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# **Climate change**

We are committed to limit the impact of climate change. Our nearterm science-based targets, validated by the Science Based Target initiative (SBTi), guide our decarbonization strategy and support the transition to a low-carbon economy.

To operationalize this commitment, we focus on improving energy efficiency, transitioning to renewable electricity, and reducing greenhouse gas (GHG) emissions across our value chain. This includes both direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2), and selected categories of value chain emissions (Scope 3).

We also engage with suppliers and customers on strategies to decarbonize our industry and achieve mutual progress towards our climate-related goals. In addition, we work on improving the accuracy and transparency of our data to enable informed decisionmaking.

- Our measurable objectives include:
  - □ 100% renewable electricity across our operations by 2030
  - A 42% reduction in Scope 1 and 2 GHG emissions by 2030, compared to a 2022 baseline
  - □ A 51.6% reduction in Scope 3 GHG emissions per million units sold by 2030, compared to 2022, covering the categories of Purchased Goods and Services, Employee Commuting, and **Downstream Transportation and Distribution**

#### Impacts

We recognize the importance of addressing climate change and acknowledge that our operations contribute to greenhouse gas (GHG) emissions. Our business activities - such as electricity consumption, procurement of goods and services, and upstream and downstream transportation - represent key impact areas that we need to continuously evaluate and optimize.

Reducing emissions while maintaining sustained growth requires an integrated approach that considers our environmental impact, exposure to climate-related risks, and long-term business opportunities. This means understanding how our activities affect the climate, how climate change poses both physical and transitional risks to our operations and value chain, and how we can unlock longterm value - for example, by securing access to renewable energy, embedding climate considerations into product development, and engaging suppliers in the transition.

#### Key impact areas:

- ∠ Energy consumption
- Logistics L
- Natural resources exploitation
- Limate adaptation

#### Policies

#### **Business Code of Conduct**

States the ambition to reduce greenhouse gas emissions

### **Supplier Code of Conduct**

Expands expectations for suppliers to include the development of GHG emission reduction strategies across Scope 1, 2, and 3, alignment with science-based targets, the transition to 100% renewable electricity by 2030, and ongoing efforts to improve energy efficiency

#### **EHS policy**

Outlines SHL Medical's commitment to reduce overall usage of energy

## **Third-party initiatives**

## Science Based Targets initiative (SBTi)

We committed to setting a near-term science-based target in 2022, and in 2023 our targets were officially validated by the Science Based Targets initiative (SBTi).

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# Progress on renewable energy transition Expanded renewable electricity sourcing to US and Taiwan sites





Our approach for achieving the 100% renewable electricity target by 2030 is tailored to the specific needs of each location:



Our renewable electricity sourcing strategies focus on delivering on our climate goals and commitments while considering local energy markets, availability, and risks in the countries we operate in. Especially in Taiwan sourcing renewable electricity presents specific challenges due to current limitations in supply availability, grid access, pricing, and market structure. These constraints require a flexible approach, while we continue to monitor policy developments and explore feasible long-term solutions.

Mechanism	Description	Rationale
Green tariffs	Procuring renewable electricity via utility-provided programs, where available	Straightforward in established markets, but limited availability in all locations where SHL Medical operates (e.g. in Taiwan)
Energy Attribute Certificates (EACs)	Using certificates (e.g., GoOs or RECs) to credibly account for renewable electricity	Ensures transparency and credibility, especially where direct sourcing is not feasible
Power Purchase Agreements (PPAs)	Establishing long-term con- tracts for renewable energy from specific projects (physical or virtual)	Locks in prices, increases market capacity, contributes to additionality, and demonstrates long-term commitment
Onsite renewable electricity generation	Installing solar photovoltaic installations on-site whenever legally and/or feasible	Direct emission reductions, local capacity, increased energy resilience

Being a manufacturing hub, it has the highest energy demand. We are currently engaging with Power Purchase Agreements (PPAs) and are preparing for additional agreements to secure long-term renewable energy

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# Progress on GHG Scope 1 and 2



Total combined Scope 1 and 2 emissions (market-based) decreased by 4.4 % compared to 2022, largely driven by additional renewable electricity contracts that lowered Scope 2 emissions.

#### Progress on target





Direct scope 1 emissions grew due to the increase in natural gas consumption as the new US-based facility started operations. Additionally, a smaller rise in refrigerant losses at the Taiwan site contributed to the increase



Purchased electricity Scope 2 emissions fell by 5.4% in 2024 compared to baseline 2022, reflecting the expansion of renewable electricity procurement across operations.



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#### **Energy efficiency measures**

Recognizing the impact of continued business growth on energy demand, we are implementing targeted measures to improve energy efficiency, electrify systems and fleet to reduce associated Scope 1 and 2 emissions. In addition, measures are based on site-level energy audits and include concrete actions such as upgrading equipment, optimizing systems, and applying energy management practices.

