



People.Health.Care.

tomorrow,
today **will be**
yesterday

Sustainability Report 2018/2019

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will be
yesterday**

L&R Sustainability Report
2018/2019

Editorial

Because sustainability matters.

To a company that, like L&R, has over 160 years' experience in the manufacture of medical devices and as a reliable partner and problem solver in the areas of medicine, patient care and hygiene, sustainability is definitely not just a trend. That's because we think in terms of generations, not short periods of time and because we never lose sight of our values as a long-established family-run company with a rich tradition. It is these very same values that are at the core of our mission to always put peoples' well-being centre stage in everything we do.

This aspiration has long since become integral to all of our operations worldwide. Worldwide, because we have been growing and expanding successfully as a company for many years. As a result, we are now serving markets around the world and hence enable increasingly more patients around the globe to receive world-class medical care. We guarantee this by utilising local sourcing, efficient logistics and strict social standards to ensure that our growth is always firmly rooted in the principles of sustainable corporate management.

Effectively managing operations of this scale and complexity requires clearly defined roles and regulations as well as a clear understanding of the bigger picture. This is why, in addition to having embedded sustainability in our 2020 Strategy, we have also established corporate sustainability management as an executive-level function in its own right. Within that function, the three pillars of sustainability – economic, environmental and social sustainability – have been combined such as to form an integrated sustainability management system that covers all L&R business units. And, we firmly believe that: our success and growth are also closely linked to the fact that we have strong principles and take future generations into account. The confidence placed in us not only confirms the solidity of our approach, but is also providing the motivation to continue to excel.

This sustainability report is the second L&R report of this kind in which we hold ourselves to account. It documents both our achievements to date and what we would like to achieve in future. Action-oriented, transparent and without compromise. Always with a view to continuing being a reliable partner for our customers, business partners and employees.

Yours sincerely,



Wolfgang Süßle
L&R Group CEO



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Introduction.

“Claiming to be sustainable without providing any evidence is just a lot of hot air. We want people to know just how far we’ve come – and how far we are yet planning to go.”



08 L&R's sustainability concept.
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Protecting resources & creating added value. L&R's sustainability concept.

As a medical company, people's well-being always comes first for us. This mindset runs like a thread through and is reflected in all of our business operations.

Our claim **People.Health.Care.** is not just a case in point, but also makes very clear the three areas that commonly represent the vision and values held by L&R: people come first and are always at the core of everything we do. People's health is both the field in which we act and is where our expertise lies. Care encapsulates our brand values of trust, customer focus and service orientation, as well as the notion of L&R as a reliable partner and solution provider.

Our sustainability concept is also based on three pillars that we have combined to create an integrated sustainability management system that combines economic success with ecological responsibility and social commitment. This means that we are actively protecting our planet's natural resources while creating value for our customers, employees and suppliers. And, we firmly believe that: this level of integrity significantly contributes to the performance of our company as a whole.



Thomas Menitz
Senior Executive VP & COO

“Sustainability is a matter for all of us.”

Interview with Jasmine Schweitzer – Corporate Sustainability Manager at L&R.



You took on the role of the Corporate Sustainability Manager at L&R in 2018 – what are your tasks and how do you create your role?

Corporate sustainability refers to a corporation's responsibility for the environmental and social impact of their actions and operations. I have now been working in this area at L&R for over five years. Although minor issues were handled initially, sustainability has since evolved at a breakneck speed. One of our most important milestones was to establish sustainability as a key focus at executive level and of course my appointment as L&R's Corporate Sustainability Manager, a role that I am very proud of. The areas in which I am active are very diverse and cover all of L&R's business units. My responsibilities range from providing advice and support to internal and external stakeholders to driving forward and developing sustainability strategies, up to the formulation of sustainability indicators. Moreover, I am also responsible for defining and agreeing sustainability targets.

What's the importance of creating awareness of sustainability and dialogue with stakeholders?

When it comes to the sustainable corporate management, we rely on the support of every single one of our employees. This means there is a need for passing on knowledge, creating awareness and motivating employees to change their way of thinking and hence to engage in sustainable practices. Because people can only participate if they receive sufficient information. This enabled our colleagues to become one of the strongest supportive factors for sustainability within the company. An important step towards achieving this was the inclusion of sustainability in our 2020 Strategy and creating the role of a Corporate Sustainability Manager. However, it also meant having to make our external stakeholders, such as our suppliers, aware of the issue's significance and drive forward changes in direction.

Why is sustainability such an important issue for L&R?

As a company operating in the medical device sector, people are our number one priority in everything we do. We also have made it our mission to develop products that support people's and environmental well-being in equal measure. To us, sustainable corporate management is not just a challenge, but also an opportunity. We strongly believe that protecting resources, ensuring fair working conditions and protecting the environment is also going to make us more competitive.

How has the significance of sustainability changed in recent years?

Awareness of problems has increased significantly in recent years and, in line with that, so has the demand for sustainable products. Responsible consumers demand environmentally friendly products. Today, a quality product not only needs to have been produced in accordance with social standards and using as few resources as possible, it must also be affordable. This is a challenge that we rise to.

Which of L&R's projects are you particularly proud of?

There has been so much change in recent years that it is difficult to focus on just a few projects. However, I am particularly proud of the fact that our EcoVadis rating (EcoVadis is a Corporate Social Responsibility (CSR) Rating platform for global supply chains) gradually progressed to bronze and, from there, to silver. This is a status, which we have not only been able to successfully maintain, but also to further improve. The impact of our sustainability credentials database, which contains records of our achievements, such as certificates,

awards, test seals and ratings, and can be accessed by internal as well as external stakeholders, should not be underestimated. This is because it fosters awareness and documents our progress. In addition, our Code of Conduct, which we use to check our suppliers' compliance with our ethical and social standards, should also be named.

What is L&R's current position with regard to sustainability and what are your plans for the future?

