

Production, Environment, and Sustainability

COLTENE is committed to being a responsible global corporate citizen. The Group undertakes to be an attractive employer and provide dentists and patients with safe and reliable products. In addition, COLTENE pledges to promote awareness on sustainable business conduct across all levels of the organization, mitigate the environmental impact throughout the value chain and conserve natural resources. Effective February 1, 2021, COLTENE Holding AG shares are included in the two ESG indices of the SIX Swiss Exchange SPI ESG and SPI ESG Weighted. This affirms COLTENE's sustainability initiatives.

This chapter covers a range of non-financial reporting elements and presents COLTENE's Code of Conduct along with relevant developments in the year under review.

Production

COLTENE manufactures globally at five plants, each specializing in different products and technologies:

In **Langenau, Germany**, COLTENE develops and manufactures:

- Endodontic products for root canal cleansing, drying, and obturation under the Roeko, Hygenic, Luna, and Surgitip brands
- Products for wound care and moisture and infection control

In **Altstätten, Switzerland**, COLTENE operates a plant specialized in developing and manufacturing the following products:

- Dental impression materials including renowned C-Silicone and A-Silicone products
- Restorative products for innovative and proven esthetic filling restorations and a wide range of adhesives and bonding agents
- Diamond burs for use in the dental practice
- Dental diamond and silicone polishers
- Autoclavable polishers for use in the dental practice
- Polishers for dental lab technician use

In **Cuyahoga Falls, Ohio, USA**, COLTENE has its largest production facility. The plant specializes primarily in mechanical manufacturing processes and makes a range of products, including:

- Pins and posts like the ParaPost X system, carbide burs and root canal instruments
- Ultrasonic cleaning and disinfection devices for instruments used in dentistry

In **Besançon, France**, Micro-Mega makes the following portfolio of products:

- Root canal instruments for various applications
- Irrigation solutions for safe root canal preparation
- Obturation and sealing materials

And in **Toronto, Canada**, SciCan Ltd. makes disinfection and sterilization products:

- Cassette autoclaves (STATIM) and chamber autoclaves (BRAVO)
- Automated instrument washer-disinfectors (HYDRIM)
- Water distillers (AQUASTAT)
- Handpiece cleaning and maintenance units
- Cleaners and disinfectants for surfaces and dental instruments (OPTIM)

In North America and Germany, the COLTENE Group operates its own service centers for maintenance and repair of its dental products. In various other countries, these services are provided by certified third parties.

Environmental Data

COLTENE first reported on its sustainability performance in the 2014 financial year. Gathering the data and preparing the first report led to greater awareness of the topic within the organization. Since then, sustainability data has been collected and processed more broadly every year, and today COLTENE has a largely uniform process in place to gather and analyze relevant data. The conversion of energy into carbon emissions respects country-specific energy factors.

The environmental data reported for 2018 to 2020 is not driven by COLTENE's business activities alone. Consumption of the input factors oil, gas, and water is also determined by a host of external parameters such as weather conditions, customer behavior, and regulatory requirements.

Compared to the previous year, water use declined as did energy use across all energy sources, in some cases significantly so, in the 2020 financial year. This mainly reflected a slowdown in production and sales that was brought on by the COVID-19 pandemic. A case in point is the lower volumes reported for waste and recycling, largely as a function of the drop in manufacturing output. Energy conservation measures also helped use less electricity and fossil fuels. For example, COLTENE uses LED technology to replace the lighting systems in any building undergoing refurbishment. Similarly, the new heating system in Altstätten is more efficient. In 2020, Kenda AG's production unit was relocated from Liechtenstein to Altstätten and the Vigodent plant in Brazil was sold to local investors. As a result, these countries are no longer included in the table below.