During the reporting period, we conducted a comprehensive energy audit at our main manufacturing sites in Taiwan. This led to a series of measures, including repair of compressed air leakages, as well as a broad optimization of heating, ventilation, and air conditioning (HVAC) systems. These improvements build on a series of energy efficiency measures initiated in 2023, including the implementation of an energy management information system, and enhancements to air-conditioning systems in both office and production areas as well as several other upgrades (air handling units, optimizing temperature settings, etc.).

To support our broader electrification strategy, we also installed electric vehicle charging stations to enable fleet electrification.

Since 2019, energy-saving projects have been promoted under the Continuous Improvement program. This program empowers and rewards employees that identify opportunities to reduce energy consumption. Examples include the optimization of HVAC systems and temperature setting in the warehouse in Taiwan, which resulted in important energy savings.

The increase in overall energy consumption is attributable to higher production volumes and the commissioning of a new production facility in North Charleston. At the same time, efforts to improve energy efficiency continued. Taiwan, SHL Medical's primary manufacturing site and home to over 85% of the global workforce, is the largest contributor to energy consumption. In this location, electricity intensity (measured in kWh per unit sold) decreased by a 22.39% in 2024 vs. 2022 baseline. Electricity was selected as the primary energy metric for detailed analysis due to its significant share of total energy use.

Total energy consumption (MWh)	2022	2023	2024
Total fuel consumption within the organization from non- renewable sources	79,801	76,113	96,145
Total consumption of EE purchased for consumption from renewables	228	10,418	22,124
Total energy consumption within the organization	80,029	86,511	116,269

## Percentage decrease in electricity intensity (electricity kWh per unity sold) in the main manufacturing facility - Taiwan



Comprehensive data on energy consumption is available on page 59.

### Intralogistics

SHL Medical has initiated a gradual transition toward lower-emission transport solutions, to support decarbonization efforts within Scope 1. In Taiwan, the first electric van was deployed in August 2024, followed by an additional one later in the year. Further vehicles are planned as part of this phased electrification approach. This approach will also be applied during the scale-up phase of the North Charleston site.



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# **Progress on GHG Scope 3** Methodological updates to Scope 3 emissions accounting

In 2024, SHL Medical updated its Scope 3 calculation methodology, primarily by adopting more upto-date data sources for emission factors and increasing granularity of categories reported. These changes reflect ongoing efforts to align with evolving best practices and standards in emissions accounting. However, as a result of these methodological updates, comparability with data from 2023 and 2022 is currently limited.

This change primarily affects Scope 3 categories calculated using spend-based methods specifically Categories 1 (Purchased goods and services), 2 (Capital goods), 4 (Upstream transportation and distribution), 6 (Business travel), and 15 (Investments). Other categories that rely on activity-based data or supplier-specific information remain unaffected.

We are currently evaluating potential recalculations of the 2022 baseline to enable better comparability. Nonetheless, we recognize that inherent uncertainties in Scope 3 accounting, together with ongoing methodological developments, may

require restatements in future reporting cycles. In parallel, we aim to improve data maturity by transitioning from spend-based to activity-based or hybrid approaches wherever possible. We currently apply activity-based GHG calculations for Waste (Category 5) and Downstream transportation (Category 9).

Scope 3 performance overview for 2024

Despite the methodological update introduced in 2024, the overall percentage distribution of Scope 3 emissions by category remained consistent with previous years. Purchased good and services (Category 1) continued to represent the largest share of Scope 3 emissions. Progress in this category is expected to be driven by strategic initiatives such as the transition to more sustainable materials and packaging efforts to reduce operational waste, and strengthened supplier engagement on climate-related performance.

The Capital goods category (Category 2) is the second largest contributor to the Scope 3 footprint. The increase in emissions in this category reflects heightened activity linked to the expansion of supply capacity aimed at reaching more patients. Downstream transportation and distribution

(Category 9) also remains a relevant category for SHL Medical. Progress and performance in this area are addressed in the following section.

Overall, while mitigation efforts are ongoing across all relevant categories, continued business growth has added complexity to Scope 3 reduction efforts.

Scope 3 emissions breakdown by percentage in 2024



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Reduce Scope 3 GHG emissions by 51.6% per million units sold by 2030 vs. 2022 baseline

As outlined above, methodological updates implemented in 2024 have affected data comparability with the 2022 baseline. As a result, progress against the Scope 3 reduction target is not reported this year. A recalculation of the base year is under evaluation.

Progress on target

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel- and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution
- Category 12: End-of-life treatment of sold products
- Category 15: Investments

Comprehensive Scope 3 data is available on page 60.

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#### Downstream transportation and distribution

In 2024, approximately 95% of finished goods were transported by sea<sup>1</sup>, yet the remaining 5% transported by air accounted for more than 70% of GHG emissions generated by downstream transportation and distribution.

SHL Medical is implementing a modal shift strategy to transition a portion of outbound shipments from air to sea freight. In 2024, two major customers agreed to move to sea transport, enabling a reduction in the carbon intensity of these shipments. To support this transition and foster additional opportunities, several operational changes were introduced, including the recalibration of batch sizes to improve container utilization, implementation of data loggers to ensure product quality during longer transit times, and packaging adjustments tailored for maritime transport.

