecting healthcare professionals</li> <li>■ Contributing to the pandemic response</li> <li>■ Sharing health knowledge</li> </ul>	<p><b>Methodological note</b></p> <p><b>56</b></p>	<ul style="list-style-type: none"> <li>■ GHG calculation methodologies</li> <li>■ Contacts</li> </ul>
		<p><b>GRI Content Index</b></p> <p><b>59</b></p>	<ul style="list-style-type: none"> <li>■ GRI Content Index</li> </ul>



# WE ARE MTD



*“We are committed to offering both patients and caregivers a broad spectrum of medical devices for home and professional care and to continuously improving the future of healthcare by making it accessible, safe, reliable and simple for all.”*

Provide a meaningful contribution to this purpose, offering to its consumers and healthcare professionals a range of solutions aimed at easing every-day healthcare activities in diabetes and other medical conditions, is the mission MTD pursues day by day. More specifically MTD aims at improving safety, quality and comfort of use for products while lowering the cost of healthcare solutions globally.

In its operations, MTD embodies the values and spirit of a company that dares to stand at the center of health and well-being markets through human and technological progress, addressing the challenges that affects healthcare sector, the society and the whole planet to create value for all.



## OUR VALUES



### Innovation & Quality

Constant quality improvement, innovation and new technologies are the core of HTL-Strefa's and Pikdare's heritage. The company continuously invests in research and development to offer cutting-edge solutions.



### Lifelong learning

The understanding of different local needs, thanks to our global presence, the successful innovations over the years, the continuous fine-tunings on existing products, as well as numerous lessons learned during the process, build MTD's unique know-how, the company's main assets, that is reinforced daily by the desire to continue doing and learning.



### Passion

MTD's "engine" is constantly fueled by the passion for excellence and the desire to improve our talented people, who are constantly engaged in a creative and innovative work process.



### Reliability

Meeting and exceeding expectations, while fulfilling the promise of quality, safety, innovation, and integrity every day, is the goal that MTD sets itself before customers, markets, partners, and all the other stakeholders.



### Sustainability

Environmental, social and governance matters are deeply embedded in our corporate culture, and sustainability is a key element of the Group's business model. Ethical management is at the heart of every business decision.



## The group identity

**MTD (Medical Technology and Devices) is a leading med-tech group based in Switzerland** that designs, develops, manufactures and provides globally a full range of medical devices for the professional sector and for at home use: diabetes management devices, standard and safety sharp devices, electro-medical devices, wound care products, and many more solutions for minor health problems.

MTD was founded in 2018 from the combination of two historic companies, leaders in the healthcare sector: Pikdare and HTL-Strefa, which together have experience of over 80 years in the market.

Both areas of MTD's excellence, diabetes and safety sharps on one side and self-care medical devices on the other, are equally based on the long-standing heritage and expertise of Pikdare and HTL, and steadily enhance the Group's globally recognized leadership.



With its main brand Pic, Pikdare is one of the main designers, manufacturers, and distributors of medical self-care products, with particular reference to **diabetes** products, such as **pen needles** and **glucometers**, but also more generally to **needles** and **syringes**, up to medication products, **blood pressure monitoring** devices, **nebulizers**, **thermometers**, and other daily healthcare devices. The company is based in Italy, offering tailor-made solutions made locally in its state-of-the-art production plant and that are now available in almost 100 countries.



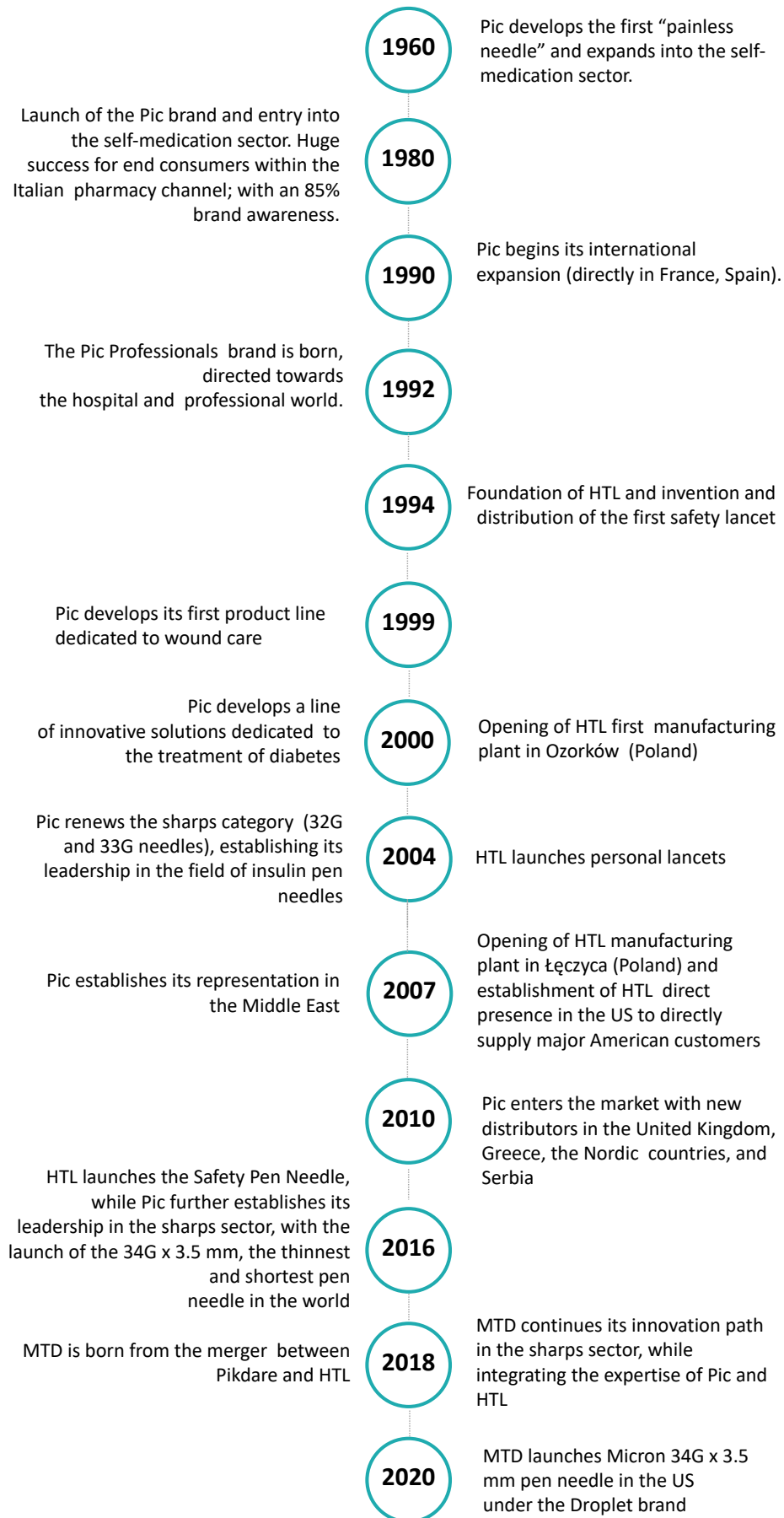
HTL-Strefa is a world leader in designing, developing, and producing **diabetes products for drug delivery and capillary blood sampling, with core expertise in safety sharps**. It is widely recognized as the inventor of the "safety lancet" product category and it boasts 3 high-technology production facilities in Poland. HTL-Strefa is the **global reference for diabetes and safety medical sharps**.

*droplet*<sup>®</sup>





## MTD Story

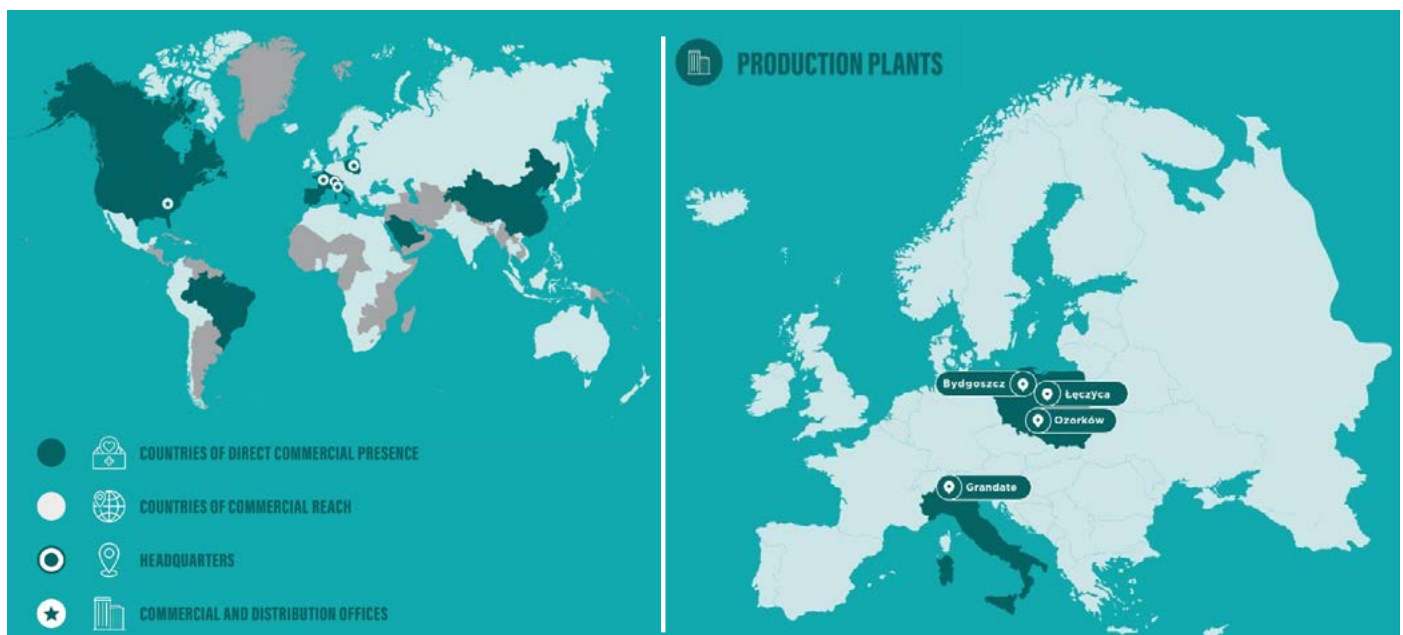


## The Group

The MTD group is composed of Pikdare S.p.A., which was spun off from Artsana S.p.A. in 2017, and HTL-Strefa, which was acquired in 2018. The MTD Group is currently under the ownership of a fund managed by Investindustrial, a leading European group of independently management investment, holding and advisory companies and Catelli S.r.l. (a holding company owned by the Catelli family).

As of December 31, 2020, the MTD Group employed 1,850 people (equal to 1,835 FTE), distributed mainly between Italy, Poland, Switzerland, USA and France, generating revenues of around € 242 million and producing 16 million products daily for personal and professional use.

MTD's headquarter is in Lugano (Switzerland), other commercial and distribution offices are also in Switzerland (Chiasso), in Italy, Poland, USA and France. The Group has in total four production plants with a total area of 135,500 m<sup>2</sup>, three in Poland (run by HTL Strefa) that manufacture lancing devices, lancets (personal and safety) and pen needles mainly used in diabetes field and one in Italy (owned by Pikdare) dedicated to the production of pen needles and sharps.



Thanks to state-of-the-art molding technologies, in 2021 a new production plant (the fourth of the Group) was recently inaugurated in the new industrial district of Bydgoszcz (Poland), that will guarantee versatility and support to the quality and innovation of products.

In its sites, the Group has best-in-class R&D capabilities, which, starting from 2020, are cultivated and developed by a dedicated structure, **MTD Engineering**, an innovation hub with four areas of focus: embryonic development of concepts/pipelines in-house or in partnership, production of components for third-party devices, finished products for new segments and technical and consultancy services aimed at the market.

## MTD products portfolio

MTD produces a variety of medical devices under the **PIC solution** and **Droplet** brand, proving a focus on small, highly specialized devices for diabetes management, and other products that are of great value in ensuring people’s health in their daily lives.

From 2020, the Group promotes its products based on its development and management motto (“**Think Sharp and Think Simple**”), focusing on the core characteristics of the products. In addition to these two products lines, a new **Covid portfolio** was developed starting from the Covid-19 pandemic.



### THINK SHARP DIABETES AND SHARPS

Innovative devices, designed to improve the comfort and safety of treatments for both healthcare professionals and patients. The products are divided into:

**Drug delivery sharps:**

- Standard and safety pen needles;
- Different types of syringes.

**Sharps for diagnostics:**

- Safety and standard needles
- Different types of standard and safety lancet



### THINK SIMPLE SELF-CARE MEDICAL DEVICES

A full range of medical devices and solutions for self-medication, wound care, and daily health.

The products including:

- wound care;
- Thermometers;
- nebulizers;
- blood pressure monitoring;
- thermal bandages;
- self-diagnosis tests;
- food supplements.



### COVID-19 PORTFOLIO

A line designed to help people, especially healthcare professionals, in their fight against the spread of the virus and in the vaccination campaigns.

The covid portfolio consists of:

- syringes and Needles;
- rapid covid-19 IGG/IGM test;
- safety lancets for covid-19 rapid test;
- rapid antigen test;
- surgical masks;
- Disinfectant;
- infra-red thermometer.



The **Think Sharp** products are mainly designed for diabetes care, for which the Group has a broad medical device range to support patients at home and healthcare professionals in diagnostics and drug delivery. Both companies, HTL and Pikkare, are operating in this category, with HTL being a pioneer in safety sharps.



### THINK SHARP: DIABETES AND SHARPS



#### Pen Needles

Pen needles are intended to be used with a pen injector device for the subcutaneous injection of drugs. They are commonly used by people with diabetes.



#### Safety pen needles

Safety pen needles are single-use needles intended for use with pen injector devices for the injection of drugs, provided with a shield that reduces the risk of infections or injuries. Safety pen needles are mainly addressed to professional health care users.



#### Personal lancets

Personal lancets are intended to be used with a lancing device by lay users for capillary blood sampling. Pricking the fingers is an integral part of self-monitoring of blood glucose and part of everyday life for millions of people with diabetes.



#### Lancing devices

The lancing device is a medical device for multiple use with single-use lancets intended for capillary blood sampling by a lay person. It is a convenient and effortless device for home diagnostic and treatment, specially designed for the highest comfort in daily diabetes management.



#### Safety lancets

Safety lancets are single-use devices intended for capillary blood sampling, provided with a mechanism that ensure the needle is hidden before and after use to prevent sharps injuries.



#### Insulin Syringes

Insulin syringes are high quality solutions for insulin delivery during diabetes management, designed to be used by consumers.



#### Pen injector

Pen injectors are automated and reusable solutions for insulin injection intended to be used with pen needles or safety pen needles.

With its well-recognized Pic brand, MTD offers the **Think Simple** products, a full range of Italian-designed wound care, thermometers and nebulizers, blood pressure monitoring, thermal bandages, self-diagnostic tests and food supplements.



### THINK SIMPLE: SELF-CARE MEDICAL DEVICES



#### Wound care

Comprehensive range of easy-to-use, safe and painless products for self-medication and professional use, including a wide selection of **pads, plasters, bandages, cotton wool** and **disinfectants**.



#### Thermometers

Complete range of **digital** and **infrared** non-contact thermometers.



#### Nebulizers

Medical instruments for both home and professional **treatment of respiratory** diseases.



#### Blood pressure monitoring

Line of pressure monitors of different types, **simple, manual** or **connected** to the PIC app for day-to-day pressure monitoring also for professional use.



#### Thermal bandages

Line of products for contractures or **muscular tensions** that release heat or cold to the body according to the type of application you need. They are also suitable for children.



#### Self-diagnosis tests

Self-diagnosis tests such as pregnancy test, also produced in digital version.



#### Food supplements

A large range of supplements that keep your immune system strong and healthy.



Since the outbreak of the COVID-19 pandemic, MTD has increased its efforts to ensure a continuous supply of the protective products needed by both people and healthcare professionals, creating an entire line designed to help them in their fight against the spread of the virus and in vaccination campaigns.



**COVID PORTFOLIO**



**Syringes and Needles**

Standard and safety hypodermic needles, Luer Slip or Luer Lock syringes, syringes with safety needle combination, low dead space syringes to allow more doses to be extracted from the vaccines.



**Rapid COVID-19 IGG/IGM TEST**

For the detection of antibodies in human whole blood, serum, or plasma specimens (professional use only)



**Safety lancets for covid-19 rapid test**

To collect enough sample for a rapid test (10-20uL of whole blood is required)



**Rapid antigen test**

- Rapid immunochromatographic assay for qualitative detection of nucleocapsid protein antigen from SARS-CoV-2 in NASAL/nasopharyngeal /oropharyngeal swab specimens;
- Rapid test FIA (Fluorescent ImmunoAssay) for the identification of antigens of the nucleocapsid protein antigen from SARS-CoV-2 in human NASAL/nasopharyngeal/oropharyngeal swab specimens.



**Surgical masks**

Non-woven, disposable, 3 PLY, high filtration (BFE ≥98%) masks.