We are in a very good position with regard to sustainability, but there is of course always room for improvement. EcoVadis' GAP analysis gives us a clear indication of the areas and processes still in need of further improvement. And it is those that we are planning to tackle gradually over the coming years. We are also going to adapt our sustainability indicators to the official GRI standards, which are defined by the Global Reporting Initiative, something which we have taken upon ourselves.

Mrs Schweitzer – thank you for the interview!

Jasmine Schweitzer – the face behind sustainability at L&R. Originally from Vienna, she has worked in the area of sustainability for many years – and, since 2018, as L&R's Corporate Sustainability Manager. In this interview, she explains what sustainability means to her, the importance of creating awareness and her plans for the future.

What does sustainability mean to you personally?

We are currently experiencing a genuine boom and unprecedented relevance of the issue. Out of dire necessity, mind you. Accordingly, a change in society's thinking is taking place, making people give increasing thought to future generations and looking to identify areas in which they can act, exert personal influence and make a contribution. To me, it's this very act of self-reflection that defines sustainability: what can I do in order to ensure that future generations will be able to enjoy living at least as well and ideally better on an intact planet? And those are all questions that we have already been asking ourselves as a company for a long time. What can we do to stop any further damage and how can we motivate others to do the same? This isn't always easy, but sustainability affects all of us.



Economy.

“Economic considerations form the starting point of all entrepreneurial action. For us, economic sustainability means making efficient use of scarce resources and working to the highest quality, no matter what we do.”



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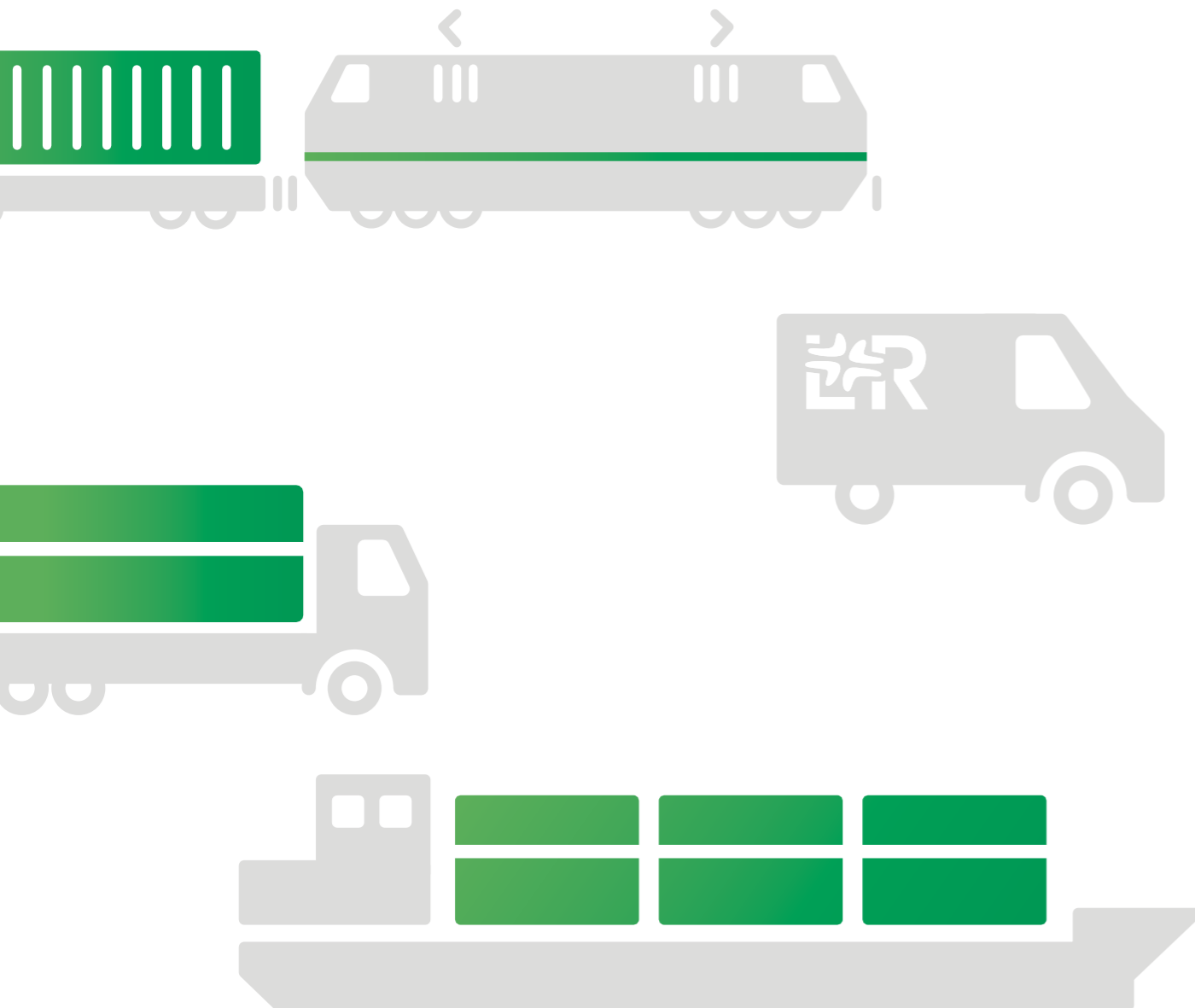
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From A to B.

Our supply chain is characterised by sustainability: at all times and all over the world.

As a company, which operates internationally, it is particularly important for the L&R Group to show sustainable action throughout the entire value chain. However, in addition to ecological parameters, also economic factors play a role when observing sustainability within a company.

- What do we need to buy from where in order to remain competitive?
- Where are the markets we can and want to serve?
- How can we maintain a clear overview of our complex supply chain at all times and ensure that we are able to quickly respond to any changes?