Environmental data by COLTENE Group plant

| Input | unit | 2018 | 2019 | 2020 | Delta 2020/2019 |
|-------------|----------------|-------|-------|-------|--------------------|
| Electricity | MWh | 1127 | 1063 | 1020 | -4% |
| Oil | t | 45 | 46 | 35 | -24% |
| Gas | m ³ | 4 | 6 | 4 | n.a. |
| Water | m ³ | 9 248 | 9 015 | 6 349 | -30% |



| Output | unit | 2018 | 2019 | 2020 | Delta 2020/2019 |
|-----------------|----------------|-------|-------|-------|--------------------|
| CO ₂ | t | 344 | 344 | 293 | -15% |
| Recycling | t | 75 | 92 | 50 | -46% |
| Waste | t | 90 | 113 | 117 | 3% |
| Wastewater | m ³ | 9 248 | 8 125 | 6 349 | -22% |

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|-------------|----------------|------|------|------|-------|
| Electricity | MWh | 893 | 919 | 834 | -9% |
| Oil | t | - | 2 | - | -100% |
| Gas | m ³ | 109 | 96 | 99 | 2% |
| Water | m ³ | 1337 | 1564 | 1934 | 24% |



| | | | | | |
|-----------------|----------------|------|------|------|------|
| CO ₂ | t | 872 | 862 | 806 | -7% |
| Recycling | t | 69 | 79 | 62 | -22% |
| Waste | t | 30 | 30 | 34 | 12% |
| Wastewater | m ³ | 1337 | 1564 | 1934 | 24% |

| | | | | | |
|-------------|----------------|-------|-------|-------|------|
| Electricity | MWh | 2 702 | 2 604 | 2 884 | 11% |
| Oil | t | - | - | - | n.a. |
| Gas | m ³ | 121 | 97 | 94 | -2% |
| Water | m ³ | 4 656 | 4 779 | 5 609 | 17% |



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|-----------------|----------------|-------|-------|-------|------|
| CO ₂ | t | 2 103 | 1 971 | 2 147 | 9% |
| Recycling | t | 51 | 41 | 49 | 19% |
| Waste | t | 17 | 38 | 31 | -18% |
| Wastewater | m ³ | 4 656 | 4 779 | 5 609 | 17% |

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|-------------|----------------|-------|-------|-------|------|
| Electricity | MWh | 1 109 | 1 240 | 1 065 | -14% |
| Oil | t | - | - | - | n.a. |
| Gas | m ³ | 86 | 98 | 89 | -9% |
| Water | m ³ | 8 415 | 9 463 | 6 153 | -35% |



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|-----------------|----------------|-------|-------|-------|------|
| CO ₂ | t | 552 | 621 | 548 | -12% |
| Recycling | t | 23 | 54 | 87 | 62% |
| Waste | t | 241 | 286 | 382 | 33% |
| Wastewater | m ³ | 8 415 | 9 463 | 6 153 | -35% |

| | | | | | |
|-------------|----------------|-------|-------|-------|------|
| Electricity | MWh | 1 521 | 1 264 | 1 072 | -15% |
| Oil | t | 9 | 8 | 7 | -3% |
| Gas | m ³ | 57 | 59 | 46 | -22% |
| Water | m ³ | 1 829 | 1 428 | 1 465 | 3% |



| | | | | | |
|-----------------|----------------|-------|-------|-------|------|
| CO ₂ | t | 378 | 346 | 286 | -17% |
| Recycling | t | 8 | 7 | 20 | 212% |
| Waste | t | 27 | 26 | 16 | -40% |
| Wastewater | m ³ | 1 829 | 1 428 | 1 465 | 3% |

Environmental data of all COLTENE Group plants combined

| Input | unit | 2018 | 2019 | 2020 | Delta 2020/2019 |
|-------------|----------------|--------|--------|--------|--------------------|
| Electricity | MWh | 7 351 | 7 090 | 6 875 | -3% |
| Oil | t | 54 | 56 | 42 | -24% |
| Gas | m ³ | 377 | 355 | 332 | -7% |
| Water | m ³ | 25 485 | 26 249 | 21 510 | -18% |



| Output | unit | 2018 | 2019 | 2020 | Delta 2020/2019 |
|-----------------|----------------|--------|--------|--------|--------------------|
| CO ₂ | t | 4 250 | 4 144 | 4 079 | -2% |
| Recycling | t | 226 | 272 | 268 | -2% |
| Waste | t | 405 | 493 | 579 | 17% |
| Wastewater | m ³ | 25 485 | 25 359 | 21 510 | -15% |