**Disinfectant**

Rapid action against Gram-positive and Gram-negative bacteria, mycobacteria, and fungi



**Infra-red thermometer**

No-contact device for measuring body, environmental, and liquids temperature



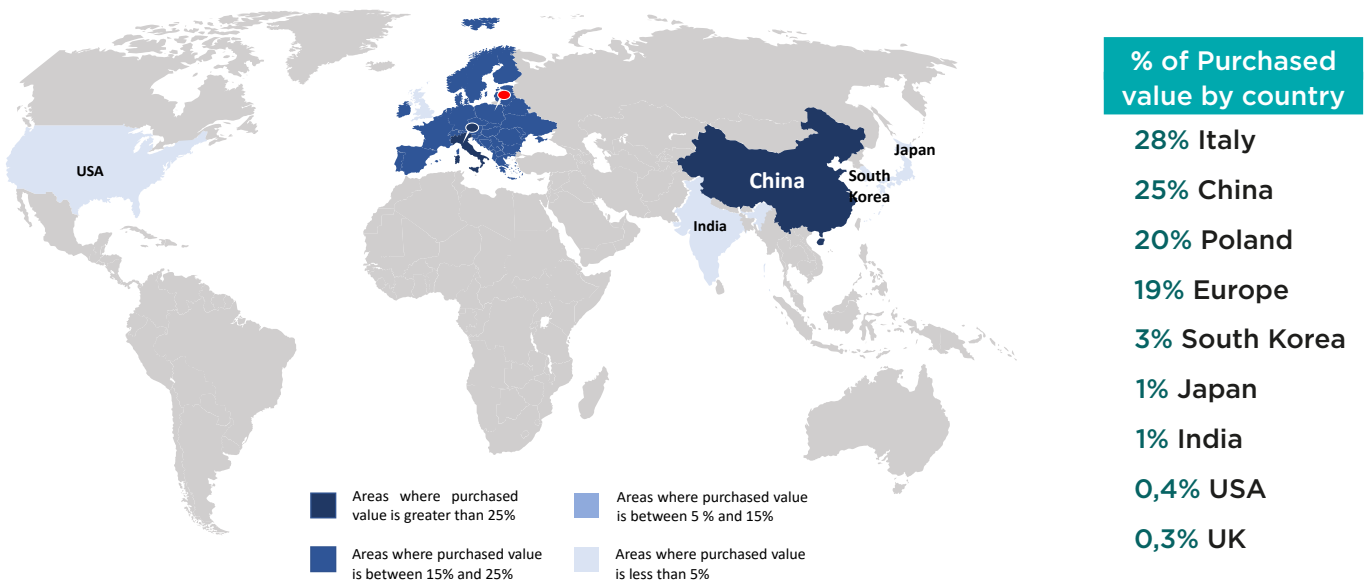
## MTD value chain

As of December 31<sup>st</sup> 2020, the MTD Group had generated **direct economic value** equal almost to € 250 million (8% more than 2019), of which around 205 million were distributed as shown in the table below.

Direct Economic value generated and distributed	2019 (k€)	2020 (k€)
Economic value generated	226,302	244,668 <sup>1</sup>
Economic value distributed	186,695	205,300
Operating cost	111,520	127,788
Value distributed to Employees	53,798	53,772
Value distributed to providers of capital	20,802	21,311
Value distributed to Government Authorities	446	2,226
Value distributed to the Community	128	163
Economic value retained	39,607	39,388

In 2020 the MTD Group spent more than **€ 125 million** on **2,348 suppliers**. The pandemic has had major consequences on the supply chain both in terms of potential supply breakdowns and in terms of a new composition of the suppliers portfolio. In particular, thanks to its double sourcing policies of strategic raw materials, the Group has always been able to guarantee continuity of supply, avoiding interruptions to its production cycles.

On the other hand, considering the new Covid-19 products marketed by the Group, the total number of suppliers has increased by 21%, with an increase of sourcing from China (25% of the total purchased value), although Europe remain the major sourcing area (67%), with a particular focus to Italy (28%) and Poland (20%).



In Pikdare the purchased value was mostly attributed to finished products (57%), raw materials used for daily production and packaging (12%) and logistics suppliers (10%). In HTL, the purchased value was mostly related to suppliers of raw materials (35%), production equipment (16%) and building services associated with the renovation and expansion of the production sites (9%)

Pikdare and HTL are committed to constantly engaging with their suppliers in ethical and fair practices. In fact, all of them are required to sign the respective Code of Ethics. The Group is also committed to enhancing suppliers' performance by adopting selection and evaluation procedures based on quality criteria, integrating also compliance with human rights principles.

1) The value includes revenues from contracts with customers and other operating income.



## The Group Corporate Governance

MTD's Corporate Governance principles highlights accountability and reliability to shareholders and stakeholders. The Board of Directors and first line of management are the guarantors of these pillars. This implies that MTD can ensure strategic and succession planning; director qualifications, independence, fair compensation and fairness as well as absence of discrimination.

MTD management team is fully accessible to all employees, this is valid also for the Group's CEO, ensuring quickness in any decision making process and strong attitude at problem solving. Likewise, there is the ability for the management team to access directly to the Board members.

### MTD Board Composition and local subsidiaries

MTD Group is driven by its holding company. The Corporate Governance structure allows each operating subsidiary to be independent and autonomous in any decision, provided that the holding company MTD provides the strategic guidelines to be followed.

MTD board is composed by representatives of all the shareholders, by a co-appointed Group CEO and independent members. This solid governance structure is the founding element to guarantee responsible and fair practices based on transparency and reliability.

MTD board members have a variety of backgrounds, which reflects continuing efforts to achieve a diversity of viewpoints, experiences and knowledge. Group CEO has an extensive experience in healthcare business that ensures high competence and reliability of the Group. The Board is comprised of nine members, two of which are female (included the Group CEO). Likewise, each global management team member has a strong experience and solid know in the different areas of influence.

Group CEO is responsible to lead the strategy of the entire Group and provide guidelines to each subsidiary. In any case each subsidiary retains its own independence and the respective boards are composed by senior managers who are committed to manage the companies in their best interests within the scopes and trajectory of the Group. Each board of the subsidiary is fully fledged and able to resolve upon any matter.

### Antibribery and anticorruption

MTD is strongly committed to prevent bribes and corruptions episodes. To such end MTD required to any subsidiary to implement tight procedures in compliance with national laws and inspired to best practices. This allowed to mark no episodes of corruption in the Group during 2020; notwithstanding this remarkable result, MTD is constantly engaged in improving internal practices on topics relating to anti-corruption and whistleblowing. MTD is also committed to create a Group unified Code of Ethics which will embrace the whole Group's ethical principles and values.



## The Group sustainability path



MTD's sustainability identity actually has its roots in the long history of HTL and Pkdare, companies that have always integrated the concept of sustainability into their activities, maintaining ethics and integrity as the basis for the conduct of their internal activities and along their value chain.

During 2020, the Group decided to further develop its sustainability identity by establishing a specific **ESG Committee**. In addition, MTD has confirmed its ongoing commitment and willingness to respond to stakeholders' need for transparency with this **second edition of the Sustainability Report**, which includes **stakeholder mapping** and **materiality matrix**, as well as key non-financial information and data.

### MTD sustainability governance and strategy

Sustainability is a fundamental aspect of MTD's culture. The sustainability strategy focuses on continuous improvement of our current performance along with future implementation of a consistent sustainability strategy. With this in mind, MTD established the Environmental Social and Governance (ESG) Steering Committee in 2020.

The ESG Committee is a cross-functional management committee of the MTD Group and assists the Group CEO and the MTD Board of Directors to:

- Set the general **strategy** relating to ESG priorities;
- Develop, implement, and monitor **initiatives and policies** based on that strategy;
- Oversee **communications** with employees, investors, and stakeholders with respect to ESG priorities;
- Monitor and assess **developments relating to ESG priorities** to improve MTD Group's understanding of ESG priorities, as well as guaranteeing efficient and timely disclosure of ESG matters to internal and external stakeholders.

With the establishment of the ESG Committee in 2021, MTD will formalize a coherent sustainability strategy in relation to the Group's identity and the business in which the Group operates. As an example, guidelines were developed and adopted for the innovation of new devices with dual goals:

1. facilitating patients' access to care through simple, easy-to-use products, and
2. ensuring the safety of **healthcare professionals** through the use of these innovative safety sharps (cf. Cap. 2 and 3).





To achieve these strategic challenging goals, MTD is focused on its **people power**, driven by genuine care for our team members while further developing talent. Our team members are a priority, therefore, a strong ‘person’ focus on maintaining and enhancing skills and competencies, will ensure the differentiation of MTD products (cf. **Cap. 4**).

From a product innovation and development view, MTD is always evaluating and enhancing opportunities for environmental sustainability. MTD commits to minimizing the **environmental** externalities arising from its operations. (cf. **Cap. 5**).

Based on this sustainability priority, MTD has defined four pillars aligned with the **United Nations Sustainable Development Goals (UN SDGs)**.



**Improve healthcare focusing on access to care and adherence to treatments for patients and safety for professional**

Contributing to improve the future of healthcare, build a world where **care is more accessible, safer and easier** for everyone, **patients** and **healthcare professionals**.



**People: safety, inclusion and empowerment**

Valuing the people who work with us by **guaranteeing their safety, promoting inclusion and diversity**, supporting the continuous **development of skills and ability**, enhancing their opportunities through **welfare** initiatives.



**Innovation and development of products looking at eco-sustainability**

Creating value by **continuing to offer innovative products, processes, technologies** that meet the **health and safety needs of patients and healthcare professionals**, and at the same time are **environmentally sustainable** with an ever-less impact on the environment.



**Ethics and integrity**

Consolidating a **corporate culture that embodies ethical principles and transparency** towards the entire healthcare sector, by formally establishing, within our Code of Ethics, a set of fundamental ethical values that underpin the conduct of their activities, as well as **ensuring responsible behavior of suppliers along the supply chain**, through the assessment of suppliers based also on social and environmental criteria, including also human rights assessment.



Considering the perceived needs of different stakeholder groups and choosing a forward-looking perspective, MTD has defined specific guidelines for each pillar. Starting from the guidelines outlined above, the sustainability strategy under construction will develop concrete and measurable goals for each pillar and will assign dedicated resources and expected impact to each goal.

Pillars	Guidelines
<p><b>1</b> Improve healthcare focusing on access to care and adherence to treatments for patients and safety for professionals</p>	<ul style="list-style-type: none"> <li>■ <b>Support access to care and adherence to treatments for patients</b> (especially chronic patients, like people with diabetes) accompanying them along their care pathway, continuing to provide innovative, simple and accessible solutions</li> <li>■ <b>Support safety for professionals</b> with highly usable products and procedures minimizing needlestick injuries and infections</li> <li>■ <b>Expand education and information</b> activities aimed at healthcare professionals, customers and consumers</li> </ul>
<p><b>2</b> People: safety, inclusion and empowerment</p>	<ul style="list-style-type: none"> <li>■ Continuously improve and ensure <b>safety standards</b> for those who work with us</li> <li>■ <b>Empowering people, improve accountability</b> and supporting diversity, multiculturalism and inclusion</li> <li>■ Helping people to live and work better, building a <b>flexible and balanced smart working system</b></li> </ul>
<p><b>3</b> Innovation and development of products looking at sustainability</p>	<ul style="list-style-type: none"> <li>■ <b>Develop innovative products and processes</b> in order to guarantee the health and safety of consumers and healthcare workers</li> <li>■ Support and strengthen the <b>culture of sustainability in MTD</b>, monitoring industry best practices.</li> <li>■ Continuously <b>improve the environmental impact of industrial operations</b> in terms of energy consumption, air emissions, waste management, responsible use of materials, and sustainable packaging</li> </ul>
<p><b>4</b> Ethics and integrity</p>	<ul style="list-style-type: none"> <li>■ Formalize a group-wide <b>Code of Ethics</b>, with dedicated policies on <b>supply chain management</b> and <b>anti-bribery and corruption</b></li> <li>■ Expand and consolidate reporting on the company's <b>sustainability commitments, results and progress</b></li> <li>■ Join the <b>United Nations Global Compact</b></li> </ul>



In 2021 MTD will join the United Nations (UN) Global Compact, formally confirming its commitment to the Ten Principles on human rights, labor rights, the environment and anti-corruption.

## UNITED NATION GLOBAL COMPACT

The Global Compact is one of the world's largest corporate sustainability initiatives. It provides a universal language for corporate responsibility and a framework to guide all companies and organizations regardless of size, complexity or location, aligning their strategies and operations with the Ten Principles listed below. Launched in 2000, the initiative numbers today more

than 13,000 companies around the world and relies on a platform characterized by a global reach and multi-stakeholder connections to help businesses cooperate in shaping the sustainability agenda and becoming a force for good



## The Ten Principles of the United Nations Global Compact

### Human Rights

- 1** Business should support and respect the protection of internationally proclaimed human rights: and
- 2** Make sure that they are not complicit in human rights abuses.

### Labour

- 3** Business Should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4** The elimination of all forms of forced and compulsory labour;
- 5** The effective abolition of child labour: and
- 6** The elimination of discrimination in respect of employment and occupation.

### Environment

- 7** Business should support a precautionary approach to environmental responsibility: and
- 8** Undertake initiatives to promote greater environmental responsibility: and
- 9** Encourage the development and diffusion of environmentally friendly technologies

### Anti Corruption

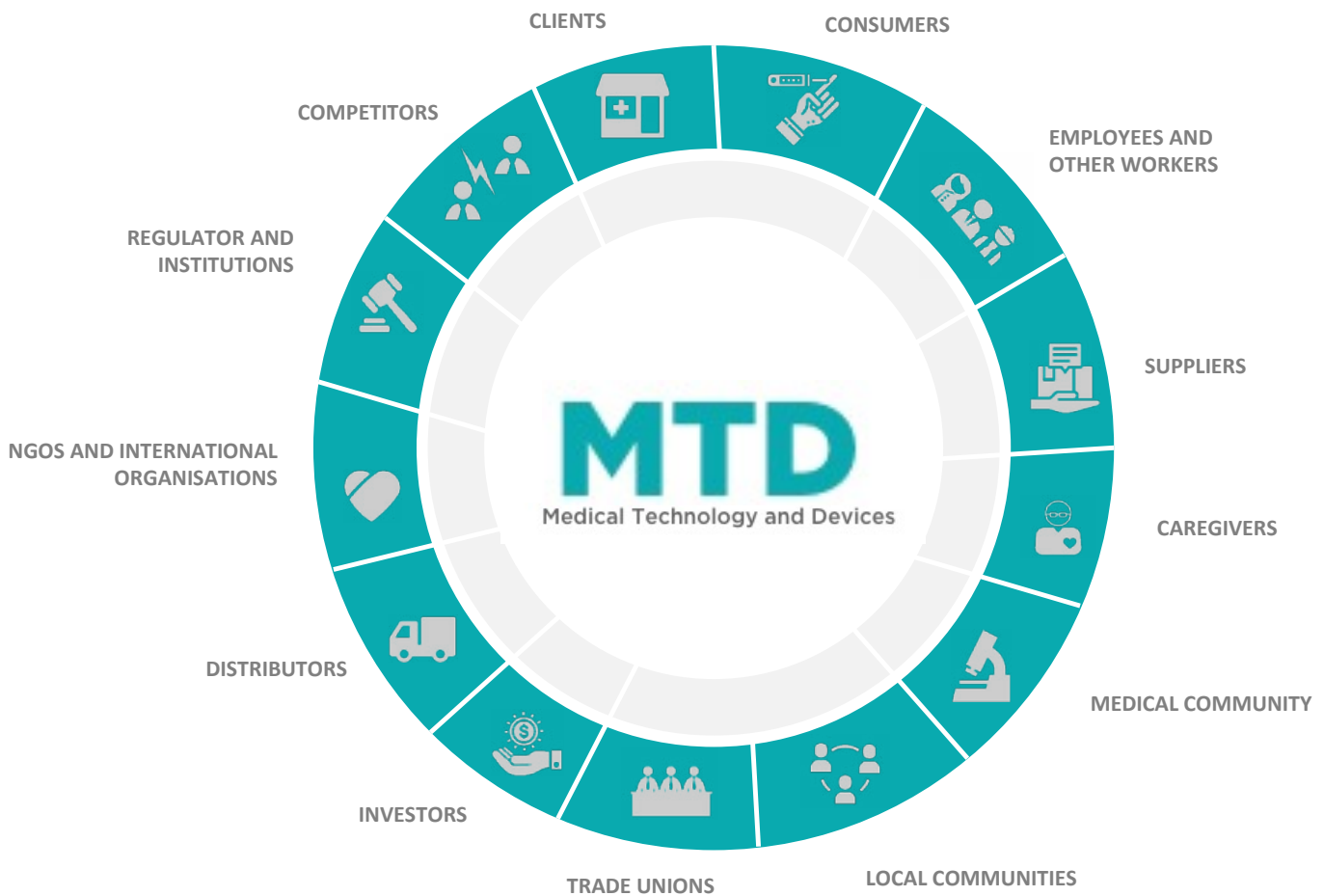
- 10** Businesses should work against corruption in all its forms, including extortion and bribery.



## Our Stakeholders

Stakeholders' identification is a fundamental principle for the creation of a sustainability strategy. MTD's stakeholders could be defined as the entities or individuals significantly influenced by MTD's activities, products and services or those parties whose actions could influence MTD's ability to successfully implement its strategies and achieve its objectives.

The MTD Group, also in 2020, has updated its own stakeholder mapping, taking into consideration their influence and their dependency on the MTD Group in order to identify the correct engagement channels to understand and collaborate with them.