For L&R, acting in an ecologically sustainable manner starts with product development and includes the process of purchasing raw materials, the production process, product delivery and the use and disposal of our products. We are also always careful to make sure that our processes and production methods conserve resources, that our materials are environmentally friendly and that our logistics are low-energy and gentle on the environment.



“L&R develops, produces and distributes customised solutions for meeting the medical challenges faced by patients and healthcare professionals, ranging from conventional dressing materials to modern treatment and patient-care systems. We ensure that our key sustainability performance indicators are taken into account as well as possible throughout our entire value chain.”

Thomas Menitz
Senior Executive VP & COO



Suprasorb X

What examples can you name of sustainable products developed at L&R?

Suprasorb X is a moisture-regulating wound dressing for non-infected wounds. The unique structure of this dressing's biosynthetic HydroBalance fibres means that it will either release moisture to the wound or absorb excess exudate depending on the wound's state.

The dressing is made of bacterial nanocellulose (BNC) and water. BNC is a biopolymer produced from glucose bacteria. The bacterial cellulose is extracted from the sustainable material, **nata de coco** (coconut). Nata de coco is a natural product that has been produced for over 100 years on farms such as in the Philippines. It is harvested by local suppliers, processed and then sent in bulk to L&R's production facilities. On receipt, it is carefully quality checked before being used to produce high-performance wound dressings. L&R's subsidiary

Rauscher Consumer Products also develops and produces hygiene products for the consumer sector and has developed and produced its products for many years now with a special emphasis on sustainability.

Environmentally friendly Bellawa cotton buds consist of natural, soft cotton wadding and are produced without using chlorine bleach. The stick is made of easily degradable paper and the packaging of 100 per cent recycled cardboard. The product is plastic-free, fully biodegradable, resource-friendly and vegan.

Bellawa fairtrade cotton buds furthermore have buds made of natural, soft, 100 per cent cotton, certified in accordance with fair-trade criteria.

Both of these products don't only meet all of the requirements for a cotton bud suitable for daily use and personal care, but are also a sustainable alternative to conventional cotton buds with plastic and will preempt the anticipated EU-wide ban of cotton buds with plastic from 2021.



Bellawa environmentally friendly cotton buds



Bellawa fairtrade cotton buds

Which suppliers are trusted by the L&R Group?

L&R works with approximately 1,300 suppliers worldwide. All of our suppliers comply with our Code of Conduct, which sets out our social and environmental requirements. All of our suppliers are subject to a strict and clearly defined qualification process based upon commercial, regulatory and qualitative criteria. We also check them within the scope of our regular supplier audits.

Where does the L&R Group source raw materials for the products?

The use of high-quality raw materials is key to the excellent quality of our products. L&R works based on the certified quality management systems ISO 13485 and ISO 9001. The company acts in compliance with defined standards, using tested raw materials, purchased parts, components and services.

One of the company's long-standing partners and raw material suppliers, for example, is the company Lenzing from Austria. Lenzing supplies L&R with viscose fibres produced from wood, i.e. a renewable raw material. The viscose pulp is certified organic and produced using an environmentally friendly handling process.

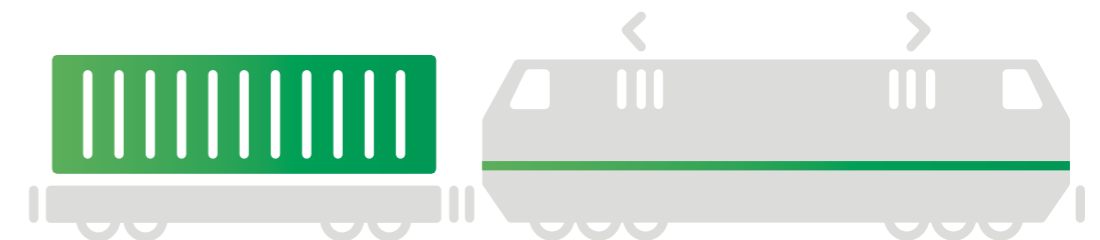
Other examples of the selection of raw materials sustainably gained and used by the L&R Group include the yarns used for their textiles. They are certified according to **Oeko-Tex Standard 100**.

“We not only check our suppliers based on economic criteria, but also on social and environmental measures. Our high quality standards and Code of Conduct are binding for our suppliers. We expect more of them than to simply provide us with top-quality raw materials, products and services. We also consider them important partners in local markets, with whom we can jointly achieve our goals of successful product development and of continuous improvement of products and processes.”

Rolf Hieronimus
Purchasing and Procurement Manager



Bellawa Men Pads



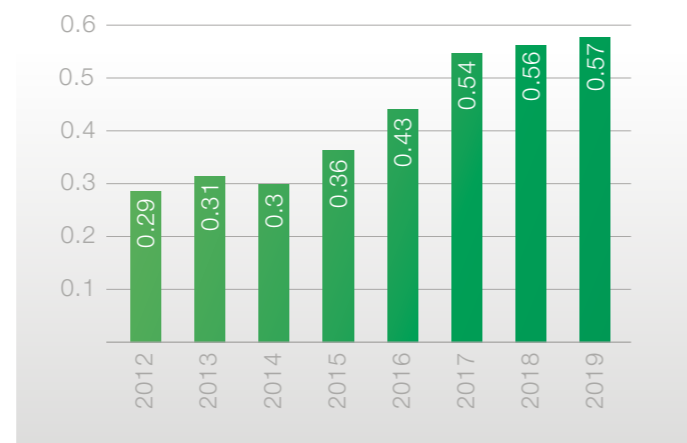
What developments have been achieved in production and transport routes?

Resource-saving processes and manufacturing methods play a big role in L&R's sustainable value chain. The L&R Group has made sustainable corporate management a priority in both the development and implementation of its strategy. This is also reflected in our level of investment. In 2018, we invested 1.3 million euros in the implementation of a number of sustainable production and building management projects.