The ongoing use of air freight is linked to factors such as limited shipment volumes, geographic and regulatory constraints, and customer-specific requirements. On average, switching from air freight to sea freight reduces greenhouse gas emissions by approximately 99% per per tonne of goods transported over one kilometer<sup>2</sup>.

We are actively engaging with customers to identify further opportunities for transitioning to loweremission transport options and are reviewing internal processes to reduce reliance on air freight wherever possible.

#### Shipments optimization

Following pilot efforts in 2023, we scaled up the double-stacking of products in our sea shipments within Taiwan operations. In 2024, approximately 53% of our total shipments, by shipment volume in tkm<sup>1</sup>, were double-stacked, enhancing transport efficiency and reducing GHG emissions associated with downstream transportation. This initiative also contributed to ongoing collaboration with customers on load and packaging optimization.

Areas	$\rightarrow$	Actions
Scope 3 reduction – supply chain		Engaging suppliers to align with SHL Medical's climate goals by setting expectations on renewable energy use and emissions reduction. This includes assessing sustainability maturity and developing tailored action plans to address improvement areas
Scope 3 reduction – downstream logistics		Engaging with customers to align on sustainability objectives and drive a shift from air to sea transport
		Developing internal processes to optimize shipments through improved load factors and packaging efficiency, in close collaboration with customers
Scope 2 reduction – renewables		USA: Advancing the transition to renewable electricity for US operations through Renewable Energy Certificates (RECs)
		Taiwan: Continuing evaluating Power Purchase Agreement (PPA) options to enlarge the current capacity supplied. Investigating feasibility of on-site solar projects
Scope 1 reduction – fossil fuels and refrigerants		Optimization of natural gas usage and electrification, replacement of refrigerants to lower GWP options
Data maturity		Advancing the selection and implementation of tools that strengthen data maturity
		Continuing to enhance data management for Scope 3 Purchased Goods and Services by refining systems that support accurate, volume-based GHG calculations for relevant key raw materials
		Establishing a standardized methodology for Scope 3 GHG accounting in downstream operations



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In line with UNGC Principles, we drive innovation and environmental stewardship across our operations. Supporting Principle 9, we scale technologies to boost efficiency and cut emissions. Our efforts contribute to SDG 9 and supporting SDG 13 through science-based targets to reduce our GHG footprint.

<sup>1</sup>Tonne-kilometre (tkm) is a unit of measure representing the transport of one tonne of goods over a distance of one kilometer. Calculations are based on the DEFRA dataset, using a well-to-wheel approach.<sup>2</sup>Calculation based on DEFRA emission factors for downstream transportation.

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# **Circular economy**

We are committed to embedding circularity throughout the product lifecycle to enhance resource efficiency and reduce environmental impacts.

To achieve this, we systematically integrate eco-design guidelines into our innovation pipeline, prioritizing reduced material consumption and selecting bio-based or recycled materials wherever possible. We aim to minimize manufacturing waste and maximize recycling when waste cannot be avoided.

Additionally, we actively explore reusability options for selected device formats, collaborate with suppliers to expand circular material options, and support customers in meeting their sustainability targets, including exploring circular end-of-life opportunities for our products. We rely on lifecycle assessments (LCAs) to guide our actions - turning complex environmental data into clear, responsible decisions.

- (i) Our measurable objectives include ensuring:
  - **∠** 100% of new products adhere to eco-design principles by 2025
  - > Reducing environmental impact (CO, e emissions from cradle to gate) per device by 30% by 2030 (baseline 2022)
  - □ Decreasing waste generation by 20% by 2030 (baseline 2022)
  - □ Directing 80% of our waste to recycling by 2025

### Impacts

Circularity is an important focus area for SHL Medical, given the plastic and metal composition of our products and packaging. These materials are currently sourced mostly from virgin raw materials, selected for their functionality and to ensure compliance with regulatory standards. At the same time, we recognize that the extraction and processing of these materials place a burden on the environment and contribute to the depletion of finite resources.

Transitioning toward a more circular model presents an opportunity to mitigate these impacts by decoupling business growth from the consumption of virgin inputs. Increasing circularity in our design and production processes can improve material efficiency, reduce reliance on non-renewable resources, and enhance value chain resilience. In parallel, circular innovation can support compliance with evolving regulatory expectations and respond to increasing stakeholder demands - while contributing to long-term operational and strategic robustness.

### Key impact areas:

- Resource inflow: reduced reliance on virgin raw materials
- u Operational optimization: reduced material use and waste through process improvements
- u Design for end-of-life: product design enabling circular systems Limate adaptation

# Policies

#### **Business Code of Conduct**

States the ambition to embrace circularity as part of the commitments towards integrating sustainability in the company's strategic approach.

#### **EHS policy**

Outlines SHL Medical's commitment to pollution prevention, resource reduction, compliance, and continuous environmental improvement.

#### **Management approach** ISO 14001

Waste management is one of the environmental aspects addressed as part of SHL Medical's certified environmental management system.