STAKEHOLDERS	BREAKDOWN
<b>Employees</b>	Office employees, plants workers, product specialists and sales agents.
<b>Customers (consumers, caregivers and distributors)</b>	Patients, hospitals, pharmacies, private clinics, laboratories, distributors, healthcare professionals, caregivers
<b>Suppliers</b>	Raw materials and components suppliers, medical products suppliers, packaging materials suppliers, transport and logistic operators, external agencies and services
<b>Communities (medical community, local communities, trade unions, NGOs)</b>	Medical associations, healthcare professional's associations, local communities , trade unions and NGO's
<b>Investors</b>	Shareholders, investment group, banks, financial institutions
<b>Competitors</b>	Med-Tech companies
<b>Regulator &amp; Institutions</b>	Governments, local regulatory authorities, UE Commission, national health institutions, notified bodies



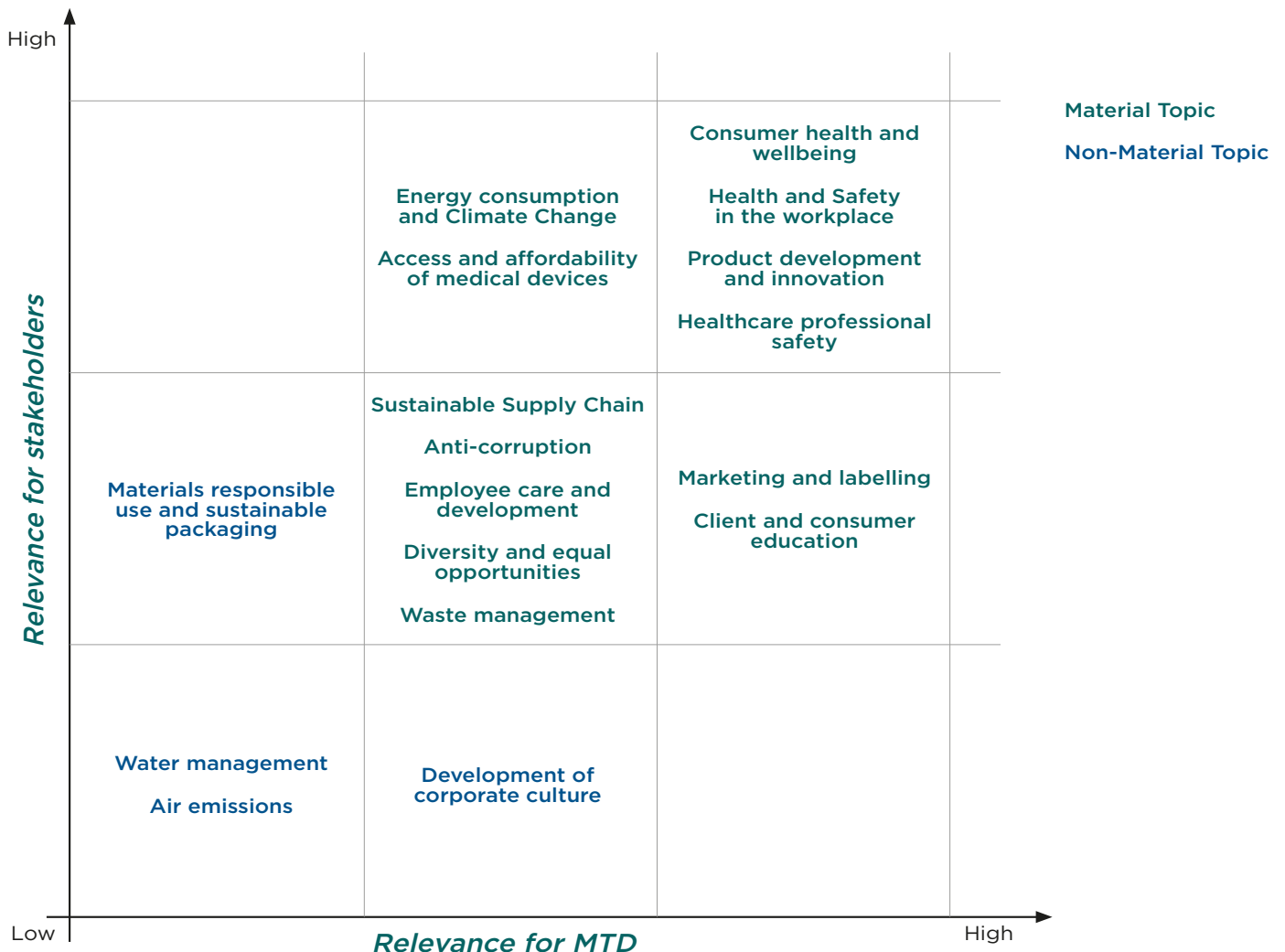
## Materiality analysis

Pursuant to the GRI Standards (“Core Option”), MTD has updated its materiality analysis to define report contents. Material topics are those that can reasonably be considered important to reflect the economic, environmental and social impacts of the company or to influence stakeholder decisions. The prioritization of topics from the company’s perspective was updated through interviews with top management figures who were asked to identify the sustainability issues that may positively or negatively influence MTD’s ability to implement its strategy and create value over time. From an external standpoint, in order to define the most relevant topics, the following activities were carried out:

- **Benchmarking analysis:** analysis of sustainability topics reported by other companies operating in the medical devices sector;
- **Sector trends analysis:** analysis of the main documents produced by associations, NGOs and organizations of the medical devices sector with the aim of identifying their sustainability topics;
- **Macro-trend analysis:** analysis of documents and reports of the most relevant government organizations, policy makers and major stock exchanges, in order to identify the main sustainability topics at the global level (e.g. World Economic Forum, United Nations, European Union, Dow Jones Sustainability Index, etc.);
- **Media analysis:** analysis of the main press articles relating to the Group, with the aim to assess the perception of public opinion.

Compared to the results of the 2019 materiality analysis, **waste management** and **diversity and equal opportunities** topics have become material. Indeed, for both topics the attention of the Group has constantly increased, and it will lead to the development of specific initiatives in the next future.

## MATERIALITY MATRIX



A list of material and non-material topics with a short description is given below:

MATERIAL TOPIC	DEFINITION
<b>Consumer health and wellbeing</b>	Ability to guarantee patients' health and safety and to meet their needs, especially by favoring the therapy continuity and developing products that relieve pain and that are easy to use.
<b>Healthcare professionals safety</b>	Protection of healthcare workers through innovative and safe product design and the promotion of the correct management and disposal of medical waste.
<b>Product development and innovation</b>	Adoption of processes and management systems to safeguard workers health and safety, including employees and other workers.
<b>Health and safety in the workplace</b>	Adoption of processes and management systems to safeguard workers health and safety, including employees and other workers.
<b>Marketing and labeling</b>	Provision of accurate and adequate information to consumers in order to guarantee the correct and simple use of products.
<b>Client and consumer education</b>	Enhancement of client education through training courses at pharmacies and/or hospitals and development of consumer awareness through the spread of informative materials, with the aim of teaching the correct use of products and of promoting a healthy lifestyle.
<b>Energy consumptions and climate change</b>	Reduction of energy consumption and of the related GHG emissions.
<b>Access and affordability of medical devices</b>	Offer medical devices that meet the needs of the society and transparent and fair pricing aimed at increasing medical devices affordability.
<b>Sustainable supply chain</b>	Ability to ensure responsible behavior of suppliers along the supply chain, through the assessment of suppliers based also on sustainability criteria.
<b>Anti-corruption</b>	Effective management of corruption episodes and remediation actions taken.
<b>Employee care and development</b>	Enhancement of welfare initiatives focused on employee's wellbeing and training courses in order to attract and retain highly qualified employees.
<b>Diversity and equal opportunities</b>	Promote and ensure equal opportunities for all employees and protect diversity (in terms of religion, culture, origin, gender and age).
<b>Waste management</b>	Efficient management of waste and scraps in compliance with law requirements, with particular focus on disposal methods based on a circular approach.
<b>Air emissions</b>	Reduce air pollutants released because of the organization activities (e.g.: Nitrogen oxides and sulfur oxides) and which cause a poorer air quality in the areas in which the company operates.
<b>Materials responsible use and sustainable packaging</b>	Adoption of environmental criteria in the raw materials and packaging purchasing and promotion of different sustainable solutions for reducing the use of packaging.
<b>Water management</b>	Efficient management of the water resources used in the production process with the aim of reducing the total amount consumed and improving the quality of water effluents.
<b>Development of corporate culture</b>	Development of a strong MTD Group corporate culture in which employees can identify themselves, and that embraces sustainability topics.



# WE STAND WITH PATIENTS



*“We accompany patients in their healthcare journey as a trusted partner by developing innovative products to reduce potential psychological and physiological barriers that may prevent them from achieving optimal health benefits.”*

MTD’s value proposition starts from active listening to the unmet needs of patients, inspiring the Group to develop solutions through products, services, and educational support.

Continuous empathy to the needs of patients, is the basis for the design of MTD’s **innovative, simple, and easy-to-use products** related to both **diabetes** and **self-medication** products. These products aim to ensure access to care across disease states, with the ultimate goal of improving comfort with potential to improve adherence to medical treatments. Particularly regarding diabetes, the Group accompanies a patient’s journey with its comprehensive portfolio of products, from **diagnosis** to **therapy management** via blood glucose self-monitoring, the use of personal and safety lancets, and diabetes medication administration devices, such as pen needles and safety pen needles.

Access to care is not limited to product offerings, but also includes access to **educational** engagement activities essential to support patients through their care pathway.

In order to guarantee products that are aligned to both patients needs and with best practices in the healthcare sector, the MTD Group has always focused on **continuous innovation** for the in-house generation of new concepts, patents, and solutions with continuous testing and immediate engineering.

Finally, at the heart of all its choices, the Group ensures the **full compliance and safety** of its products and business processes, as well as the transparency of its brands, in order to guarantee long-lasting reliability for patients and for the whole healthcare sector.



## Ensuring access to care and adherence to medical treatments



MTD, starting from unmet needs of patients, has always been committed to provide a wide range of simple and comfort-of-use products for a complete answer to the specific requirements of people, whilst helping improve the quality of their everyday life.

This is especially true for people with diabetes, of which MTD takes special care, considering that poor adherence to the therapy could cause them serious health concerns. As affirmed in several articles published by the most reputable scientific journals, needle fear is in fact very common in children with type 1 diabetes<sup>1</sup> and a great percentage of type 2 diabetic patients with poor control do not start insulin therapy at the appropriate time because of fear of injections and associated pain<sup>2</sup>.

Moreover, it should be noted that diabetes care has become extremely relevant in the context of the advent of the Covid-19 pandemic, which has increased the barriers to treatment, in particular considering factors such as shortage of resources, negative emotions and lack of support<sup>3</sup>. In addition, it has increased the risks for diabetic patients, who are more vulnerable to the consequences of a Covid-19 infection, taking into account the difficulty for diabetic patients in treating viral infections due to fluctuations in blood glucose levels<sup>4</sup>.

1) Cemeroglu AP, Can A, Davis AT, et al. Fear of needles in children with type 1 diabetes mellitus on multiple daily injections and continuous subcutaneous insulin infusion. *Endocr Pract* 2015; 21:46-53

2) Benroubi M. Fear, guilt feelings and misconceptions: barriers to effective insulin treatment in type 2 diabetes. *Diabetes Res Clin Pract* 2011; 93 (Suppl1):S97-S99

3) Shi C, Zhu H, Zhou J, Liu J, Tang W. Barriers to Self-Management of Type 2 Diabetes During COVID-19 Medical Isolation: A Qualitative Study. *Diabetes, Metabolic Syndrome and Obesity: Targets and Therapy* 2020;13 3713-3725

4) <https://www.idf.org/aboutdiabetes/what-is-diabetes/covid-19-and-diabetes/1-covid-19-and-diabetes.html>





**DIABETES: A GLOBAL DISEASE**

According to the definition given by the World Health Organization (WHO), diabetes is a chronic disease related to insulin, the hormone that regulates blood sugar, and that occurs when the pancreas does not produce enough insulin or when the body cannot effectively use the insulin it produces. As defined by WHO, there are **two main types of diabetes**:



**Type 1 diabetes** is characterized by **deficient insulin production** and requires daily administration of insulin.

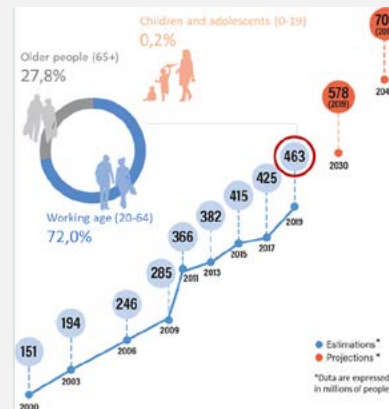


**Type 2 diabetes** is the most common type of diabetes and results from the **body's ineffective use of insulin**. It is mainly related to lifestyle (e.g. excess body weight or lack of physical activity) and requires daily monitoring of blood glucose levels, and, if the condition deteriorated, daily insulin injections.

According to the last updated data of the International Diabetes Federation (IDF) it is estimated that in 2019 **463 million** people worldwide have diabetes and this number is projected to reach 578 million by 2030, and 700 million by 2045.

In particular, three in four people living with diabetes (352 million people) are of working age (i.e. between 20 and 64 years old), while one in five people over 65 years, is estimated to have diabetes. Moreover, an estimated 1.1 million children and adolescents (aged under 20) have type 1 diabetes.

Globally, therefore, the number of deaths resulting from diabetes and its complications in 2019 is estimated to be 4.2 million, confirming as diabetes is among the **top 10 causes of death around the world**<sup>6</sup>.



## Psychological barriers to diabetes management

According to the International Diabetes Federation, to date, about **150-200 million people** require insulin therapy worldwide, and, according to the most recent studies, insulin use is estimated to increase.

Conventional insulin administration involves subcutaneous injection with syringes or pen needles with pen injectors, marked in insulin units. Since insulin was first discovered in the early 1920s for over 50 years, vials and syringes remained the only delivery options available for routine clinical use. The first manufactured insulin pen was introduced in 1985<sup>5</sup>, but the original needles for subcutaneous injections were of a much larger diameter (25G) and longer than today. Furthermore, although hypodermic needles are effective, they could be associated with pain, anxiety, needle fear and difficulty of use<sup>6</sup>. Consequently, there is poor compliance in initiating and adhering to needle-dependent therapies such as insulin administration<sup>7</sup>.

For this reason, most of manufacturers around the world responded by introducing thinner, shorter and more accurate pen needles, leading to a reduction in necessary injection force, skin trauma and pain<sup>8</sup>. In many patients (e.g. especially those who are neurologically impaired and those using multiple daily injection regimens), these devices have been demonstrated to improve the accuracy of insulin administration and adherence<sup>9</sup>. With the same purpose, MTD has committed to design innovative products that reduce pain and promote greater compliance with diabetes self-management, thus preventing acute and chronic complications and optimizing quality of day-by-day life.

For these reasons, MTD has always designed products for breaking down psychological and physiological barriers to diabetes treatment. With its portfolio of products, the Group accompanies patients during the various treatments, including both **therapy** by insulin administration devices, such as pen needles and safety pen needles, and **blood glucose self-monitoring** by personal and safety lancets and lancing devices.

5) Selam J-L. Evolution of Diabetes Insulin Delivery Devices. J Diabetes Sci Technol. 2010; 4(3):505-513.

6) Zambanini A, Newson RB, Maisey M, et al. Injection related anxiety in insulin-treated diabetes. Diabetes Res Clin Pract. 1999; 46:239-46

7) Gill HS, Prausnitz MR. Does Needle Size Matter? J Diabetes Sci Technol. 2007; 1(5):725-729

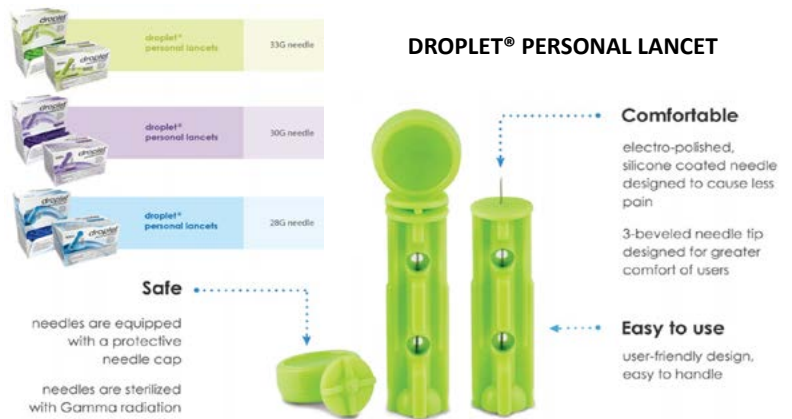
8) Magwire ML. Addressing Barriers to Insulin Therapy: The Role of Insulin Pens. Am J Ther. 2011; 18(5): 392-402

9) American Diabetes Association. Insulin administration. Diabetes Care. 2003; 26(Suppl1): S121-S124.



## HTL: Personal lancet

Pricking the finger is an integral part of self-monitoring blood glucose and part of everyday life for millions of people with diabetes. Testing blood sugar levels helps people with diabetes to make proper decisions about diet, activity and treatment requirements. HTL, through **safe, comfortable** and **easy-to-use** personal lancets provided by its brand Droplet, tries to make this daily routine safe and more comfortable<sup>10</sup>.



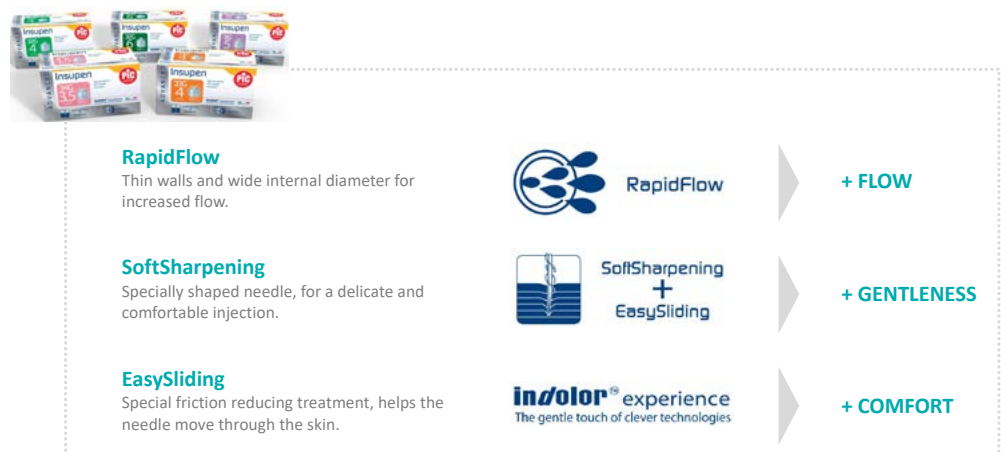
Furthermore, the most relevant innovations in the diabetes treatment area are the **34Gx 3.5mm pen needle**, the shortest and thinnest pen needle in the world, **Droplet Genteel lancing device**, that guarantees virtually painless diabetes management due to vacuum technology and alternate site testing, and **the DropSafe safety pen needle 31Gx 5 mm**. All these products aim to improve comfort related to diabetes management.