Sustainability is also an important principle in the company's day-to-day management practices. L&R uses the Kaizen principle, a method aimed at continuous improvement, which is continuously monitored and implemented by those responsible for sustainability within the company based on KPIs. The corresponding indicators are provided regularly by monitoring and used as a basis for checking compliance with our environmental guidelines.

Also regarding the transport routes, L&R works continuously on more efficient and CO₂ reducing solutions.

L&R has, for example, been able to significantly reduce the CO₂ emissions of one of its production facilities in Xishui, China, by switching to local sourcing, i.e. to sourcing materials required from as near as possible to the production facility. Previously,



the raw materials for production in China were frequently imported from Europe. The percentage of materials sourced locally by L&R has increased from 36 per cent in 2015 to 56 per cent in 2018.

The L&R Group's strong growth has also resulted in the Group opening new logistics hubs on all five continents.



“Setting up local distribution centres has also been a highly positive move in terms of sustainability. The short transport routes result in clear improvements to the supply chain in terms of efficiency and resource conservation. The L&R Group has opened new regional logistics hubs in Shanghai, Melbourne, Milwaukee and Brazil during the past few years. New Zealand and North Africa are currently being assessed for new hubs.

Facts and concrete figures speak for themselves. In order to orchestrate commodity flows and product deliveries more sustainably, we offer our customers and business partners 91,248 square metres of storage space at our distribution centres, 94,942 square metres of storage space for pallets, 7,346 deliveries to customers with an average of 30,754 products daily and 421 L&R staff worldwide who work at our logistics hubs.”

Dr. Wolfgang Zimmermann
Director of Supply Chain Management

L&R is also constantly refining the logistics solutions used within its supply chain. In a pilot project, L&R is testing transportation using rail & road containers for the logistics route between Asia and Europe instead of the sea containers used to date. So far, express deliveries from China were sent as airfreight, associated with high costs and corresponding CO₂ emissions. In the future, these deliveries will be transported by rail.



Step by step – we are getting there.

Every project we implement makes us more efficient and hence protects resources and improves the CO₂ balance:

- Optimizing the freight routes in Austria by doing away with set routes.
- Our successful cooperation with Austria's postal service provider has allowed us to benefit from the provider's CO₂ neutral letter, parcel and promotion material delivery service for many years.
- The use of compressed natural gas (CNG) vehicles by our German sales team has allowed us to look after our customers in a way that is gentle on resources.

What steps is L&R taking to make packaging more sustainable?

When it comes to packaging, we always apply the same simple principle “avoid – reduce – recycle”. We have long since started participating in all of the various national and international packaging waste disposal systems (such as the Green Dot) and systematically avoid the use of polyvinyl chloride (PVC) in packaging.

As of 1 January 2019, the German Packaging Ordinance has been superseded by the new German Packaging Law. L&R has already registered its brands and products in the LUCID Database set up by the new “Central Packaging Register Foundation”. This foundation reports to the German Federal Environmental Agency. L&R fully complies with its responsibilities concerning participation in the further processing systems for packaging just as it has done in the past for the national disposal systems like the Green Dot, ARA, ECOKOM etc.