Sustainability

Quality Management and Risk Management

In Europe, COLTENE is subject to the Medical Device Directive (MDD), now superseded by the Medical Device Regulation (MDR). In the US, COLTENE products are regulated by the Food and Drug Administration (FDA), and elsewhere, by the medical device regulations in each jurisdiction. COLTENE is certified to ISO 13485:2016 at every one of its manufacturing sites. Production adheres to standard operating procedures (SOP). These define sets of prescribed steps to follow in Production, Quality Management, and Research & Development. COLTENE relies on SOPs to ensure that each step in a production process and all components, raw materials and supplies meet applicable government and regulatory requirements, and that products are fully traceable. COLTENE maintains a quality management and a registration department at each manufacturing site it operates. These departments make sure that only duly certified medical devices enter the market. Quality management and risk management functions are represented at Group level and at every manufacturing site. At every site where dental devices are developed and produced, risk management for medical devices follows the ISO 14971:2012 standard.

The local teams enforce compliance with the quality systems and ensure that the latest versions are applied at all times. These same teams continuously monitor local applicable law for changes to requirements and implement these updates. In addition, the medical device regulations are the basis on which risk assessments are defined and performed for products and processes. Measures are defined and implemented for all high and elevated risks to mitigate them. Insurance policies are effected as necessary for any obligatory or reasonably insurable risks. So-called umbrella policies are in effect at Group level to cover significant risks and include commercial third-party liability and product liability insurance, property and marine insurance, and more. These policies insure against the relevant risks at Group level for all legal entities of the COLTENE Group. For more details on Group-level risk management, see the chapter on Corporate Governance.

Each production site is audited annually by an accredited notified body for full legal and regulatory conformity. Any non-conformities found are promptly rectified and their rectification is monitored by this notified body. This ensures that the COLTENE Group is compliant with the legal and regulatory requirements governing its products, services, and processes.

Research and Development

Research and development is where the operation, performance, safety, and usability of a product is evaluated throughout its design life cycle, from the earliest development stages to the finished item in use, its environmental impact and recycling and disposal. Packing is reduced to the absolute minimum and is made from biodegradable materials wherever possible. COLTENE adopts environmentally sustainable manufacturing processes and evaluates products for potential reuse, for example via sterilization processes for dental burs and root canal files.

End-customer needs and insights from interactions with customers are incorporated via the post-market surveillance process, feeding the product platform with data from sales and customer complaints, survey responses, and suggestions. This is complemented by regular competitor analyses, including through academic research. During the development process, clinical and biological specialists are involved as required, and product designs and technical data are audited by third parties.

New product development starts with idea generation based on new technologies and the product roadmap.

Sites where devices with electrical and electronic components are developed and manufactured are compliant with the EU directive restricting the use of certain hazardous substances in electrical and electronic equipment (RoHS).

Materials and Procurement Policy

Apart from its manufacturing and research activities, COLTENE's impact on the environment is minimal. COLTENE produces neither dental implants nor amalgam fillings. As such, it does not use any mercury or significant amounts of titanium metals, lead, manganese, or other heavy metals.

The main material product groups used in manufacturing processes are the following:

- Hygiene and treatment auxiliaries: Rubber, metal, textile fibers, cotton, cleaning solutions
- Endodontic products: Nickel titanium (NiTi) metal, rubber, paper
- Restorative materials: Polyamide matrix with glass filler
- Impression materials: Silicone oils
- Operating materials: Water, cleaning agents, galvanic bath solutions, paper

COLTENE strives to reduce its resource use year after year.

Full compliance is maintained with all local rules on the storage and disposal of toxic or hazardous material and untreated wastewater. In each country, this is handled by authorized specialist contractors. Metals and other materials are recycled wherever possible.

Some models of the dental burs COLTENE makes are plated with precious metals. Small quantities of gold and platinum are used for this purpose. The suppliers of these metals certify that they are able to trace their products throughout their supply chain and that they are members of the Responsible Minerals Initiative.

An onsite assessment of all COLTENE Group manufacturing sites in early 2021 reported no indication of child labor or forced labor practices. This assessment covered sourced materials, semifinished goods, and wholesale goods. COLTENE sources from established, reputable suppliers in Europe, North America and, to a minor extent, in Asia. COLTENE is committed to expanding its global supplier audits to include ethical criteria.

The ISO 13485:2016 standard requires a process to periodically assess suppliers. Major suppliers are reassessed at least once a year. In the year under review, the supply chain underwent no significant changes and the supplier audits revealed no material non-compliance issues.