## 34Gx3.5mm: the thinnest and shortest pen needle of the PIC range

In its Pic-branded “**Insupen Advanced**” line, Pikdare includes all the most innovative technological features: the large internal diameter as a result of extremely thin walls, the particular triple sharpening of the needle allows a gentle injection and comfortable and the anti-friction treatment facilitates the sliding of the needle into the skin.

The last innovation in the line is the **34G needle - the thinnest and the shortest pen needle in the PIC range** by diameter and length, aimed at reducing the psychological discomfort perceived by the patient.

In order to test the performance of the 34G, Pikdare carried out a scientific study entitled “Penetration force and cannula sliding profiles of different pen needles: The PICASSO study”<sup>11</sup>, published in an international peer-reviewed medical-devices scientific magazine, “Medical Devices: Evidence and Research” in 2019. The results of the study demonstrated that the 34G, when compared to other needles with a larger outer diameter, can represent



10) Zurawska G. Single-blind, Randomized, Singlecentre Study to investigate the Characteristics of Different Personal Lancets on Blood Volume and Perceived Pain in Patients with Diabetes Mellitus. Diabetes Manag. (2016) 6(3). 066-070.

11) Leonardi et al., Penetration force and cannula sliding profiles of different pen needles: the PICASSO study. Medical Devices: Evidence and Research, 2019 Aug 28;12:311-317

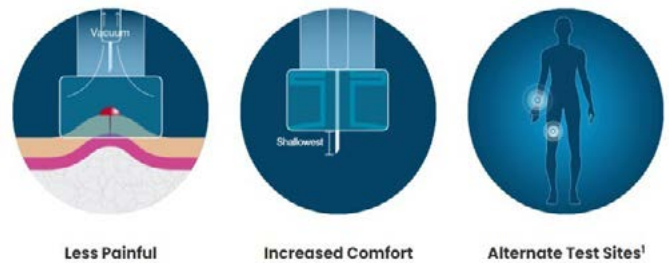


a significant improvement in reducing the amount of force required to penetrate tissue. It is well known that reduced penetration force leads to positive patient acceptance. 34Gx3.5mm reduces penetration force by up to 50%. Less penetration force means a less painful injection. MTD, in its intent to develop synergies between the two companies, in 2020 had also introduced the 34Gx3.5mm pen needle into the North American market-named Droplet Micron. The latter is indicated for the use with pen injector devices for the subcutaneous injection of drugs.



### Droplet Genteel: vacuum operated lancing device

In 2020 in the US market, HTL launched the Droplet Genteel lancing device. Based on the assumption that typical lancing devices often push the lancet too far into the skin of the finger, eliciting pain and trauma, Droplet Genteel is designed for a less painful lancing experience due to its **vacuum-based application**. The vacuum technology is less painful as it pulls blood to the surface of the skin, which eliminates the need for uncomfortable squeezing. Droplet Genteel is also approved for alternate site testing, an alternative to sampling from sensitive parts of the body, such as the fingertips.



### Dropsafe: Safety pen needle 5mm length

*Dropsafe* safety pen needles are **sterile, single-use** safety needles intended for use with pen injector devices for the subcutaneous injection of drugs.

This product has been designed for a **comfortable injection** with a thinner and shorter needle that is not as visible. Healthcare professionals have confidence in the product due to its efficacy, safety, accuracy, and covered tip that prevents needlestick injuries before, during and after injections. There is also a **lock-out** confirmation signaled by a red stripe that appears as soon as the needle has been used, thus reducing the number of operators exposed to injuries and blood contamination. It is also compatible with majority of pen injectors on the market, making it even more accessible for both healthcare professional and lay users.



MTD’s push for innovation not only applies to products for people with diabetes, but also to products related to self-medication, including the “**Si-Silicon**” **dressings**, a line of patches that guarantee safe and painless removal, awarded with the “Product of the year” award in 2020, the **Aerosol Air Stylo** which **simplifies respiratory care** and the Pic Health Station App, a digital medical diary that helps patients to track and share their medical data with their physician.



## “SI SILICON”: product of the year




Pic’s technological evolution has always been the result of a profound and careful listening to the people’s needs which translates into simpler, more comfortable and safer solutions.

In line with this goal, in 2020 Pic launched the “SI Silicon” dressing, a line of patches that uses silicone technology to ensure a safe and painless removal.

This line presents three specific solutions for different types of hypersensitive skin, designed for any type of dressing:

The SI Silicon line of patches won the “Product of the Year” 2021 award for post-operator and strip formats following the evaluation of 12,000 consumers aged 15 to 65 who were asked to vote for their favorite products. Innovation and satisfaction were the main factors assessed.

From 2021, the “Product of the year” label will be placed on all packaging in the line.

	<b>POST-OPERATIVE PATCH</b> For wound medication	<b>sizes</b> 5x7 cm 10X8 cm 10X15 cm
	<b>BOBBIN PATCH</b> For fixing primary medications	<b>sizes</b> cm 2,5x3 m cm 5x3 m
	<b>STRIP PATCH</b> For small wound medication	<b>sizes</b> 2,5x7,2 cm 4x8,6 cm



## Aerosol - Air Stylo

Pic has always been a reliable ally in the world of breathing, as it places well-being of the respiratory tract at the center of its action. In 2020 Pikdare has developed **AirStylo**, a lightweight aerosol, whose characteristic design make it easy to carry and to hold, simplifying respiratory care and allowing to start therapy anywhere. In particular, the AirStylo is based on micropistone technology that allow particles to reach a minimum size, so that they can reach every depth of the airways.

Moreover, the ampoule is equipped with a convenient flow regulator, which allows patients to customize the amount of medication nebulized according doctor’s instructions.



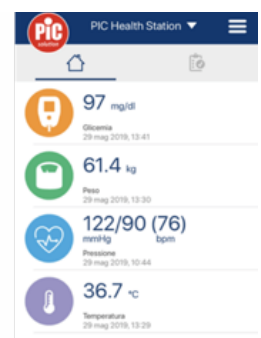
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## Pic Health station APP

The Pic health station app is a platform created with the aim of supporting patients in collecting and storing their medical data.

It allows the patient to measure and correlate different indicators (temperature, weight, pressure), some of which could also be indicative of the presence of diabetes. This app not only allows patients to create a digital medical diary, but also lets them share it with their physician.

According to Apple’s collection systems, the App was **downloaded 36,400 times** as of 31<sup>st</sup> December 2020. While, according to Google’s collection systems the **active users** as of 31<sup>st</sup> December 2020 were about **6,700**.



## Engaging with patients

Continuous listening to patients about their illness and treatment involves not only offering dedicated products, but also patient engagement by developing initiatives aimed at monitoring patients' needs and informing them about the correct use of medical devices. The importance of these initiatives increased during Covid-19, considering increased vulnerability of diabetic people.

The MTD Group has **always been attentive to the needs and requirements of its patients and consumers**, putting them at the heart of its business model, and the year 2020 was no exception, especially in such a difficult year. For this reason, in Italy, during 2020, **customer surveys** were carried out involving 5 associations of diabetic patients, which included children and adults, who were given satisfaction questionnaires after one month's use of the new G34, which had never been used until then since patients were using other sizes of pen needles. The results of the surveys were positive representing a good tool to understand the efficacy of the products and to confirm that the Group's product development is going in the right direction.

MTD not only focuses on the needs of patients, but also considers education on the correct use of medical devices to be a key step in enhancing care, of particular relevance in 2020 there was the **education activity** implemented in the US at the same time as the launch of the Droplet Micron (34Gx3.5mm pen needle). This education activity was undertaken through an **educator kit** aimed at doctors and educators with the aim of creating empathy and understanding the injection and insulin therapy experience from the patients' perspective, considering all the fear and anxiety anticipating the injection and arising from the needle. The project focuses on all stages of the injection experience, including **anticipation**, the moment preceding the injection characterized that could be characterized by anxiety and **preparation** before the injection. This ambitious project is fully aligned with MTD's mission to ensure continuity of care by breaking down barriers, especially psychological ones. The Group is planning to extend this project also in other countries in which G34 is marketed.

The project's aim is to raise awareness also on the importance of proper injection technique focusing on the "little things" that make the biggest difference.

MTD's commitment to being close to patients is also implemented in Italy with the **Pic** brand, being a cross category self-care brand, which has always stood out for its closeness to consumers and recognized as empathic.



In particular, during the Covid-19 pandemic where the danger of isolation was very high and risky for vulnerable groups such as diabetics, Pic launched an advertising campaign “**Come ti senti?**” (“How do you feel?”) to be close to people. The campaign represents an intimate and authentic question that the brand has always asked in every product being aimed at all people who take care of themselves with gestures of daily care. “Come ti senti” commercial was filmed during the lockdown, by nine directors of seven different nationalities, who had chosen to offer their interpretation of the idea of **caring** for the people they care about. The multi-channel advertising campaign was very successful and highly appreciated with 11 million web views and over 50 million people reached on national TV.

MTD is also committed to raising people’s awareness on health issues through the promotion and dissemination of good practices to end consumers: to do this the group has created a platform called Pic it easy.



### How do you feel?

*There is only one, simple question in the world that can help us feel heard, comforted, taken care of.*

*A question that can instantly lift our spirits.*

*Every time you ask, “How do you feel?” you make everything better for someone close to you.*

*We just help make it all a little easier.*

*It's Pic*

*And you?*

*How do you feel?*



### PIC IT EASY

“Pic it easy!” is a web, multi-channel educational platform providing people practical tips to help them deal with minor health problems. It was developed to meet people’s need for trusted and reliable online healthcare information. Picidare ultimately seeks to be a dependable resource by providing simple, well-mediated information delivered in an empathetic manner.

Thus far, this initiative has been very successful. The Facebook page has almost 90,000 followers with posts reaching over 20 million. The YouTube tutorial videos have reached 5 million views and the Pic site has about 3.7 million hits monthly.



## Our Innovation



MTD, with its R&D centers, has always been focused on innovation, vertically and directly integrated in manufacturing facilities with the aim of delivering solutions for unmet needs.

Since their inception, medical sharps are embedded in the heritage of both Pikdare and HTL-Strefa. Pikdare has been pioneering diabetes care with manufacturing of syringes and cannulas since the 60s/70s. In the 80s it successfully designed and launched the single-use “no pain” syringe. As for HTL-Strefa, the company was the first globally to deliver a safety lancet in 1994.



Throughout the years, R&D has been embedded in the DNA of both Pikdare and HTL, as the Group continues to deliver innovations. Breakthrough innovations brought to market include, for example, the advanced dressing “MySkin” for speeding up the healing process of cuts in 2011, the new thinner safety needle 33G personal lancet that allows the individual to perform a comfortable, pain-free injection in 2014. To date, MTD owns two R&D centers with over 100 active R&D projects, with one center located in Pikdare and one in HTL, with a headcount of 7 people in Italy (mostly R&D technicians), and 21 people in Poland (11 R&D technicians and 10 project managers). The Group, thanks also to the development of new synergies between the two companies, is raising its intellectual property portfolio with more than 300 patents at 31<sup>st</sup> December 2020, always confirming its aim to stand out for its continuous innovation and willingness to be a pioneer in the diabetes and self-care market.

With the aim of boosting significant growth in the research and development area, MTD Engineering, an innovation hub, was established in 2020. The hub has four areas of focus including: embryonic concept/pipeline development in-house or in partnership, production of components for third-party devices, finished products for new segments, and market-facing technical and consulting services.

Its strong commitment to innovation allows MTD to maintain a long-lasting history of collaboration and partnerships with leading pharma corporates, innovative start-ups, reative talented professionals, and to jointly develop with current and new partners innovative medical device solutions by leveraging mutual capabilities and experiences.



### 28 people workin in R&D

- 7 people in Italy 
- 21 people in Poland 



### over 300 patents registered



### over 100 ongoing R&D projects



# Guaranteeing compliance and transparency

Since the foundation of MTD, and considering the sector in which it operates, aspects such as quality, safety and innovation, have always been the cornerstone of its products and processes.

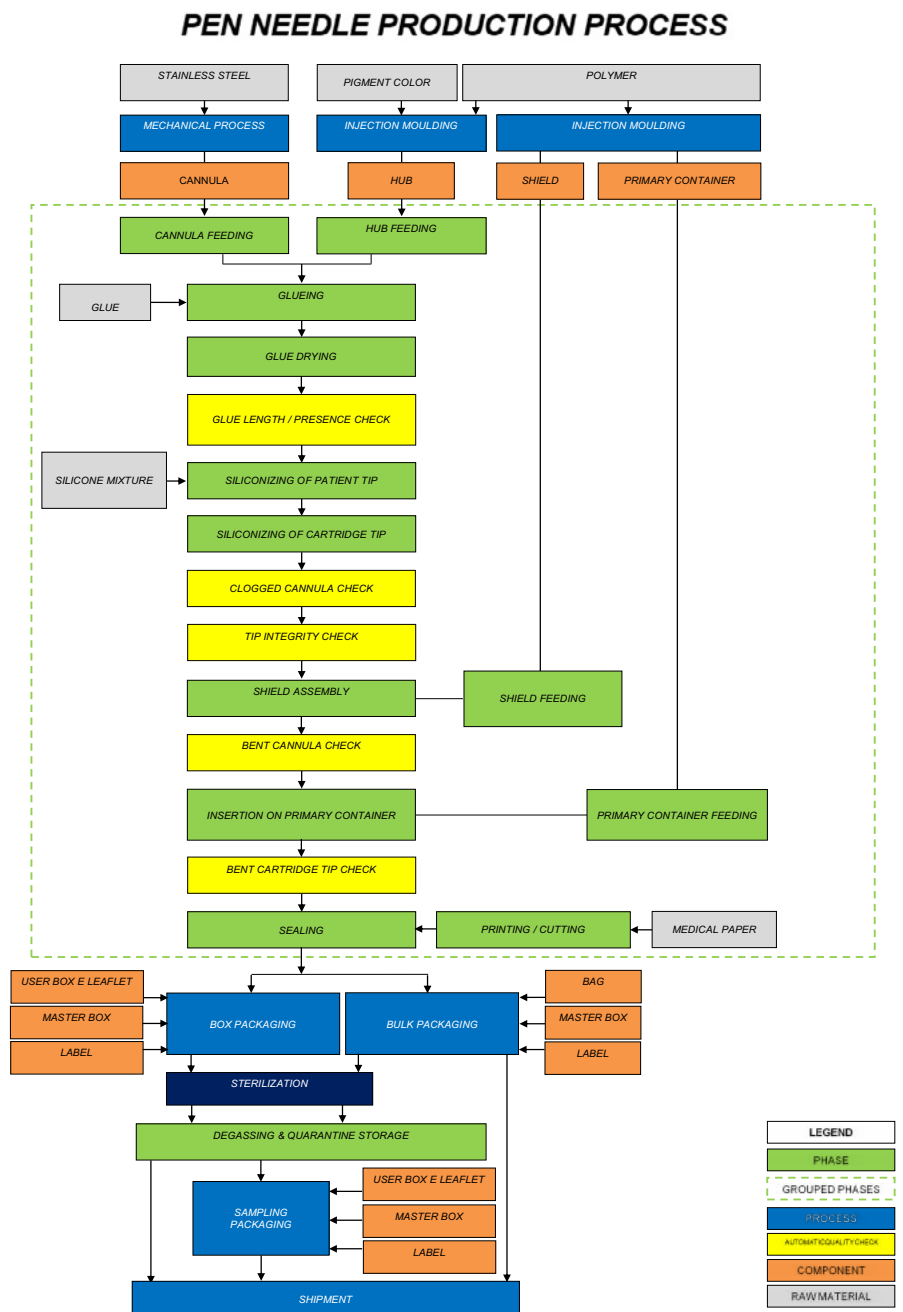
For MTD, respect of the highest standards of product quality does not indicate a mere compliance with the law, but a key element of the Group’s value proposition, only achievable with the involvement and active participation of every employee, that is therefore considered accountable for compliance with quality standards. In fact, all MTD products are designed, developed and tested to meet and eventually exceed the most stringent safety and quality standards. Both Pikdare and HTL-Strefa express such commitments each within its own **Quality Policy**, defining quality internal and external commitments, especially towards customer and suppliers, in order to fulfil regulatory and quality management system requirements. Moreover, in order to guarantee full compliance in terms of quality products requirements, all MTD production processes include several automatic quality checks, as in the case of Pen needle reported below.

To monitor and oversee product quality and safety issues, both HTL and Pikdare have an **ISO 13485:2016** certified management system, specifically related to the medical devices sector. Pikdare is also certified according to **ISO 9001:2015**, standard intended to be applicable to any organization, regardless of its type or size, or the products and services it provides. Finally, MTD Group has also signed up to the “Medical device single audit program” (MDSAP), a program that allows with a single regulatory audit on the medical device manufacturer’s quality management system to satisfy the requirements of multiple regulatory jurisdictions. In 2020 MTD obtained certification for Brazil and Japan, adding to the countries already covered by certification such as Australia, Canada and USA.

MTD guarantees the fulfilment of the highest quality standards by continuously monitoring quality objectives, thus allowing Quality Policy goals to be measured. In particular, as a demonstration of the MTD Group’s commitment to this issue, in the last three years there were no incidents of non-compliance concerning the health and safety impacts of MTD’s products and there were no cases of product recalls.