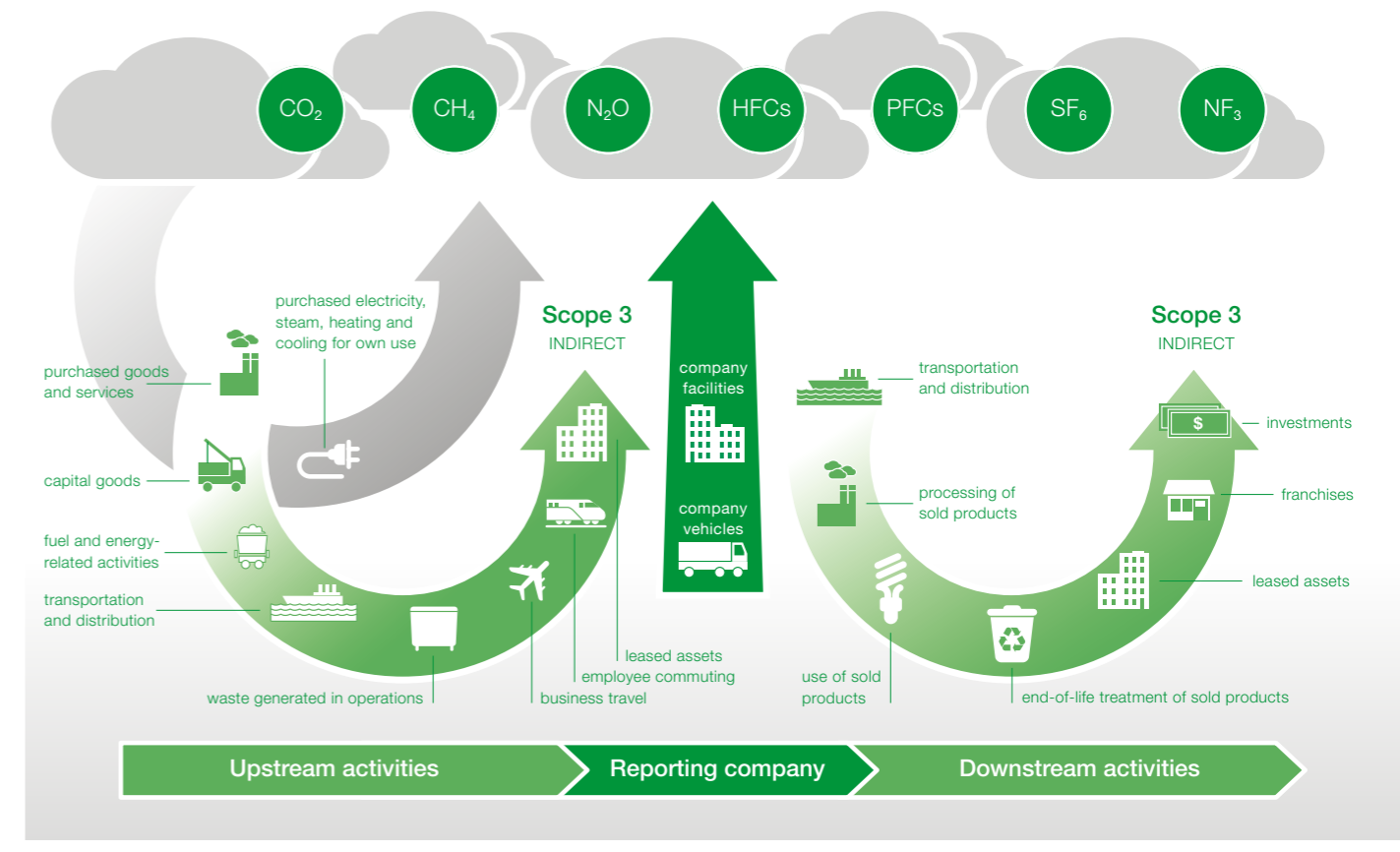


Just as in the other areas of the supply chain, L&R also continuously optimises its processes in order to reduce the amount of resources used for packaging and applies standard solutions and materials at all of its facilities in an effort to reduce complexity, waste and transport volumes (modular design).

The reduction of the number of different cardboard boxes used for L&R's tampons (six million products annually) clearly shows what savings can be achieved simply by improving modular packaging design. In a Group-wide standardisation of the packaging and reduction of the number of different boxes used from 95 to 48, as well as the standardisation and reduction of the number of different material qualities from seven to three. We were able to reduce our carbon footprint not just by

reducing the material and manufacturing costs, but also through the resulting reduction in storage and transport volumes. This was made possible by improving the way demand assessments are bundled and by reducing the rejects produced by our pre-supplier and at our own production facilities thanks to fewer set-up changeovers and start-up rejects.

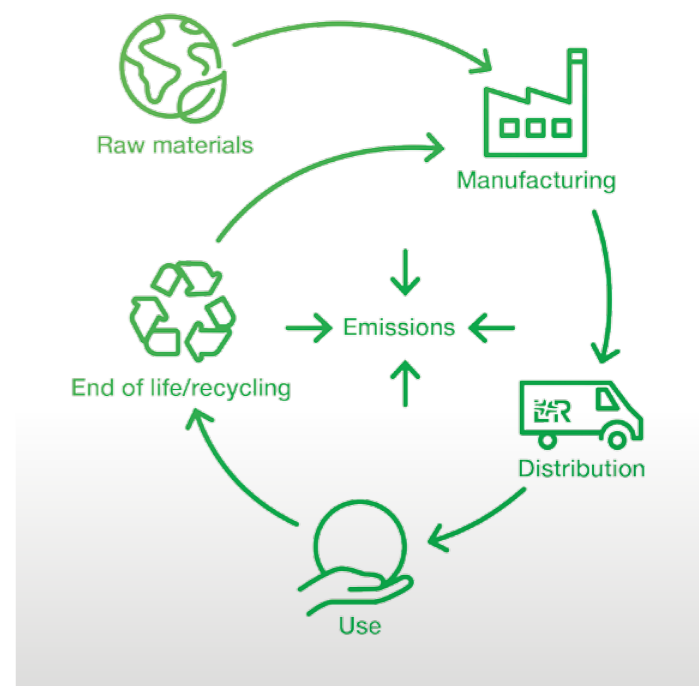
The packaging we use for our feminine hygiene products, in particular, is optimised constantly. At present, L&R is, for example, investigating the technical feasibility of even further reducing the materials used as well as the use of renewable and compostable materials (polylactic acid films, which are plant based, and biodegradable plastic waste) in a number of different projects.



What is the L&R Group's carbon footprint?

In order to continue to improve its carbon footprint even further in a targeted manner, a pilot project was started in order to initially determine a product's carbon footprint.

This Product Carbon Footprint (PCF) provides information on the total greenhouse emissions created during a product's life cycle. PCFs are measured in kilogramme CO₂ equivalents for a defined functional unit. L&R will establish the PCFs as specified under ISO 14040/14044 for four different tampon sizes (mini, normal, super and super plus). This process takes all of the associated raw and auxiliary materials and energy sources into account. This is then used as a basis for transparent depiction of the products' ecological footprints and for their sustainable reduction.



Quality, no matter what we do.

The L&R Group's high quality standards arise directly from our corporate mission: "The purpose of our company is to enable people worldwide to receive the best possible medical care, which we consider central to quality of life. Our demanding quality guidelines form the basis of our regional and international business activities."

Wolfgang Süßle
CEO

L&R has a background of over 160 years' experience in the production of dressing materials and medical devices of the highest quality and we are dedicated to continue pursuing our mission in the future. Using entrepreneurial innovation, we develop practical product ideas together with our customers, which have an impact on the healthcare market today and sustainably in the future.

"As a company operating in the healthcare sector, the quality of our products and solutions is crucial for our customers', users' and patients' safety. L&R acts based on the internationally recognised and certified quality management standards ISO 9001 and ISO 13485. We always work in accordance with defined standards, with tested raw materials, bought-in parts, components and services. Our comprehensive incoming raw material inspections and end product safety inspections furthermore ensure quality", as Oliver Opitz, Manager of the L&R Group's Quality & Regulatory Affairs, phrases it.

The L&R Group also complies with and fully meets the specific international standards and laws that govern the production and sales of medical devices. The Group furthermore only releases products that meet international regulations and have successfully gone through all of the marketing approval processes.

L&R is furthermore certified as meeting the requirements of DIN ISO 13485 for the design, manufacture and sales of medical devices. This certification is one of the cornerstones of our business operations. The L&R Group is continuously improving its quality management processes, integrating new companies and products, and adapting to changes in legislation and standards.