Employees

At COLTENE, employee welfare and motivation are paramount. As an employer, COLTENE undertakes to follow best practice standards. New hires receive training on the Code of Conduct for the COLTENE Group. The Code of Conduct guides employee behavior internally and when dealing with external business partners. Refreshers are provided on a regular basis using internal communication tools.

Employees are empowered to report any violations of the Code of Conduct or of applicable law, either at Group level by notifying the CFO or within their local organization by contacting their line manager or HR. In addition, manufacturing sites in the US and Canada each provide a local whistleblower line. A single Code of Conduct violation was reported in 2020, at the Altstätten site, and appropriate measures were taken to address it.

Employee Statistics for the Five COLTENE Manufacturing Sites as of 31.12.2020

| | | Total | in % |
|--------------------------------------|-------|-------|------|
| Number of permanent employees – FTEs | Men | 471.0 | 50 |
| | Women | 472.0 | 50 |
| | Total | 943.0 | 100 |
| Number of temporary employees – FTEs | Men | 20.3 | 64 |
| | Women | 11.4 | 36 |
| | Total | 31.7 | 100 |
| Number of full-time employees – FTEs | Men | 480.0 | 49 |
| | Women | 438.3 | 45 |
| | Total | 918.3 | 94 |
| Number of part-time employees – FTEs | Men | 11.3 | 1 |
| | Women | 45.1 | 5 |
| | Total | 56.4 | 6 |
| Leadership-level employees | Men | 95.0 | 72 |
| | Women | 36.8 | 28 |
| | Total | 131.8 | 100 |

The employee turnover rate across all five sites was about 15 % in 2020. The aim is to reduce this rate over the next few years.

Due to the COVID-19 pandemic, COLTENE Group Management was forced to take various personnel-related measures. As an immediate action, all but a few temporary employment contracts were terminated at the start of the second quarter. The rationale was to avoid eliminating any permanent positions while bringing production capacities into line with lower demand. In countries where short-time work arrangements are possible, reduced employee hours were requested for a five-month period. In the US, part of the workforce was placed on temporary layoff (furlough) to save on payroll, and in Canada, COLTENE claimed public subsidies during intermittent months to help cover some personnel expenses.

Diversity

On the COLTENE Group Board of Directors, the average age is 55.5 and two of seven members are women (29%). No women are currently represented in Group Management, which also numbers seven members. Within the COLTENE Group, however, women occupy nearly 30% of leadership positions at team lead level or higher. In the overall workforce, men and women are represented in equal numbers.

For COLTENE, employee diversity and equal gender representation matter because diversity is high on the end customer side – that is, in dental practices – where the workforce increasingly skews female, a trend clearly tracking with the gender ratios seen in dentistry school enrollment. COLTENE is committed to honoring this reality through broad-based diversity across the Group.

At the Langenau site in Germany, this commitment is overseen by a gender equity officer. In France, where employment equity is monitored by law via the Gender Equality Index, Micro-Mega scored 90 out of 100 points (as of February 2020). The COLTENE site in Cuyahoga Falls in Ohio, USA, issued a Diversity, Equity, and Inclusion statement in 2020 and participates in events related to these topics. Similarly, COLTENE supports intergenerational diversity to promote knowledge sharing and learning among employees of different age groups.

Workplace Health and Safety

Official workplace safety regulations and inspections apply in every country in which COLTENE operates manufacturing sites. Each site appoints safety officers to coordinate and implement actions for compliance. These officers have received local training and certification in workplace safety.

In Altstätten, the site safety plan is audited twice a year. Any occupational accidents reported are reviewed to determine their cause, and appropriate measures are implemented.

In Toronto, workplace inspections take place monthly according to local requirements. Workplace health and safety meetings are held four times a year.

In Langenau, an external service provider has been contracted to enforce and monitor compliance with workplace safety regulations. Meetings and site visits are conducted on a regular basis. In addition, the employer's liability insurance fund (Berufsgenossenschaft, BG) acts in a supervisory and advisory capacity. At the Besançon site in France, employees benefit from a monthly workplace health and safety magazine and various measures and systems ranging from ergonomics to risk assessments and reports by the occupational health practitioner for the site.