However, it should be noted that in 2020 Pikdare transmitted to the competent authorities three minor warnings for which no further action was needed.

The Group continuously supervises





quality and safety aspects through both periodical internal audits, in order to evaluate the adherence to the certified quality management system in all company departments, and through audits of suppliers, in order to ensure compliance to quality standards along the supply chain.

However, during 2020 the audit plan of both companies was disrupted due to limitations imposed by Covid-19. In fact, it was preferred in many cases to postpone the audits to 2021, specially for audit on suppliers considering that the remote mode is not fully applicable as the on-site inspection aspect is considered fundamental.

During 2020, the Group was also subjected to 15 audits by MTD's customers, especially in relation to product quality and safety, and by third party entities, with the aim of assessing the quality management system compliance with the standards (e.g. ISO 13485, ISO 9001, MDSAP).

During 2020 Pikdare obtained a further qualification having been certified ISO 14001; please refer to chapter 5 for further details.

MTD is aware of the importance of its products for the health of consumers and is therefore committed to developing responsible communications and labelling in order to ensure maximum transparency for final consumers. As evidence of this commitment, in the last three years there have been no cases of non-compliance with the legislation on product marketing and labelling. Furthermore, it should be noted that the Group is committed to and has begun to comply with the new environmental regulations in the field of marketing and labelling (EU Directive 2018/851), which include the obligation to provide information on product disposal.

#### **ISO 13485:2016 - MEDICAL DEVICES - QUALITY MANAGEMENT SYSTEMS**

The ISO 13485 is an International Organization for Standardization's (ISO) standard that sets out comprehensive quality management system requirements for the design and production of medical devices. The standard was updated in 2016 to meet the latest quality management system practices, including changes in technology and regulatory requirements. In particular, the new version has a greater emphasis on risk management and risk-based decision-making, as well as changes related to the increased regulatory requirements for organizations along the supply chain.



# WE ARE A TRUSTED PARTNER OF HEALTHCARE SYSTEMS



*“MTD is a proven, reliable and trusted partner of many healthcare providers. One of the pillars of our daily operations has been to remain close to healthcare professions, especially during Covid-19, by offering them a range of solutions aimed at facilitating daily healthcare activities and facing the pandemic together.”*

MTD is aware that it can play an important role in supporting and contributing to the development of healthcare. In fact, the Group not only makes life easier for patients, guaranteeing access to better care, but also strives to protect the health of professional workers in the healthcare sector.

MTD aspires to be a point of reference in the healthcare delivery, with particular focus on diabetes. The Group carries out education activities aimed at healthcare workers, customers and consumers with the final objective of promoting the dissemination of knowledge and good practices in the medical field.

After the outbreak of the Covid-19 pandemic, the Group distinguished itself by offering products and devices aimed at protection against the infection and in supporting diagnostic screening and vaccination campaigns. During this period, the pressure on healthcare workers has increased. In response, MTD has reinforced its link with these frontline professionals, with the aim of ensuring safety and well-being through an innovative product offering and dedicated training sessions.



## Protecting healthcare professionals



The **protection of healthcare professionals** has always been one of the main pillars of the MTD Group, contributing to the reduction of costs for hospitals and therefore for national healthcare systems. It is estimated that around the world more than 2 million occupational needle-stick injuries are suffered by healthcare workers annually<sup>1</sup>. Sharps injuries are typically the result of using sharp equipment in a fast-paced, stressful, and potentially understaffed environment. In particular, hypodermic injections represent the most frequent cause of needlestick injuries, being responsible for around one third of the cases<sup>2</sup>.

Injuries from a contaminated needle put healthcare workers at risk of becoming infected with a blood-borne virus and suffering serious short and long-term medical consequences, in fact sharp injuries are mainly associated with the transmission of viruses such as hepatitis B (HBV), hepatitis C (HCV) and human immunodeficiency virus (HIV), and could be responsible for the transmission of more than 20 other pathogens. A needle injury, considering all the potential risks and consequences described above, could have a serious impact on the well-being of healthcare workers resulting eventually in post-traumatic stress disorder. Moreover, the impact on the healthcare system, as reported by the US Center for Disease Control (CDC)<sup>3</sup>, could be enormous in terms of direct and indirect costs considering: loss of employee time, the cost of personnel time to investigate the injury, the expense of laboratory testing, the cost of treatment and the cost of replacing the workers involved.

For this reason, safety in the professional environment is a crucial issue and, in this context, MTD provides a wide range of safe, comfortable and simple products, designed primarily to minimize the associated health risks. In particular, according to researches, the use of safety devices that cover the needle-tip after hypodermic injection lowers the risk of injuries up to 100% compared to conventional devices<sup>4</sup>.

1) Bouya et al., Global Prevalence and Device Related Causes of Needle Stick Injuries among Health Care Workers: A Systematic Review and Meta-Analysis. *Annals of Global Health* 2020 April 6

2) Cooke et al., Clinical, economic, and humanistic burden of needlestick injuries in healthcare workers. *Medical devices: Evidence and Research* Volume 10:225-235

3) <https://www.cdc.gov/sharpsafety/index.html>

4) Cooke et al., Clinical, economic, and humanistic burden of needlestick injuries in healthcare workers. *Medical devices: Evidence and Research* Volume 10:225-235



Moreover, MTD is committed to guaranteeing **adherence to treatment** for diabetics, which not only brings benefits to the patient, but also **helps contain healthcare sector costs**. As an example, poor adherence to treatment by people with diabetes on the one hand causes serious damage to the health of these patients, but, on the other hand, also has a significant economic impact on the healthcare system. Indeed, absenteeism, reduce productivity, disability and premature death due to diabetes are often associated with a negative economic impact on countries, often called the “indirect costs” of diabetes.

In this context MTD, through its subsidiaries Pikdare and HTL-Strefa (the latter being a global standard for safety medical sharps) is committed to manufacturing products that look after the safety and comfort of their users.

## HTL-Strefa: one global leader for safety sharps

HTL-Strefa is recognized as a pioneer in the development and manufacturing of safety sharps, which are devices designed to minimize the risk of a needle stick injury and consequently the risk of exposure to blood borne pathogens. With 20 years' experience on the global market, HTL-Strefa is the world's leading provider of blood micro-sampling medical devices with an approximately 46% global market share by volume in safety lancets. It also provides a wide range of products that successfully ensure safety and comfort, such as pen needles, safety pen needles, personal lancets and lancing devices.

**Safety lancets** are single-use devices for capillary blood sampling. They are an integral component to sharps-injury prevention programs in hospitals, clinics, laboratories, doctor's offices and wherever patients and professionals need to feel safe. By using safety lancets, needle-stick injuries and infections can be minimized.

HTL also enables safety in the healthcare sector by providing **safety pen needles**, single-use needles for use with pen injector devices for the injection of drugs by professional healthcare users and lay users.

The Dropsafe portfolio has expanded this year with a new **5mm length version** that is shorter than its predecessors allowing the patient to experience even less pain.

The studies carried out on Dropsafe have demonstrated its effectiveness, considering that, according to researches, no device failures were observed, and all manipulations were performed without a needlestick or without contact with the needle after injection. This effectiveness is also perceived by patients, considering that their satisfaction rate is 93%<sup>5</sup>.

### SAFETY LANCET PORTFOLIO



### KEY FEATURES FOR HTL-STREFA SAFETY LANCETS

#### SAFE

- All needles are gamma-sterilized and protected with a sterility tab
- Fully enclosed needle housing ensuring that needle is hidden before and after use to prevent sharps injuries
- Self-destructing mechanism preventing reuse of the device

#### COMFORTABLE

- Silicone-coated, ultra-sharp needles, ideally positioned during skin penetration
- Various, color-coded product versions to meet specific blood sample applications and address the variety of patient skin types
- Wide range of designs providing simple, comfortable and secure puncture

#### SIMPLE

- Easy to handle, intuitive activation in 2 steps only with no pre-loading, for both push button and contact activations
- Wide and long safety cap for easy removal – simply twist and pull to remove the needle cover
- Precise designs for convenient finger positioning and ideal blood sample collection



### SAFETY PEN NEEDLE



### KEY FEATURES FOR HTL-STREFA SAFETY PEN NEEDLES

#### SAFE

- 100% safety: needle safely contained behind shield, preventing accidental exposure.
- Lock-out confirmation: red stripe appears when needle is locked out.
- Needle locking system: needle is automatically locked after use.

#### SOFT

- Gentle touch: table sliding shield surface may disperse and reduce pressure on the injection site.
- Comfort of use: special and unique “in-house” lubrication method Droplicon™ designed to cause smooth and less painful injection.
- Hidden Needle: the needle remains hidden from view, which can increase patient comfort.

#### SIMPLE

- Easy attachment: DropSafe® safety pen needles work with most pen injectors available on the market.
- Intuitive use: just twist on, inject and dispose.
- Needle lengths: two needle sizes to meet your individual needs (31Gx6mm, 31Gx8mm)

#### SMART

- Needle viewing window: for easy confirmation of drug flow (priming).
- High quality: thin wall allows easy & optimal drug delivery.
- Ergonomics: DropSafe® safety pen needles has a special wing-shaped design for a comfortable and secure grip.

5) Malinowki et al., DropSafe safety pen needle helps to prevent accidental needlesticks after injections: results of a simulated clinical study. 2020 Journal of infection prevention 1-9



The focus on healthcare workers safety, is a topic that has become even more important during Covid-19. Indeed, the pandemic period has put pressure on healthcare systems around the world and particularly on frontline healthcare workers.

For this reason, MTD decided to focus its product development on creating solutions for healthcare workers with the objective of putting the healthcare professionals' health and safety first, seamlessly through workflow. In particular, the Group has launched in the US market, a vaccination safety suite.

## VACCINATION SUITE FOR HEALTHCARE WORKERS

As a global leader and innovator in safety medical sharps, HTL-Strefa created DropSafe® Immunization Safety Suite, a unique portfolio of products specifically created for front-line clinicians administering vaccinations, ensuring a safe vaccination experience from start to finish. This DropSafe® Immunization Safety Suite is comprised of four high-quality products that can be considered essential tools to caregivers on the front-line:



**DropSafe Inject-Safe™ Barrier Bandage:** a pre-procedural bandage that self-seals to contain post injection bleeding limiting healthcare professional contact to bloodborne pathogens and allowing healthcare professional to use both hands to dispose the needle and the syringe.



**DropSafe Safety Syringe LD:** a high quality hinged-cap safety hypodermic needle and syringe used in conjunction with vial medications.



**DropSafe Safety Needle LD:** a high quality hinged-cap hypodermic needle used in conjunction with standard Luer Lock syringes.



**DropSafe Isolyser® Sharps Disposal:** a unique sharps container approved in 39 states for self-disposal in the traditional waste with stream encapsulates sharps, making sharps unrecognizable and unusable.



This vaccination suite is designed to improve vaccination experience and to prevent potential injuries.

MTD is also committed to establishing effective communication channels with healthcare professionals in order to encourage the spread of good practices in the use of its products and to better understand the needs of healthcare workers.

During 2020, Pikdare has performed training activities addressed to several groups of nurses and healthcare workers related to the use of the new analyzer for automatic reading of Covid-19 antigen test results. The same training has been organized also for the widespread network of pharmacies.

On the other hand, HTL-Strefa periodically organizes **focus groups** with nurses with the goal of collecting their experiences, expectations and needs regarding products and solutions. This type of activity can help MTD to identify and understand the most important product safety issues. Nurses' feedback is also used for orienting product development towards solutions that meet the needs of healthcare professionals and patients. The last focus group was conducted in 2019 with seven experienced nurses working mainly in public hospitals and showed how important professional safety is for nurses; in fact they consider it as a rule, and this drives the adoption of proper internal procedures and applies to every stage of their work, especially where there is physical contact with a potentially contagious patient



and the biological risk is higher.

For this reason, HTL-Strefa has developed **clinically proven lancing procedures** that have been distributed to healthcare workers and that describe the steps required for the proper use of safety sharps (e.g. lancing procedures for capillary blood sampling). In addition, it prepares further educational materials for healthcare professionals and patients, such as Injection Technique Recommendations and Injection Techniques Practical guidelines. All these training materials aim to reduce sharps injuries and increase treatment efficacy, increasing expected blood volumes and minimizing the pain of the patient receiving treatment.



## Contributing to the pandemic response

In 2020, within the context of Covid-19 diseases, the Group has demonstrated once again that MTD's product development has always been oriented towards solving people's unmet needs and responding to society's dynamic needs. In fact, with the advent of **Covid-19**, that became a **pandemic** in the first half of 2020, MTD took action to provide medical devices that, in view of the surge in global demand, were recognized to be crucial to contain all phases of the pandemic.

At the beginning of the pandemic, MTD provided personal protective equipment (PPE) that is specifically designed to prevent and protect individuals from the virus and thus **contain** contagion. Surely, among the most important PPE provided by PIC were **surgical masks** and infrared **thermometers**, that allow remote non-contact temperature measurement.

During the growth of the infections from Covid-19, it was necessary to ensure proper detection of the virus. For this reason, MTD has also procured and made available Covid-19 tests that are classified according to the following types: molecular test, antigen test and serological test. In particular, MTD has provided **antigen** and **serological** tests.

The **antigen** tests include the **rapid test** and the **FIA (Fluorescent Immunoassay Antigen) test**, both of them are validated for nasal swab, not only nasopharyngeal/oropharyngeal, offering a sampling which is less invasive and easily repeatable. These tests detect the **presence of a viral antigen**, typically part of specific proteins on the virus, and they are very accurate both from the point of view of specificity and sensitivity, making it possible to classify whether people are actually virus positive or negative.

Moreover, MTD has also provided **rapid serological test** which is a product intended for the exclusive use by professional personnel and detect the **presence of antibodies** generated by the immune system in response to the virus. The

	DETECTION OF COMPONENTS OF THE VIRUS			DETECTION OF ANTIBODIES	
Type of test	MOLECULAR TEST	ANTIGEN TEST		SEROLOGICAL TEST	
Name	RT-PCR	Rapid	FIA	Rapid	ELISA
Picture					



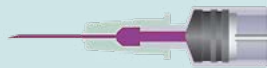
test is easy-to-use, with a quick result in 10-15 minutes.

In addition, MTD Group takes part in the global effort to accelerate the COVID-19 vaccination, thanks to its new **Low Dead Space syringes** which, during the COVID-19 global vaccination campaign, is having a key importance for maximizing the number of individuals that can benefit from the available vaccine vials.

## SYRINGES WITH LOW DEAD SPACE: A PARTNERSHIP WITH PFIZER FOR COVID VACCINATION

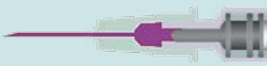
In implementing the Covid-19 global vaccination campaign, it is crucial to be able to maximize the number of individuals who can benefit from the available vaccine vials. This requires the use of low dead space (LDS) syringes that allow health workers to draw more doses than originally planned per vial, thus minimizing vaccine wastage.

Recognizing this, MTD Group, leveraging its Research Hub located in Como (Italy), with its decades of experience in needles and syringes, has decided to take part in the global effort to supply products that minimize vaccine waste. In order to help accelerate the Covid-19 vaccination effort, it has developed and produced innovative syringes with a total dead space of less than 35 microliters, which is the space required to allow for additional draws compared to the standard draws made with common syringes. This syringe will allow the extraction of 6 doses from a single vial of their Covid-19 vaccine, therefore minimizing vaccine waste. **Pfizer** has conducted preliminary tests on our newly developed products, in order to validate the above specification, with positive results.



### Standard Syringes

Due to dead-volume needle and syringe with standard syringes it is unlikely that six doses can be obtained.



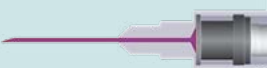
### LDV Syringes

LDV syringes are equipped with special plungers to extract fluid from the syringe tip.



### LDV Needle

LDV needles make it possible to reduce dead space as they have a needle that fits through the opening of some standard syringes.



### Fixed-Needle Syringes

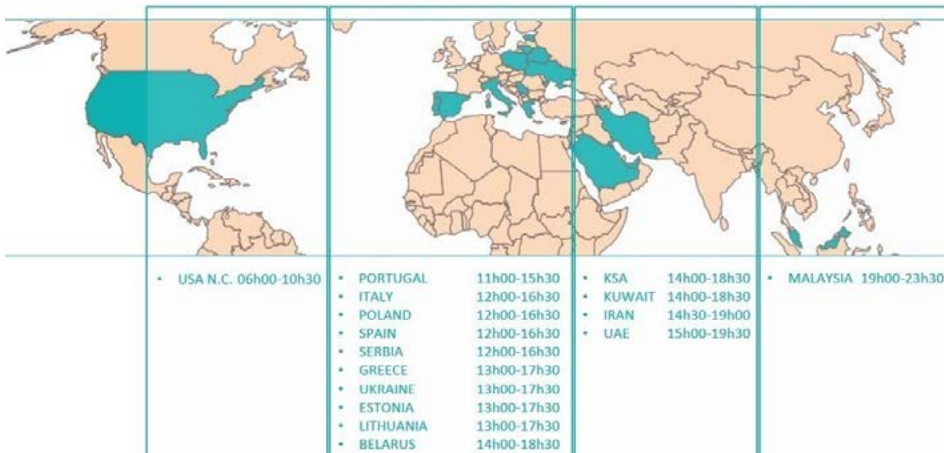
Have low dead volumes fixing all in one needle and syringe and will, in most cases, achieve 6 doses of Comirnaty.

# Sharing health knowledge

Considering that the MTD Group is one of the market leaders in the world of diabetes, the Group’s objective is to consolidate its position, becoming a key opinion leader on this issue. For this reason, MTD has been organizing workshops dedicated to diabetes for about 4 years. The 4th International Virtual Diabetes Workshop held in 2020 has seen the involvement of 16 countries and among its agenda included topics such as: insulin administration techniques and tools, glycemic targets and glucose monitoring techniques and diabetes management during Covid-19.