The L&R Group's stringent product and service quality standards are applied across the Group's entire value chain. This means that our holistic quality management system stands for high-quality and durable products and efficient solutions from product development to our training modules for users and employees. This is what sustainability means to L&R: L&R's quality claim generates cost savings for both the company itself and for our customers and helps to protect resources. Oliver Opitz: "Our approach to quality is to 'do it right the first time' – i.e. to pay attention to every little detail and do everything properly right from the start – our process quality reflects just that. We want to avoid mistakes, that is our lived quality claim."



Innovation – Research – Development

L&R has an excellent reputation amongst its stakeholder groups in the health sector. Last but not least, this is due to the wide range of awards the company has received over the years. L&R develops products, solutions and services at international development centres and in networks and consistently achieves quality standards, which perfectly justify the confidence invested in the company.

Sustainability is a core principle and already inherent in all of L&R's innovation, research and development work. Hence, product benefits for patients are naturally focussed on as is the identification of further means of contributing to improving patients' quality of life. This question is already taken into account during the design input process, which precedes the development of new products. However, we also constantly work on optimising our manufacturing methods, packaging and logistics as well as the product's entire life cycle:

- Reducing the packaging material whilst simultaneously making it more user-friendly.
- Continuous improvement in our products' performance.
- Using the design process whilst taking international regulations for global market maturity into account.
- Closely collaborating with technical designers: process improvement, avoiding waste and avoiding wasting energy.
- Risk management process and stringent usability testing.



Quality, no matter what we do.

Solutions and products for tomorrow.

L&R continuously works on improving its existing products as well as on developing new and innovative products at its research and development centres. In order to ensure that it will continue to be able to do this in future, the company always works with the latest technology and strives to expand its research competence. At the end of 2017, L&R opened its new Biofilm Centre of Excellence at its Schönau an der Triesting development facility in Austria. It focuses on researching biofilms, which are a critical element in almost all chronic wounds, and the consequent development of effective antimicrobial wound dressings.

In 2018, L&R furthermore created an internal team of experts for working on the challenges presented by antimicrobial wound dressings. The Biofilm Centre of Excellence's close links to international experts and researchers furthermore forms an essential part of the work it performs. The centre's high-quality, internal testing capabilities are essential for sustainable product development and guarantee quick and agile processes.

The high-quality, innovative and durable products produced by L&R conserve resources, ensure that patients worldwide receive the best available care and regularly receive awards.

One example of our many award-winning products is our **Debrisoft Lolly**. The Debrisoft Lolly has been developed for the debridement of deep wounds, including those resulting from invasive surgery. This innovative product from L&R is very easy to use and now enables effective debridement even in hard-to-reach areas. Debrisoft and the Debrisoft Lolly currently represent the gold standard in mechanical debridement.

L&R received its first awards for its negative pressure therapy solutions as far back as 2011 and 2016 and its **Suprasorb CNP Drainage Film** was awarded the innovation prize of the state of Rhineland-Palatinate.

The Austrian Economic Chambers (WKO) and state of Lower Austria furthermore awarded **Suprasorb CNP EasyDress** the Lower Austria Innovation Prize 2016 in the "Innovations for Industry" category. Thanks to its 3D geometry and special flexible material, Suprasorb CNP EasyDress enables particularly rapid occlusion on the extremities in a way that protects healthy skin in preparation for negative pressure therapy. This dressing becomes airtight in readiness for negative pressure therapy considerably more quickly than conventional dressings. The award acknowledges L&R's R&D expertise in the medical technology sector, which the company has concentrated at its Schönau an der Triesting site in Lower Austria.

Dr. Christian Rohrer
Director Research and Development



“Having more capacity, new laboratory equipment and additional workplaces puts us in an excellent position for improving our research and development work. We are now also able to run our own comparative tests and analyses for new product solutions using standardised methods.”



Quality First – our quality standards taking things to the next level

L&R has created an internal employee information and motivation campaign under the umbrella of its comprehensive quality management system in order to make the subject of quality and its significance for the company more tangible. This campaign – **Quality First** – is a genuine quality offensive aimed at production and all associated units. In order to help employees to identify with the campaign, the creators came up with a newly designed visual called “CARI”. CARI stands for quality and caring for the people whose quality of life L&R is working to improve on with its advanced quality products.

The first phase of the campaign is targeted at raising employee awareness of the issue of quality and motivating them to take part. The second phase will also focus on defining KPIs and, once the campaign has ended, on analysing target

achievement. In order to do so, Quality First initially set out to offer employees a wide range of opportunities for delving deeper into the issue of quality at L&R.

Quality First was launched at international level through kick-off events held at L&R's Neuwied and Neuwied-Block plants. The campaign was subsequently rolled out at L&R's Schönau, Nová Paka, Stará Paka, Slavkov and Remiremont plants in 2018. During these launches, the Quality First team provided employees with information on the basic principles of quality and quality assurance within the company by drawing on L&R's international quality assurance training documents, but also motivated the teams and, using fun games, made clear the importance of every individuals' contribution to ensuring sustainable production at L&R.

The campaign event attendance figures of 70 to 85 per cent across the various production facilities clearly show that employees value the importance of quality in their work. All of the ideas generated in connection with the campaign concerning the company's internal suggestion system, suggestions on how to improve workplaces, training, safety, hygiene and material processing are currently being examined and integrated into our daily operations. This year will see the campaign extended even further and being even more closely integrated into L&R's quality management system.

Hygiene, safety, sustainability.

The L&R single-use instrument range

L&R offers a fully comprehensive range of products and solutions for operating theatres, which have primarily been designed with a focus on quality and functionality. This OR range comprises four product groups, Raucodrape (OR Drape Systems), Sentinex (OR Clothing), Sentina (Single-Use Instruments) and Kitpack (OR Custom Procedure Tray), all of which are designed to increase safety, efficiency and sustainability in hospitals.