Protection from the Coronavirus

COLTENE set up an internal crisis task force at the start of the pandemic. The task force at Group level was recruited from members of Group Management while at the local level it includes each site's general manager, safety officer, quality and regulatory manager, production manager, HR manager, and additional personnel as appropriate. These teams ensure that local official regulations are followed at all times and that site-specific measures are put in place. These same teams continuously reassess the situation and provide updates to the entire workforce via bulletin board notices and internal communication systems. Employees also receive prompt updates on important changes due to decisions by local authorities.

Coronavirus measures included, for instance:

- Social distancing rules, safety screens between work stations and office desks
- Face masks (including FFP2) and hand sanitizer issued to all employees
- All non-essential travel and internal gatherings and meetings suspended
- Additional hand sanitizer dispensers installed, disinfection protocols rolled out in high foot traffic areas and at work stations
- Home office (telework) policy updated, relevant IT infrastructure scaled up to support increased home office use
- Staggered shifts instituted, including changes to break times at Langenau, Altstätten and Besançon sites
- Tables and dining areas spaced farther apart in break rooms , seating limit per table reduced
- Touchless faucets, soap dispensers, and hand towel dispensers installed in Toronto, along with touchless automatic door systems
- Automated fever screening stations installed at entrances in Toronto and Besançon
- COVID-19 daily screening questionnaires (self-checklists) for onsite employees in Toronto
- Exhaust ventilation system installed in Langenau cafeteria

Accident Statistics

| | Coltène/ Whaledent AG Altstätten, Switzerland | Coltène/ Whaledent GmbH + Co. KG Langenau, Germany | Coltène/ Whaledent Inc. Cuyahoga Falls, Ohio, USA | SciCan Ltd. Toronto, Canada | Micro-Mega S.A. Besançon, France | Total all plants |
|------------------------------------|--|---|--|--|---|-----------------------------|
| Occupational accidents 2019 | 10 | 2 | 3 | 3 | 2 | 20 |
| Occupational accidents 2020 | 6 | 3 | 4 | 7 | 7 | 27 |

None of the accidents in the year under review resulted in lasting health issues or prolonged work absences. After any accident, the local workplace safety officers investigate whether additional prevention measures are required or work stations and processes can be modified to improve safety. All sites run awareness and training programs tailored to address the types of accidents they see most frequently.

Training and Development

COLTENE offers online modules and training programs for all employees Group-wide. Topics include health, safety, aggression, and harassment in the workplace, and the core internal policies and guidelines. These training offerings are overseen by HR. All new hires receive training tailored to their specific role. General training for new hires includes workplace safety, safety and security training, corporate governance, products and processes, basic IT tools, internal directives, and more. Role-specific training is managed by the relevant department and is assigned and documented via a training matrix. The training database is audited annually and HR monitors all entries made by departments.

Advanced training through third parties is determined in consultation with the employee's department head during annual performance reviews or as appropriate. The purpose of advanced training through third parties is employee development and skill improvement.

Customers

COLTENE caters to two groups of customers:

- Dental vendors, i.e. the direct buyers of COLTENE products
- Dental Service Organizations (DSOs) and
- Dentists as end customers

Relying on a vast system of touch points that includes research and development and academic communities, COLTENE is in constant contact with all its customer groups. End-customer feedback reaches COLTENE in one of two ways – either through the vendors and their sales network and the countless field visits their sales representatives pay to dental practices, or else from end customers directly at trade shows and sales events or rather, in 2020, via online events (webinars).

The post-market surveillance process involves analyzing complaints, handling suggestions, reviewing trade literature and articles on competing products, and analyzing market surveys and point of sale feedback. Further feedback results from contact with universities, opinion leaders in the industry, and medical consultants.

In the US, COLTENE requests feedback from vendors and end customers three times a year using a standardized questionnaire. SciCan in Toronto fields such surveys every six months. In 2020, negative customer feedback most commonly mentioned shipping delays, incomplete shipments, defective packing material, and too-slow responses to requests. Customers also asked about alternatives to discontinued products. Positive market feedback most often praised the high standards of quality versus the competition and the good value for money COLTENE products offer, and the innovative products with new and unique features that simplify life in dentistry. In further positive comments, COLTENE was noted as employing well-trained professionals with the expertise to educate dentists on products and how to use them.