## INTERNATIONAL DIABETES WORKSHOP

Thursday, November 26th 2020



These events are not only aimed at strengthening the relationship with the network of distributors in terms of shared values, being recognized as a reliable partner, but are also aimed at raising awareness on diabetes. These events will be part of a new group project aimed at creating opportunities and spaces for discussion and sharing of expertise for experts in the evolving world of health. In fact, in 2021 the workshop will be organized again and it will be followed by a roundtable with the direct involvement of patients, with the goal of re-imagining the injection experience and to understand how to improve the health and well-being of people with diabetes.

In addition to the above mentioned workshop activities, MTD organized training sessions for pharmacists and distributors to educate them on the correct use of MTD products. While the training offered to distributors is mostly commercial, as it helps them to optimally place the product on the market, the training for pharmacists aims to ensure that the consumer receives a targeted product related to their needs and the correct information regarding the use of the products to guarantee continued safety. In 2020, Pkdare launched the Partnership program with pharmacies in Italy, including, among other things, training activities aimed at strengthening the relationship with the pharmacies and enhancing the experience guaranteed to the final consumer. A special focus was dedicated to training on the correct use of Covid-19 tests.

Pic Pharma Partner è il progetto di Pic Solution dedicato ai farmacisti, a chi condivide con il nostro marchio gli stessi valori di vicinanza, serietà, empatia e forte relazione con le persone.





# CLOSE TO MTD PEOPLE



*“The people of MTD represent one of the main pillars of the Group, which is committed to protect their safety, particularly during Covid-19 pandemic, to foster their personal development and to increase their welfare.”*

The Group is really focused to ensure the safety of MTD workers, both blue and white collars. These efforts have been dramatically stretched during Covid 19 pandemic whereby MTD put extraordinary actions to ensure the health and safety of all workers preserving business continuity whose disruption would have caused material impacts to public and private customers (and, at the end, to patients). The challenge faced by MTD was twofold: to ensure the safety of its people and to guarantee that its final end users, mainly affected by diseases, were able to receive MTD medical devices. From the very beginning of the pandemic, MTD distinguished itself for its proactive approach aimed at minimizing risks and standing by its employees during a difficult period. MTD applied a pioneering approach based on the mutual trust; in fact, MTD has been one of the first Group which applied smart working and reviewed completely the way to work in the production plants.

MTD is aware that its employees represent the driving force of the Group’s success and, today more than ever, is primarily committed to create a healthy working environment, guaranteeing the wellbeing of employees. In order to allow the Group to evolve and adapt to the market, a continuous training activity is implemented fostering personal development, that is also crucial for ensuring talent retention.



## Strengthening the MTD culture of health and safety

MTD's activities are driven keeping the health and safety of its employees as the pillar of its value chain and as the most important requirement to pursue and preserve. This has become even more crucial with the advent of the Covid-19 pandemic, MTD has proactively implemented procedures and protocols to reduce the possibility of infection within the Group, being conscious of the need to preserve the continuity of production in order to guarantee the delivery of medical devices to the customers both private (pharmacies, medical wholesalers, etc.,) and public (hospitals, clinics, etc.,).

Moreover, beyond Covid-19, MTD is committed daily to ensuring the highest standards of health and safety within its production facilities to all the workers. In order to oversee such issues, both HTL-Strefa and Pikdare have an EHS manager responsible for health and safety and, while Pikdare has a formalized HSE policy, HTL-Strefa has drafted a comprehensive EHS manual with guidelines and responsibilities.

### Health and safety management during the Covid-19 pandemic

Covid-19 represented a challenge for the Group. MTD effectively implemented a plan guaranteeing the continuity of production, which was critical to ensure continuity of patients' healthcare needs, and to protect our employees' health, safety and overall wellbeing.

After the outbreak of the first Covid-19 cases in Italy, Pikdare proactively took initiative to adhere to protocols provided by the Italian Ministry of Health. This action ensured the safety of the production plant, which was closed for a two-week time period. This closure was possible due to accurate product inventory planning. It also allowed Pikdare to implement a plan to better organize entry-exit routes, sanitize the facilities, and redesign staff flows. The company immediately implemented remote-working for white-collar employees (reimbursing them for related expenses). Considering that remote working was not feasible for blue collar employees, we developed and implemented preventive measures, such as:

- the measurement of employee temperatures before entering the production plants;
- the distribution of personal protective equipment (PPE);
- respect of social distancing during production shifts;
- continuous educational campaigns for current and new employees to modify behavior inside and outside facilities;
- effective contact tracing and investigations through systematic methodologies;

- and implementing health and safety policy. If any worker was directly or indirectly exposed to the virus, even if potential contact did not trigger a quarantine case, such worker was required to stay at home fully paid by MTD.

Aware of the imminent spread of the pandemic around the world and of the importance to guarantee the same levels of safety for the whole Group, MTD decided to simultaneously apply the guidelines and protocols adopted in Italy to other countries in which it operates, often in anticipation of the respective legislation. Over time, the fight against Covid-19 has continued and evolved to such an extent that MTD has organized free testing campaigns for employees in both Italy and Poland, in an effort to ensure a safe and controlled working environment for its workers. As a result of the Company's protective and preventative actions there were no outbreaks within the Group.

As soon as the first doses of the vaccine were available, MTD also decided to apply as a vaccination entity and as a result, Casnate, Ozorkow and Leczyca production plants were qualified by the Italian and Polish government as vaccination hotspots. By June 2021, HTL-Strefa started a vaccination campaign for its employees. The Italian plant was not used as vaccination hub as the vaccination campaign in Italy is managed by the Italian army through public centralized hotspots.



MTD's health and safety management approach is based on two principles: **monitoring** and **education**.

With regard to **monitoring**, both HTL-Strefa and Pikdare organize internal health and safety audits to ensure compliance with good health and safety practices within production facilities. In particular, HTL-Strefa organizes "Cross-audits", where there are cross-visits between different departments, that follow a specific checklist aimed at evaluating health and safety compliance and performance. Moreover, HTL-Strefa in 2019 underwent two external health and safety audits: one carried out on a voluntary basis and the other by the notified body, after which the company took steps to address identified non-compliance, particularly in relation to fire safety. On the other hand, regarding the Italian side, Pikdare implemented since 2017 the B.O.S.S. project, a peer-to-peer assessment of compliance with health and safety requirements.

## The B.O.S.S. Project

The project B.O.S.S. (Behavior Observation Safety System), is a behavioral safety project started in 2017 and based on a peer-to-peer assessment of adherence to health and safety best-practices. The project not only aims to improve safe behavior and consequently reduce injuries, but also to involve the whole organization, thereby strengthening the safety culture. In particular, the project involves almost 30 nominated "observers" every year among the employees, who are offered specific training with the final aim of helping their colleagues to improve their performance regarding health and safety matters. The "observers" are required for a six-month period to observe health and safety behaviors of colleagues at work, using a checklist specific to each department. The number of observations made is monitored (as a minimum, each observer has to carry out at least 75% of the observations to be made) and those observations are used by the health and safety department to implement improvements. A reward system has been implemented to stimulate the participation of employees appointed as "observers" (e.g. coffee keys or vouchers for e-commerce).

In 2020 the project B.O.S.S has been extended also to environmental issues, testifying how significant these topics are for the company.

With regard to **education**, both HTL-Strefa and Pikdare are committed to do comprehensive training on health and safety issues. HTL-Strefa in 2020 conducted 180 hours of training, while Pikdare 1,005 hours. "Field" education is included in addition to the formal training hours monitored. For example, during daily production meetings, HTL-Strefa usually dedicates 3 minutes to reinforcing health and safety practices, although those meetings were suspended in 2020 due to Covid-19 restrictions.

MTD also carries out other health and safety initiatives, such as **HTL-Strefa Safety Week**: a week-long event, organized once a year to raise awareness on health and safety issues among personnel, including employees based in the headquarters. In addition to that, periodical dedicated evacuation trainings are implemented so to keep all the employees duly trained in case of emergency.

In 2020 there were 22 injuries, with a significant decrease compared to 2019 (-33%), while total hours worked have remained stable, this is the result of the initiatives implemented by the Group. It should be noted that in the last three years there were no fatalities.

Safety Week 2020	
<b>PONIEDZIAŁEK</b> 2020-09-21	9:00-10:30 Ćwiczenia Fizjoterapeuta 11:00-12:30 Ozorków Fizjoterapeuta
<b>WTOREK</b> 2020-09-22	9:00-13:00 Ćwiczenia Szkolenie ppoz BHP Życie
<b>ŚRODA</b> 2020-09-23	9:00-13:00 Ozorków Szkolenie ppoz BHP Życie
<b>CZWARTEK</b> 2020-09-24	10:00-11:30 Ćwiczenia COVID pogadanka Medisept 12:00-13:30 Ozorków COVID pogadanka Medisept
<b>PIĄTEK</b> 2020-09-25	11:00-14:30 Ćwiczenia Szkolenie PPOŻ z Państwową Strażą Pożarną

Logos: HTL STREFA, WE CARE™, PIKDARE



Work related injuries	Unit	2018	2019	2020
Total number of work-related injuries	n	34	33	22
...of which high-consequences injuries (> 6 months of absence)	n	0	1	0
...of which fatalities	n	0	0	0
Total hours worked by employees <sup>1</sup>	h	3,285,544	3,325,707	3,268,371
<b>Frequency injury rate</b>		<b>2,07</b>	<b>1,98</b>	<b>1,35</b>

MTD monitors also health and safety data related to external workers employed in its production facilities, in particular in 2020 there were 3 injuries, none of which with high consequences.

The majority of accidents involved mechanical risk, which sometimes cannot be eliminated (e.g. bumps, slips, stumbles), and may be due to carelessness of the operators. A potentially frequent cause of injury for employees working in production facilities is needle cutting. For this reason, HTL-Strefa in 2019 developed the “**Needle project**” with the goal of mapping risks related to needle cutting and identifying possible measures to reduce these risks. The project allowed to reduce needle injuries in HTL’s production sites, that went from 13 in 2019 to 5 in 2020.

In addition, great importance is given to **prevention**, in 2020 HTL-Strefa launched the “**near misses project**”, which provides for the possibility for employees to report near misses (incidents in which a worker might have been hurt if the circumstances had been slightly different) through an e-mail channel. Along with the description of the event, the employee can also propose corrective actions to be implemented. On the basis of those notifications, HTL-Strefa holds meetings every two weeks to correct and analyze potential misconducts, with the aim of reducing workplace incidents.

## Guaranteeing wellbeing of MTD employees



As at 31st December 2020, MTD employed a total of 1,850 people (5% less than in 2019). In addition to that the workforce was composed also by interns (4), agency workers (10) and other workers (92). In particular, the latter are represented in Italy by the workers of the cooperatives that take care of the warehouse and cleaning, while in Poland by white collars workers contracted through service agreement contracts, mostly coming from Ukraine.

<sup>1</sup>) Total hours worked by employees include regular time and overtime.

Total workforce	Unit	2018	2019	2020
Employees	n°	1,933	1,943	1,850
Agency workers	n°	19	3	10
Internship	n°	3	4	4
Other	n°	65	92	92
<b>Total workforce</b>	<b>n°</b>	<b>2,020</b>	<b>2,042</b>	<b>1,956</b>
...of which men	n°	883	921	881
...of which women	n°	1,137	1,121	1,075

More than half of MTD's employees are women (55% of the total) which have slightly decreased (-5%) from 2019.

Employees by Gender	Unit	2018	2019	2020
Men	n°	851	880	840
Women	n°	1,082	1,063	1,010
<b>Total employees</b>	<b>n°</b>	<b>1,933</b>	<b>1,943</b>	<b>1,850</b>

Most of employees work in Poland (76%) and in Italy (21%) where the manufacturing plants are located; other employees are based in the local commercial subsidiaries, France and USA, and in Group headquarter based in Switzerland, between the office of Lugano and the newly opened office in Chiasso. With respect to the type of contract, in 2020 almost 78% of MTD's employees had a permanent contract, compared to the 72% of 2019, in fact, many of HTL's fixed-term contracts in Poland have been confirmed as permanent contract.

Employees by contract and by region	Unit	2018	2019	2020
Permanent Italy	n°	377	381	373
Permanent Poland	n°	921	968	1024
Permanent France	n°	22	25	22
Permanent USA	n°	19	27	20
Permanent Switzerland	n°	0	2	7
<b>Total permanent employees</b>	<b>n°</b>	<b>1,339</b>	<b>1,403</b>	<b>1,446</b>
Temporary Italy	n°	16	9	13
Temporary Poland	n°	578	531	390
Temporary France	n°	0	0	1
Temporary USA	n°	0	0	0
Temporary Switzerland	n°	0	0	0
<b>Total temporary employees</b>	<b>n°</b>	<b>594</b>	<b>540</b>	<b>404</b>
<b>Total employees</b>	<b>n°</b>	<b>1,933</b>	<b>1,943</b>	<b>1,850</b>
Employees by contract and by gender	Unit	2018	2019	2020
Permanent male	n°	624	647	675
Permanent female	n°	715	756	771
<b>Total permanent employees</b>	<b>n°</b>	<b>1,339</b>	<b>1,403</b>	<b>1,446</b>
Temporary male	n°	227	233	165
Temporary female	n°	367	307	239
<b>Total temporary employees</b>	<b>n°</b>	<b>594</b>	<b>540</b>	<b>404</b>
<b>Total employees</b>	<b>n°</b>	<b>1,933</b>	<b>1,943</b>	<b>1,850</b>



With regard to the employment type, around 2% of employees had a part-time contract in 2020, 80% of which are women based mainly in Italy.

Employees by employment type	Unit	2018	2019	2020
Full-time male	n°	846	874	832
Full-time female	n°	1,047	1027	977
<b>Total Full-time</b>	<b>n°</b>	<b>1,893</b>	<b>1,901</b>	<b>1,809</b>
Part-time male	n°	5	6	8
Part-time female	n°	35	36	33
<b>Total Part-time</b>	<b>n°</b>	<b>40</b>	<b>42</b>	<b>41</b>
<b>Total employees</b>	<b>n°</b>	<b>1,933</b>	<b>1,943</b>	<b>1,850</b>

As 2020 was characterized by the Covid-19 pandemic, MTD proved to be a reliable employer by guaranteeing employment during a period of uncertainty and economic crisis. As an example, the employee turnover rate decreased in 2020 by 3% compared to 2019. In addition, it should be noted that, in 2020 Pikdare has partially benefited from the redundancy fund ("cassa integrazione") made available by the Italian Government. Despite some Pikdare office employees being asked to stay at home one day a week, the company supplemented up to 80% of the amount paid by the government. This approach, considering the savings from lack of daily commutes, offset the financial impacts on employees.

Total workforce	Unit	2018	2019	2020
Hiring rate	n° hirings/n° employees	28%	21%	13%
Turnover rate	n° terminations/n° employees	24%	21%	18%

Covid-19 has not only had an impact on health and safety issues, but also on the well-being of employees. Throughout 2020, the Group has proven itself to be attentive to the needs and requirements of its people also by implementing bottom-up communication channels to support employees during such a critical period.

In order to make their proximity to the employees perceived, the managers initially carried out factory visits both in Italy and Poland. Subsequently, meetings between the Group's CEO and Pikdare's blue collars were organized: these meetings (convened outdoor) involved around 60 employees on a voluntary basis, divided into small groups over seven sessions, in order to collect their needs and concerns during the pandemic period. On the other hand, in HTL-Strefa, where those meetings were not organized due to Covid-19 restrictions, the local HR team carried out an employee engagement survey, with the aim of measuring the level of employee satisfaction. In addition, it should be noted that during 2020 it were organized at Group level an online meeting ("town halls"), with all the employees of the Group, with updates and communications related to the results and the prospect of the Group aimed at strengthening the relationship with employees.

The Group aims to ensure the wellbeing of its employees through the implementation of welfare initiatives. In particular, Pikdare offers employees in Italy reduced-price access to the company canteen (€0.50 for blue collars, €1 white collars, €1.5 for middle managers and €3 for executives) and to the company kindergarten, enabling employees with children to gain a better work-life balance. On the other side, HTL-Strefa has a set of benefits to complement salaries, such as the funding of sports activities and private medical care.

In 2020, MTD decided to reward its factory employees for their dedication, resilience and perseverance during the pandemic through the provision of a bonus.

During the pandemic, MTD's employment relations have been based on mutual trust. Since the very beginning, MTD invented a new way to manage employees whose presence in the office was not strictly necessary. All of these workers were required to work from home: no badges, no in-person meetings, no controls from the employer. This new work environment was possible due to mutual trust, which characterizes the relationship between MTD and its employees. The results obtained by the Group were extraordinary: all people took up the challenge and put extraordinary energy in their actions. The outcome has been so successful that remote working will become the new norm at MTD. The Group



will implement a new way of working based on flexibility, independence, autonomy, and trust with the aim of enhancing the work-life balance of its employees. This new concept of working will balance in-person presence with remote work, integrate the needs of the company and of the individual, while simultaneously encouraging collaboration and productivity.

## Boosting the skills of our employees



MTD promotes the development of its employees by offering training activities to encourage their personal and professional growth, aware that such growth also allows the Group to remain competitive in the market, especially in a such challenging period due to Covid-19. In general, training is organized through a bottom-up approach that allows for the appraisal of employees' training needs, to be then able to offer them a full and complete range of courses.

At the moment, there is no centralized training plan at Group level; instead, provision is managed independently by Pikdare and HTL-Strefa. However, some progress has recently been achieved in this regard. Indeed, in 2020 the Group has managed to implement a course named "Leadership for Results. Being a manager in MTD today", addressed to middle management, that included both HTL-Strefa and Pikdare employees, with the aim to strengthen managerial skills in an intercompany and cross-cultural context. The course was structured in 6 meetings from October 2020 to March 2021 and was attended by around 30 employees.