According to the European Centre for Disease Prevention and Control (ECDC), approximately 3.2 million people suffer hospital-acquired infections each year in Europe alone. Of those, some 37,000 patients actually die from these infections caused by antibiotic-resistant bacteria every year. The percentage of surgical site infections (SSI) comprises a substantial portion, nearly one-fifth, of hospital-acquired infections. The ECDC believes that 20 to 30 per cent of all hospital-acquired infections could be avoided by introducing intensive hygiene and control programmes.¹

In view of the top importance of preventing intra- and postoperative infections, it is crucial that products and materials used during surgery to meet stringent quality requirements. Patients and staff can only be reliably protected if all pathogen transmission routes are cut-off to the greatest extent possible.

L&R's OR portfolio strategy centres on the advantages of single-use products and combines user and patient hygiene and safety with sustainability and cost efficiency. However, single-use products are also increasingly being favoured for use in outpatient care, medical practices, by independent practitioners and in the provision of home care.

L&R's commitment to making a positive contribution in this field is not just reflected by its products and solutions, but also its awareness-raising campaigns for expert groups.

Can single-use medical products be environmentally sustainable?

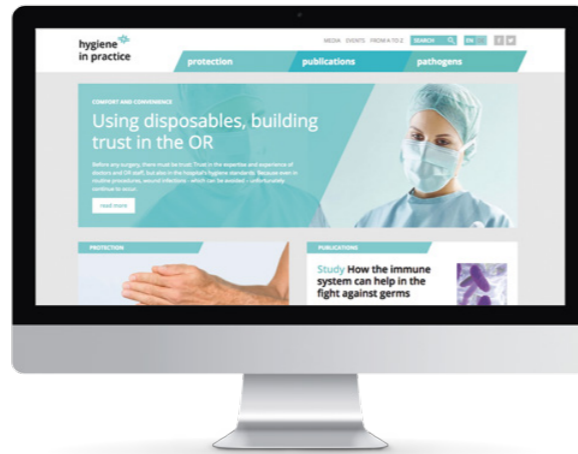
In addition to economic and clinical safety considerations aside, the question of how to reconcile the use of single-use products with sustainability is raised.

Single-use medical devices are subject to the same stringent quality requirements set out under the Medical Devices Act as

L&R's "Hygiene in practice" movement is designed to help minimise infection rates. It is targeted at doctors, hygiene experts, nurses and patients and made available to them as a knowledge resource. It (www.hygiene-in-practice.com) is hosted by L&R in collaboration with international experts and contains information on current research, study summaries and insights from day-to-day clinical hygiene practice. The aim of this service campaign is to provide a freely accessible, practice-oriented and up-to-date knowledge base and motivational platform for matters related to hygiene, microbiology and epidemiology.

www.hygiene-in-practice.com

hygiene
in practice



¹Source: cited from: Frohner U, Keiblinger K, Kunze M, Schmidhammer R (2014): The role of OR drapes and coats in the prevention of surgery-related infections. Expert paper by the initiative Safety in the OR.

reusable ones. However, in contrast to reusable products, single-use products also display a number of definitive advantages, including the fact that they can be recycled, do not require any resources such as water, energy and human resources for reprocessing and are produced and provided in kits tailored to meet specific clinical needs. This means that there is never any risk of waste from unused products. L&R's just-in-time delivery is another advantage and means that users do not have invest in expensive storage space.

Sentinex® (OR Clothing) and Raucodrape® (OR Drape Systems)

L&R's OR Clothing and OR Drape Systems are precision-designed to meet our customers' individual needs in terms of material and function and are subject to ongoing and stringent quality controls. These quality controls are based on safety standards that generally exceed the legal requirements.

Single-use medical devices are always brand new – i.e. they have never been used before – which means there is zero risk of any contamination from earlier use. In contrast to reusable materials, single-use drapes and gowns also have the advantage that they will never become worn or worn out over time. This is important because it is only possible to create an effective microbial barrier if the materials used are impermeable to microbes and free from microorganisms and organic residues. Moreover, they should also be lint-free, impermeable to fluid, tear- and pressure-resistant and have a high tensile strength. The cotton used in reusable products cannot guarantee these properties 100 per cent of the time, even with regular waterproofing and sterilisation. 19.6 per cent of acquired infections arise during surgery. This means that approximately 500,000 patients acquire infections during surgery in Europe every year. Figures furthermore suggest that one in ten patients admitted to hospital in Europe will acquire a bacterial infection.

A study published in the Journal of Cardiothoracic Surgery showed that the rate of infection in the study group with single-use OR drapes was 68 per cent lower than in the group in which reusable OR drapes were used. The authors of the study concluded that the "more generous use of single-use OR drapes can reduce post-operative infections due to poor hygiene."

For safety and sustainability:

- Compliance with and (in-part) exceeding the legal requirements.
- Fewer post-surgical infections.
- All relevant medical product components are new, unused and ready for immediate use.
- Products meet the requirements of the Medical Devices Act and DIN EN 13795.
- Saves resources such as water, energy and human resources associated with reusable devices.
- Saves cleaning agents.



Sentina® Single-Use Instruments

L&R has offered single-use instruments for hospitals, medical practices, nursing homes and home care under its Sentina brand since 2018. These products meet the very high standards for hygiene and safety set out by law for medicine and nursing.

Users demand solutions, which offer them safety, high quality and precision handling, whilst simultaneously satisfying economic criteria. In addition to those considerations, users are also increasingly concerned regarding cost efficiency and sustainability.