Of particular relevance during 2020 was a course organized by Pikdare for its sales force dedicated to remote sales ("Neurosales"). Pikdare has decided to organize this course in order to ensure proximity and support for its sales agents, considering that Covid-19 has made it necessary to change behavior and consequently rethink customer relations, which will increasingly have to be managed "remotely". The course was aimed at offering a tool that can be useful in managing communication and negotiation at a distance. In 2020, 4,281 hours of training were carried out for MTD employees, decreasing compared to 2019 (-7%), considering that workplace safety, organization and adaptation to the pandemic event were the priority.

Average training for employees	Unit	2018	2019	2020
Training provided to men	h	2,892	3,051	2,258
Training provided to women	h	2,360	1,567	2,022
<b>Total training hours provided to Employees</b>	<b>h</b>	<b>5,251</b>	<b>4,618</b>	<b>4,281</b>
<b>Average training hours</b>	<b>h/n° employees</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2.</b>

Annual training hours by topics	Unit	2018	2019	2020
Training on HSE topics	h	643	1,117	1,397
Training on managerial topics (soft skills)	h	734	562	488
Training on technical topics	h	668	764	721
Training on IT and languages	h	1,644	603	242
Training on anti-corruption	h	1,563	1,572	1,434
<b>Total training hours provided to Employees</b>	<b>h</b>	<b>5,251</b>	<b>4,618</b>	<b>4,281</b>

The courses organized were mainly related to anti-corruption training (33%) and HSE (33%), demonstrating the importance the Group attributes to these two topics. Training is not limited to compliance, there are also courses aimed at employee development, which are also useful in the personal sphere.

The main beneficiaries of the training offer are white-collar (68%) and blue-collar (21%).

Annual training hours by employee category and gender	Unit	2018	2019	2020
Training provided to EXECUTIVES	h	165	67	32
Training provided to MANAGER	h	633	591	462
Training provided to WHITE COLLARS	h	2,838	2,227	2902
Training provided to BLUE COLLARS	h	1,616	1,733	885
<b>Total training hours provided to Employees</b>	<b>h</b>	<b>5,251</b>	<b>4,618</b>	<b>4,281</b>

In pursuit of its ongoing purpose to foster people's development and stimulate improvement of performance, MTD has implemented incentive tools such as MBOs, which can leverage improvements in sustainability performance. In particular, from 2019 HTL-Strefa implemented MBOs related to health and safety in the workplace.





# OUR RESPONSIBILITY TO THE ENVIRONMENT



*“We are aware of our environmental impact and we are committed to address the challenges that affect our planet, with special attention to climate change.”*

MTD Group was created by the amalgamation of two different business entities, Pikdare and HTL-Strefa. Due to the different sustainability approaches and standards applied by both business entities, first, MTD conducted a thorough assessment of both organization’s strategies, policies and environmental impact. Upon completion of the detailed analysis, MTD began the development of a group environmental strategy, that supersedes local policies and autonomous approaches. The outcome of this investigation highlighted common needs enabling MTD to develop common environmental impact focus points, in particular production facilities, mainly related to energy consumptions and related greenhouse gas (GHG) emissions, raw materials usage and waste management.

Within the guidance of a Group approach, Pikdare and HTL-Strefa express their commitment towards the reduction of their environmental impacts respectively in the **Environmental Policy** (updated in the second half of 2020) and in the **Quality Policy**. Pikdare has sent its Environmental Policy to all its Italian and foreign suppliers in order to promote good environmental management practices within its value chain. Moreover, in order to comply with the principles of the environmental policies and to proactively manage environmental issues, both companies have set up a governance system dedicated to these aspects, and have therefore appointed an environmental officer.

Pikdare, during the second half of 2020, obtained the **ISO 14001:2015** certification for its environmental management system. This certification covers Pikdare’s production site and triggers continuous improvement of processes and their related environmental impact.



## ISO 1400:2015 - ENVIRONMENTAL MANAGEMENT SYSTEMS

ISO 14001 is an internationally agreed standard that sets out the criteria for a certified environmental management system. The certification, designed for any type of organization, regardless of its activity or sector, helps an organization to achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties. The intended outcomes of an environmental management system include:

- Enhancement of environmental performance;
- Fulfilment of compliance obligations;
- Achievement of environmental objectives.



After obtaining ISO 14001 certification, in an effort for best practice sharing and to engage all employees in environmental aspects, Pkdare organized a mandatory training course on its environmental management system, which also included topics related to the quality management system.

Finally, the assessment checklist part of the B.O.S.S. project (described in Chapter 4) was integrated with environmental aspects in order to increase the degree of attention and raise awareness of good practices among the company's population.

In parallel, HTL-Strefa developed operational programs to efficiently recover and reduce scrap rates in an effort to lower **Environmental Impacts** associated with high levels of scraps and inefficiencies (please see below for further details).

## Recognizing our impact on climate and air

Awareness of climate impact is the first step in continuous improvement, thus in 2020 MTD prepared its first GHG emissions inventory, called **Group's carbon footprint**, for the years 2019 and 2020. The inventory includes the emissions directly related to the company's activities (Scope 1 and Scope 2) and those generated by the activities upstream and downstream of the value chain (Scope 3), whose boundary has been extended from 2020 to a broader spectrum of emissive categories<sup>1</sup>.

As is well known, one of the main contributors to greenhouse gas emissions is energy consumption. In particular, MTD's energy consumption is mainly related to the electricity purchased from the national grid (80%) and to the consumption of natural gas (18%); the former is used for lighting in all production units and offices and for operating the industrial machines in Poland, while the latter is used for heating purposes in all production units and offices and for operating the industrial machines in Italy. Energy consumption from the company's fleet accounts for around 1.5% of the total and is mainly related to business travel of sales personnel.

In 2020, the total energy consumption has slightly decreased (-2%) with respect to 2019, also because of the decrease of mileage travelled by the Company fleet (-31%) due to Covid-19 restrictions.

<sup>1</sup>) GHG emissions inventory was prepared in accordance with GHG Protocol, one of the most comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions.



Energy consumption	Unit	2018	2019	2020
<b>Energy consumption for buildings and operations</b>	<b>GJ</b>	<b>232,414</b>	<b>246,684</b>	<b>243,170</b>
Of which electricity	GJ	191,670	196,441	198,152
Of which from natural gas	GJ	40,206	49,699	44,602
Of which from GPL	GJ	538	543	416
<b>Energy consumption for company car fleet</b>	<b>GJ</b>	<b>4,912</b>	<b>4,826</b>	<b>3,318</b>
Of which gasoline vehicles	GJ	676	1,462	928
Of which diesel vehicles	GJ	4,236	3,365	2,390
<b>Total</b>	<b>GJ</b>	<b>237,326</b>	<b>251,510</b>	<b>246,488</b>

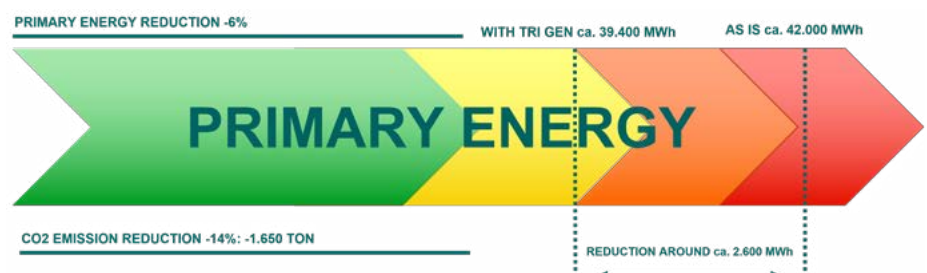
In order to reduce energy consumption, in recent years both Pikdare and HTL-Strefa have invested in the substitution of the lighting systems with LED lighting. In particular, Pikdare from 2016 was able to install LED lighting on over 45% of its production plant's surface area, resulting in savings of almost 400,000 kWh from 2018. Also, HTL-Strefa is planning modernization and replacement of LED lighting lamps at the production plant in Łęczycza.

Another important workstream directed by the MTD Group, is the improvement of production efficiency. Higher efficiency has a direct positive consequence on environmental impacts. Over the last few years, MTD group has implemented several projects to improve efficiency in the plants with material savings in terms of energy consumption, raw material quantities, waste and labor.

As evidence of the Group's commitment to reduce the energy consumed in its operations, during the second half of 2019 MTD planned the installation of a **trigeneration plant** in the Pikdare production site. In 2020, regulation and installation activities for this plant continued, despite the slowdown due to Covid-19. The objective is to have the plant operational by second semester of 2021, with monetary savings, reduction in energy consumption, and related GHG emissions.

## TRIGENERATION PLANT

This plant will be able to produce combined **electricity, thermal energy** (hot water for heating) and **cooling energy** (chilled water for air conditioning or refrigeration) with a consequent high saving of primary energy, as well as greenhouse gas emissions. In particular, the thermal waste will be used throughout the year for the production of high temperature hot water for winter heating and for feeding the absorption refrigeration unit for summer air conditioning / cooling molding process.



Thus, the main benefits of the trigeneration plant will be to:

- reduce electricity purchased from the national grid for feeding electricity cabin;
- reduce natural gas usage for activating boilers for heating in the winter, as the hot water coming from the plant is used to pre-heat water entering the boilers;
- reduce electricity usage in the summer, for activating the chillers considering that the hot water coming from the plant feeds a lithium bromide absorber that produces cold water able to pre-cold the water entering chillers.

On the basis of the preliminary studies conducted the trigeneration plant will allow to reduce the primary energy by 6% (around 2,600 MWh) and related GHG emissions by 14%.



In parallel to the installation of the trigeneration plant, MTD is planning further material structural interventions in its Group plants. Over the next two years the following are planned, with potential for further development:

- (i) installation of a **geothermal well** in the Italian plant, that will avoid the consumption of 21.000 m<sup>3</sup> of water per year.
- (ii) replacement of the post-combustion system in the Italian plant for the treatment of ETO gas residues, currently consisting of a “burner”, with a thermal oxidation system. Based on initial rough estimate this system may reduce methane gas consumption by 50%.

MTD is committed to monitoring its GHG emissions. For years 2019 and 2020, took inventory of all relevant direct GHG emissions (**Scope 1**) from sources that are owned or controlled by the company (e.g. emission from combustion of natural gas for boilers), indirect emissions resulting from electricity purchased (**Scope 2**) and indirect emissions occurring outside the group perimeter (**Scope 3**).

GHG Emissions	Unit	2019	2020
<b>Direct emissions (Scope 1)</b>	<b>tCO<sub>2</sub>e</b>	<b>2,976</b>	<b>2,669</b>
emission from fuels for heating and other purposes	tCO <sub>2</sub> eq	2,309	2,294
emission from fuels used for Company's car fleet	tCO <sub>2</sub> eq	518	347
emissions from refrigerant gases refilling of air-conditioning systems	tCO <sub>2</sub> eq	149	29
<b>Indirect Emissions from energy purchase (Scope 2 - location-based)</b>	<b>tCO<sub>2</sub>eq</b>	<b>35,348</b>	<b>36,067</b>
<b>Indirect Emissions from energy purchase (Scope 2 - market-based)</b>	<b>tCO<sub>2</sub>eq</b>	<b>35,980</b>	<b>33,002</b>
<b>Other indirect Emissions (Scope 3)</b>	<b>tCO<sub>2</sub>eq</b>	<b>67,778</b>	<b>69,737</b>
3.1 Purchased goods and services	tCO <sub>2</sub> eq	53,797	58,050
3.2 Capital goods	tCO <sub>2</sub> eq	90	163
3.3 Fuel and energy related activities	tCO <sub>2</sub> eq	5,262	4,891
3.4 Upstream transportation and distribution <sup>2</sup>	tCO <sub>2</sub> eq	3,835	4,247
3.5 Waste generated in operations	tCO <sub>2</sub> eq	330	557
3.6 Business travels	tCO <sub>2</sub> eq	371	59
3.7 Employee commuting	tCO <sub>2</sub> eq	1,094	803
3.9 Downstream transportation and distribution	tCO <sub>2</sub> eq	2,998	967
<b>Total (with Location-based)</b>	<b>t CO<sub>2</sub>e</b>	<b>106,102</b>	<b>108,473</b>
<b>Total (with Market-based)</b>	<b>t CO<sub>2</sub>e</b>	<b>106,734</b>	<b>105,408</b>

The GHG emissions resulting from the electricity purchased from the national grid, have been calculated by adopting two alternative methods: **location-based method**, which reflects the average emission intensity of grids from which electricity is purchased, and **market-based method**, which takes into account the share of certified electricity purchased from renewable sources and at zero emissions.

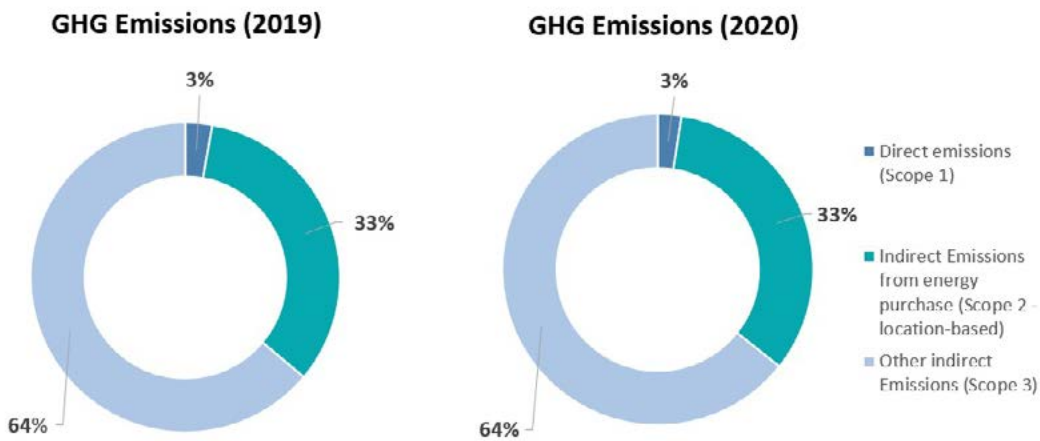
It should be noted that MTD market-based Scope 2 emissions are slightly lower than the location-based Scope 2 emissions, due to the electricity purchased from renewable sources (14% of the total). In particular, the renewable energy contribution is due to HTL-Strefa in Poland, which in 2020 purchased 20% of electricity from renewable sources in compliance with Polish law.

In 2020 MTD's carbon footprint was mainly related to Scope 2 emissions for purchased electricity (33%) and to Scope 3 emissions (64%) for purchased goods and services (54%), fuels and related services (5%) and upstream logistics (4%).

In analyzing emissions related to MTD's internal perimeter (Scope 1 and Scope 2), the number is aligned with that of 2019, with a little increase in emissions (1,1%). It should be noted that while Scope 2 emissions slightly increased (2%),

2) Inbound logistics related to HTL's production sites and outbound logistics related to HTL USA are not included in the calculation.





Scope 1 has considerably decreased (-10%), mainly due to emissions related to the Group’s car fleet reduction (-33%). While Scope 3 emissions slightly increased from 2019 (2,9%), in fact, the increase in emissions related to raw materials and finished products (+7.9%), due to an increase in production, offset the significant reductions due to Covid-19 achieved in less impactful categories such as employee commuting (-26,6%) and business travels (-84,2%).

As a further commitment with respect to climate change, MTD decided to purchase carbon credits in order to compensate its overall GHG Scope 1 and Scope 2 – Market based emissions, starting from 2020 reporting year. The initiative allowed MTD to become carbon neutral on the activities falling within the reporting perimeter and is designed as a transition tool to mitigate its impact on the road to effectively reducing carbon emissions.

## Carbon offsetting projects

MTD’s carbon neutrality is achieved by balancing carbon emissions with offsetting, thus using carbon credits coming from positive impact projects. Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO<sub>2</sub> equivalent. In particular, the two projects MTD bought the credits from are the “Great bear forest carbon” and the “Guatemalan conservation coast”.

The **Great Bear Forest Carbon** project aims at improving forest management in the British Columbia (BC), the westernmost province of Canada, generating emission reductions through the protection of forest areas that were previously designated, sanctioned or approved for commercial logging. The project activities include changes in land-use legislation and regulation that result in the protection of forest areas and reduction of harvest levels.

The second project is developed in the **Guatemalan Conservation Coast** region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. The project has also significant perks: over 400 species of birds have been documented in the project area and 120 species depend on the corridor to sustain their great journeys



MTD is also aware of the potential environmental impact on air and of health and safety from its use of two different sterilization systems, the Ethylene oxide (ETO), mainly used in Pikdare, and the Gamma-Ray, used in HTL-Strefa. In particular, the ETO sterilization process could have potential negative effects on environmental media such as air, soil, or water due to ETO emissions or accidental spills. As part of a continuous improvement of its processes and related environmental performance, Pikdare during the first quarter of 2021 will reduce the amount of ETO within its production facility. While HTL-Strefa finalized the certification to exploit an alternative sterilization system based on X-Ray technology, with the goal of lowering environmental impact. The issue connected to the usability of X-Ray is mainly related to the existing limited capacity of the sterilization hubs, as long as these hubs will increase their capacity, HTL-Strefa will shift the sterilization of part of its production. An X-Ray based sterilization system is also relevant to reduce risks of business disruption in case of problems with the sterilization plant.

## Reducing materials, packaging and waste

In addition to energy consumption and related GHG emissions MTD demonstrates a strong commitment to the reduction of the other environmental impacts related to its manufacturing activities. In particular, the Group is committed to reduce raw materials (including packaging) and to improve its waste management practices.

The main materials MTD uses in its production facilities are:

- **plastics**: mainly used for final products, such as safety sharps, and primary packaging;
- **paper/carton**: used for packaging and warehousing;
- **wood**: mainly consisting in pallets for logistics activities;
- **steel**: as components in final products such as needles and lancets;
- **textile**: as components in final products such as patches and bandages produced by Pikdare.
- **chemicals**: as components in final products mainly consisting in glues, silicones and pigments.

Material used	Unit	2019	2020
Plastics	ton	9,065	10,230
Chemicals	ton	170	167
Steel	ton	888	1203
Textiles	ton	251	180
Paper/Carton	ton	11,247	10,943
Wood	ton	1,889	1,914
Other	ton	205	120
<b>Total</b>	<b>ton</b>	<b>23,717</b>	<b>24,757</b>

The material consumption increased from 2019 to 2020 by around 4% due to the increase in the production trends. The main materials used by MTD in its operations are **paper/carton** (44% of the total) and **plastic** (41%), followed by **wood** (8%). In regards to the use of paper and carton, all secondary packaging provided by suppliers of the MTD group are FSC certified. Moreover, all primary packaging paper used by Pikdare is recycled. The Group is aware of the global pressure to reduce the use of plastic, and considers plastic crucial in the manufacturing of medical devices and primary packaging, as it ensures quality and safety of products, especially for sterilized products. MTD remains committed to reducing/eliminating plastic from secondary packaging. The Group is conducting a pilot campaign in the Italian pharmacy channel introducing incentives for those customers who would accept to buy medical devices in smaller packaging.



## Packaging reduction - Silvergen Plus

Pikdare carries out constant research and development to reduce packaging in its products. In 2021 the company is going to commercialize the new cicatrizant spray, Silvergen Plus, Pikdare has decided to eliminate the secondary packaging of cardboard by putting the instructions and information needed for its use on the canister itself. By doing so, Pikdare has estimated a savings of about 320 kg of cardboard based on an estimated sale of about 25.000 pieces. Moreover, it also allows the reduction of packaging volumes and weight lowering GHG emission related to logistics.



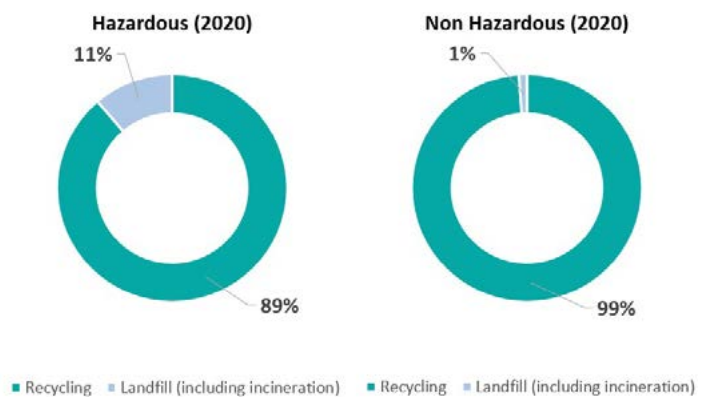
Reducing waste is a priority for MTD. The Group's waste management practices include:

- the correct management of the waste produced (reuse, separate collection and recycling), and
- efficiency actions aimed at making production more efficient while reducing waste.

MTD Group has implemented an operational excellence project both in Italy and in Poland with the aim to **reduce manufacturing scrap** at the production sites. The project reduces plastic waste in the following production phases: needle overmolding, assembling, molding, grinding and packaging. Even though certain level of scrap is unavoidable in most manufacturing processes, the MTD Group is committed to limit scrap levels as much as possible.

In line of this commitment and considering that part of the scrap is connected to defects arising from the molding and overmolding processes (molds are composed of many cavities which deterioration causes product defects), the MTD Group set up a new plant to internalize maintenance activities of the molds to ensure their continuous proper maintenance and to reduce any possible defects in the products. This will generate the potential for further reduction in scrap rate.

MTD's waste produced by the industrial processes, is mainly non-hazardous (89%), consequently only a small fraction of the waste is hazardous (11%). In line with the other environmental performance indicators, the total increase in waste production (around 33%) is mainly due to the increase in the manufacturing activities.



WASTE PRODUCED	Unit	2018	2019	2020
<b>Hazardous waste</b>	<b>ton</b>	<b>310</b>	<b>37</b>	<b>281</b>
Recycling	ton	11	14	249
Landfill (including incineration)	ton	299	23	32
<b>Non-hazardous waste</b>	<b>ton</b>	<b>1,563</b>	<b>1,806</b>	<b>2,168</b>
Recycling	ton	1,563	1,768	2,144
Landfill (including incineration)	ton	0	38	24
<b>Total</b>	<b>ton</b>	<b>1,873</b>	<b>1,843</b>	<b>2,449</b>



# METHODOLOGICAL NOTE

MTD's Sustainability Report has been prepared in accordance with the GRI Standards ("Core option") and its content reflects the results of the materiality analysis. The Report refers to MTD Group, which include Pikdare and HTL Strefa, and considers:

- production sites located in Italy and Poland;
- commercial subsidiaries in Italy, Poland, France and USA.

Data and information included in the MTD's Sustainability Report refers to initiatives and activities carried out from January 1<sup>st</sup> to December 31<sup>st</sup> 2020 as well as the related key performance indicators, presented for the 2018-2020 period, where available. Within the document, where necessary, some changes have been made in 2018 and 2019 performance data due to fine tuning of the calculation methodology.

The following table links the identified material topics with the related GRI standard topics reporting the boundaries.

Material topic	GRI standard topic	Topics boundaries	
		Within the organization	Outside the organization
Consumer health and wellbeing	GRI 416: Customer Health and Safety	MTD Group	-
Healthcare professionals safety	GRI 416: Customer Health and Safety	MTD Group	-
Product development and innovation	-	MTD Group	-
Health and safety in the workplace	GRI 403: Occupational Health and Safety	MTD Group	-
Marketing and labeling	GRI 417: Marketing and Labeling	MTD Group	-
Client and consumer education	-	MTD Group	-
Energy consumptions and climate change	GRI 302: Energy	MTD Group	-
	GRI 305: Emissions	MTD Group	Suppliers
Access and affordability of medical devices	-	MTD Group	-
Sustainable supply chain	GRI 308: Supplier Environmental Assessment	MTD Group	-
	GRI 414: Supplier Social Assessment	MTD Group	-
Anti-corruption	GRI 205: Anti-corruption	MTD Group	-
Employee care and development	GRI: 401 Employment	MTD Group	-
	GRI 404: Training and Education	MTD Group	-
Diversity and equal opportunities	GRI 405: Diversity and equal opportunities	MTD Group	-
Waste management	GRI 306: Effluents and waste	MTD Group	-





## GHG calculation methodologies

Greenhouse Gas emissions calculations are carried out based on the principles outlined in the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 1 GHG emissions are direct emissions occur from sources that are owned or controlled by the company and are related to emissions from fuel combustion (e.g. natural gas used for heating). It should be noted that natural gas consumption for Pikdare's Italian commercial office are not reported, considering that the asset is in leasing and natural gas is not directly purchased by MTD.

GHG emissions scope 1			
SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Diesel, natural gas and LPG for heating and other purposes	Fuel consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Company's car fleet	Fuel consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Leakages from air-conditioning systems of refrigerant gases	Leakage	-	Global Warming Potentials (GWPs) are taken from IPCC Fourth Assessment Report (AR5)

Scope 2 GHG emissions are related to the consumption of electricity purchased from the national grid. Also for this category the emissions of Pikdare's Italian commercial office have not been included in the calculation.

GHG emissions scope 2			
SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Electricity purchased from national grid - location-based method	Electricity consumption	Terna, Confronti Internazionali, 2019 and 2020	Only CO <sub>2</sub> emissions were considered
Electricity purchased from national grid - market-based method	Electricity consumption	For Poland, Italy and France: AIB - European Residual Mixes, 2019 and 2019 For USA: Green-e Energy Residual Mix emission factors 2018 and 2019	Only CO <sub>2</sub> emissions were considered

Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. The categories reported by MTD are described below.

- **CAT. 1 - PURCHASED GOODS & SERVICES:** upstream emissions from the production of raw materials and final products purchased.
- **CAT. 2 - CAPITAL GOODS:** upstream emissions from the production of capital goods purchased or acquired.
- **CAT. 3 - FUEL AND ENERGY-RELATED ACTIVITIES:** emissions related to the production of fuels and energy purchased and consumed.
- **CAT. 4 - UPSTREAM TRANSPORTATION AND DISTRIBUTION:**
  - Emissions associated with the transportation and distribution of products purchased in the reporting year, between a company's tier 1 suppliers and its own operations in vehicles not owned or operated by the reporting company.



- Emissions related to the transportation and distribution services purchased by the reporting company in the reporting year, including outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities.

- **CAT. 5 - WASTE GENERATED IN OPERATIONS:** emissions from third-party disposal and treatment of waste generated by the company's owner or controlled operations.
- **CAT. 6 - BUSINESS TRAVEL:** emissions from the transportation of employees for business-related activities by external means of transport not controlled or owned by the company.
- **CAT. 7 - COMMUTING:** emissions from the transportation of employees between their homes and their worksites.
- **CAT. 9 - DOWNSTREAM TRANSPORTATION AND DISTRIBUTION:** transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company).

It should be noted that in the calculation are not included, due to unavailability of data, inbound logistics of HTL Poland (deliveries of raw materials from suppliers to production sites in Poland) and the outbound logistics of HTL US (HTL US sales account for approximately 10 % of group sales).

### GHG EMISSIONS SCOPE 3 (2019-2020)

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Materials procured (Cat. 1)	Weight of raw, process and packaging materials procured	Ecoinvent, v.3.7.1	CO <sub>2</sub> equivalent emissions were considered
Capital goods (Cat. 2)	Weight of raw materials making up the capital goods	Ecoinvent, v.3.7.1	CO <sub>2</sub> equivalent emissions were considered
Fuel and energy related activities (Cat. 3)	Fuel and electricity consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Upstream logistics (Cat. 4)	Kilometers covered by air, truck or ship multiplied by shipped weight (ton*km)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Waste disposal (Cat. 5)	Weight of waste disposed	Ecoinvent, v.3.7.1	CO <sub>2</sub> equivalent emissions were considered
Business travel by air, train and car (Cat. 6)	Distance per passenger	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Employees commuting (Cat. 7)	Kilometers covered by car, bus, rail	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered
Downstream transportation (Cat. 9)	Kilometers covered by air, truck or ship multiplied by shipped weight (ton*km)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2020 and 2019	CO <sub>2</sub> equivalent emissions were considered

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# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PARAGRAPH	OMISSION/NOTE
<b>GRI 102: General Disclosures 2016</b>			
102-1	Name of the organization	1.1.2 The Group	
102-2	Activities, brands, products, and services	1.1. The Group identity 1.1.3 MTD products portfolio	
102-3	Location of headquarters	1.1.2 The Group	
102-4	Location of operations	1.1.2 The Group	
102-5	Ownership and legal form	1.1.2 The Group	
102-6	Markets served	1.1.2 The Group	
102-7	Scale of the organization	1.1.2 The Group	
102-8	Information on employees and other workers	4.2 Guaranteeing wellbeing of MTD employees	
102-9	Supply chain	1.1.4 MTD value chain	
102-10	Significant changes to the organization and its supply chain	1.1.2 The Group 1.1.2 MTD value chain	
102-11	Precautionary Principle or approach	1.2 The Group sustainability path	
102-12	External initiatives	3.3 Sharing health education	
102-13	Membership of associations		There are no memberships of association
102-14	Statement from senior decision-maker	Message to our stakeholders	
102-16	Values, principles, standards, and norms of behavior	1.2.1 MTD sustainability governance and structure	
102-18	Governance structure	1.1.5 The Group Corporate Governance	
102-40	List of stakeholder groups	1.2.2 Our Stakeholders	
102-41	Collective bargaining agreements		22% of the employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	1.2.2 Our Stakeholders	
102-43	Approach to stakeholder engagement	1.2.2 Our Stakeholders	
102-44	Key topics and concerns raised	1.2.3 Material analysis	
102-45	Entities included in the consolidated financial statements	6. Methodological note	
102-46	Defining report content and topic Boundaries	6. Methodological note	
102-47	List of material topics	1.2.3 Material analysis 6. Methodological note	
102-48	Restatements of information	6. Methodological note	
102-49	Changes in reporting	6. Methodological note	
102-50	Reporting period	6. Methodological note	
102-51	Date of most recent report	2019 Sustainability Report	
102-52	Reporting cycle	Annual	



102-53	Contact point for questions regarding the report	6. Methodological Note	
102-54	Claims of reporting in accordance with the GRI Standards	6. Methodological note	
102-55	GRI content index	6. Methodological Note	
102-56	External assurance	This report is not subject to external assurance.	

GRI STANDARD	DISCLOSURE	PARAGRAPH	OMISSION/NOTE
<b>GRI 200 Economic Standards</b>			
<b>GRI 205: Anti-corruption 2016</b>			
103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	1.1.5 The Group Corporate Governance	
103-3	Evaluation of the management approach	1.1.5 The Group Corporate Governance	
205-3	Confirmed incidents of corruption and actions taken	1.1.5 The Group Corporate Governance	
<b>GRI 300 Environmental Standards</b>			
<b>GRI 302: Energy 2016</b>			
103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	5.1 Recognizing our impact on climate and air	
103-3	Evaluation of the management approach	5.1 Recognizing our impact on climate and air	
302-1	Energy consumption within the organization	5.1 Recognizing our impact on climate and air	
<b>GRI 305: Emissions 2016</b>			
103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	5.1 Recognizing our impact on climate and air	
103-3	Evaluation of the management approach	5.1 Recognizing our impact on climate and air	
305-1	Direct (Scope 1) GHG emissions	5.1 Recognizing our impact on climate and air	
305-2	Energy indirect (Scope 2) GHG emissions	5.1 Recognizing our impact on climate and air	
305-3	Other indirect (Scope 3) GHG emissions	5.1 Recognizing our impact on climate and air	
<b>GRI 306: Effluents and waste 2016</b>			
103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	5.2 Reducing materials, packaging and waste	
103-3	Evaluation of the management approach	5.2 Reducing materials, packaging and waste	
306-2	Waste by type and disposal method	5.2 Reducing materials, packaging and waste	
<b>GRI 308 Supplier Environmental Assessment 2016</b>			
103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	1.1.4 MTD value chain	
103-3	Evaluation of the management approach	1.1.4 MTD value chain	



308-1 New suppliers that were screened using environmental criteria 1.1.4 MTD value chain

#### GRI 400 Social Standards Series

##### GRI 401: Employment 2016

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	4.2 Guaranteeing welfare of MTD employees	
103-3	Evaluation of the management approach	4.2 Guaranteeing welfare of MTD employees	
401-1	New employee hires and employee turnover	4.2 Guaranteeing welfare of MTD employees	

##### GRI 403: Occupational Health and Safety 2018

403-1	Occupational health and safety management system	4.1 Strengthening the MTD culture of health and safety	
403-2	Hazard identification, risk assessment, and incident investigation	4.1 Strengthening the MTD culture of health and safety	
403-3	Occupational health services	4.1 Strengthening the MTD culture of health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.1 Strengthening the MTD culture of health and safety	
403-5	Worker training on occupational health and safety	4.1 Strengthening the MTD culture of health and safety	
403-6	Promotion of worker health	4.1 Strengthening the MTD culture of health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.1 Strengthening the MTD culture of health and safety	
403-9	Work-related injuries	4.1 Strengthening the MTD culture of health and safety	

##### GRI 404: Training and education 2016

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	4.3 Boosting the skills of our employees	
103-3	Evaluation of the management approach	4.3 Boosting the skills of our employees	
404-1	Average hours of training per year per employee	4.3 Boosting the skills of our employees	

##### GRI 405: Diversity and equal opportunities 2016

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	4.2 Guaranteeing wellbeing of MTD employees	
103-3	Evaluation of the management approach	4.2 Guaranteeing wellbeing of MTD employees	
405-1	Diversity of governance bodies and employees	1.1.5 The Group Corporate Governance 4.2 Guaranteeing wellbeing of MTD employees	

##### GRI 414: Supplier Social Assessment 2016

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	1.1.4 MTD value chain	
103-3	Evaluation of the management approach	1.1.4 MTD value chain	
414-1	New suppliers that were screened using social criteria	1.1.4 MTD value chain	

##### GRI 416: Customer health and safety 2016



103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	2.4 Guaranteeing compliance and transparency 3.2 Protecting healthcare professional	
103-3	Evaluation of the management approach	2.4 Guaranteeing compliance and transparency 3.2 Protecting healthcare professional	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.4 Guaranteeing compliance and transparency	

**GRI 417: Marketing and labeling 2016**

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	2.4 Guaranteeing compliance and transparency	
103-3	Evaluation of the management approach	2.4 Guaranteeing compliance and transparency	
417-2	Incidents of non-compliance concerning product and service information and labeling	2.4 Guaranteeing compliance and transparency	

**OTHER NON-GRI TOPICS****Product development and innovation**

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	2.3 Our innovation	
103-3	Evaluation of the management approach	2.3 Our innovation	

**Client and consumer education**

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	2.2 Engaging with patients 3.3 Sharing health knowledge	
103-3	Evaluation of the management approach	2.2 Engaging with patients 3.3 Sharing health knowledge	

**Access and affordability of medical devices**

103-1	Explanation of the material topic and its Boundary	1.2.3 Material analysis 6. Methodological note	
103-2	The management approach and its components	2.1 Ensuring access to care and adherence to medical treatments 3.2 Contributing to the pandemic response	
103-3	Evaluation of the management approach	2.1 Ensuring access to care and adherence to medical treatments 3.2 Contributing to the pandemic response	





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