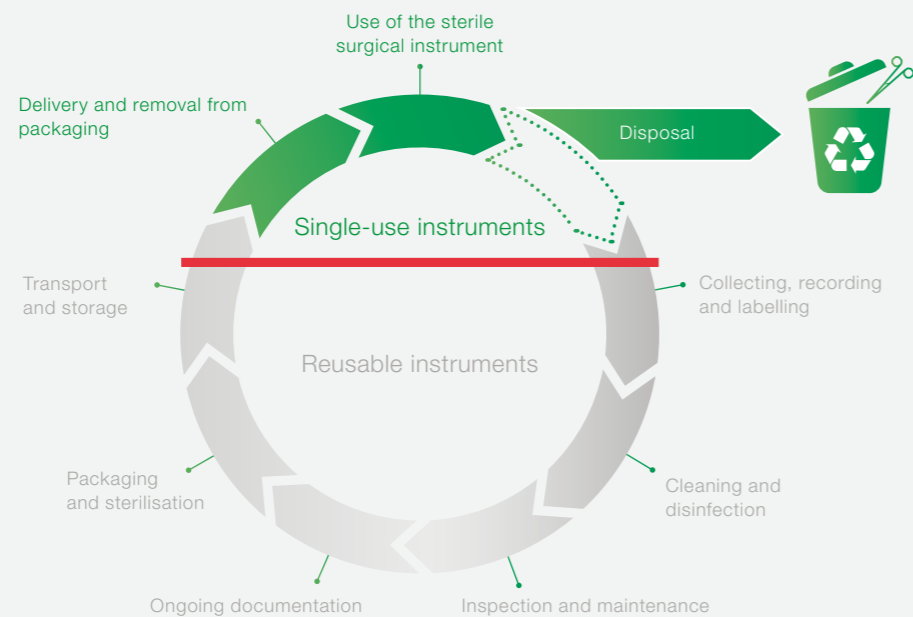
Being able to use brand-new, sterile instruments with full functionality for all surgery not only minimises the safety risks, also conserving natural resources because reprocessing becomes redundant.

The fact that these instruments are easy to dispose of and recycle through local waste disposal and recycling systems, and the amount of water, cleaning agents and energy saved by not reprocessing such instruments, also clearly speak in favour of the use of single-use instruments. Also, these instruments neither need to be serviced nor repaired. Single-use instruments are furthermore easy to identify thanks to their colour coding and the symbol for single use.

Claudia Schneider, L&R Global Marketing: "The synergy of hygiene, safety, sustainability and time savings achieved by single-use instruments is perfect. We are currently working in close exchange with customers in this respect and are consequently in a position to respond quickly to their needs."

For safety and sustainability:

- High safety and hygiene requirements are met.
- Lower risk of infection.
- Return of single-use instruments to the materials cycle.
- Up to 99 per cent of the steel used in Sentina single-use instruments can be recycled.
- The instruments are collected in drop tanks.
- The drop tanks are disposed of via regionally organised waste disposal and returned to the recycling process.



Kitpack® OR Custom Procedure Tray

L&R's Kitpack OR Custom Procedure Tray is based on 30 years' experience and know-how. To date, L&R has produced over 40 million of these custom kits since opening its new production facility in Slavkov u Brna, Czech Republic. Kitpack custom set systems sales are currently growing at a double-digit rate annually, which translates into over five million finished systems per year, which are delivered worldwide just in time.

Providing healthcare professionals in hospitals and outpatient medical centres with custom-assembled, sterile OR set systems, L&R not only reduces their workloads but also prevents infections and cross-contamination during surgery. Thanks to the fact that our Kitpack OR Custom Procedure Tray already contains all of the single-use instruments needed for the relevant procedure, there is no longer any need for the individual components to be gathered by clinic staff, thus saving valuable time.

Customised operation room ready set systems assembled in line with the needs of the relevant hospital or clinic ensure that procedures can be performed in an efficient and environmentally friendly way, and help to optimise the use of storage space. However, L&R's Kitpacks not only reduce the time

needed to prepare for surgical procedures and the associated costs, but also effectively help to prevent infections. Because all of the procedures performed in ORs are associated with a risk of contamination. Kitpack can help to minimise the amount of contact made with the single-use materials during a procedure and hence systematically reduce the risk of cross-contamination. It also removes any need for hospitals and clinics to check the sterility of their instruments because all of the set components are already sterilised by L&R.

For safety and sustainability:

- Systematic reduction of the contamination risk.
- Customised trays reduce waste because they only include the materials actually needed.
- Efficient storage.
- Just-in-time logistics solution.
- Kitpacks are assembled under clean room conditions.
- Manufactured and customised based on the DIN ISO 9001 quality management system.



Claudia Schneider
Brand Manager, Global Marketing

"Our customers' feedback about our OR drapes, OR gowns, Kitpack and Sentina single-use instruments is extremely positive. We are aware of the increasing improved hygiene and safety requirements, as well as the growing economic pressure and the search for efficient solutions, which also do not neglect sustainability aspects."

Efficiency and quality in hospitals.

Sustainable optimisation with L&R Optiline.

According to our customers, some of the top needs they currently face are cost-efficient management, quality leadership and sustainable processes. This is why L&R has been supporting hospitals and outpatient clinics with its comprehensive, holistic care concept L&R Optiline for over 20 years.

Hospitals and outpatient clinics are supported in maintaining and extending their cost efficiency and competitiveness with customisable services for optimising processes and products for quality assurance and increased efficiency within the scope of the L&R product portfolio.



Olaf Baumert

Head of Key Account Management for L&R Optiline about reconciliation of the different concepts of quality assurance, sustainability and cost efficiency in hospitals

What are the greatest challenges hospitals currently face?

To ensure continued success in the growing healthcare market of tomorrow, it is essential to start preparing today. Innovative care concepts and the efficient use of resources are crucial to achieving this goal. The way hospitals are currently trying to stay competitive is by reducing their costs, an approach, which is bound to fail in the medium to long term.

Are hospitals and outpatient clinics working towards sustainability?

Sustainability aspects are definitely an issue, in particular in view of economic sustainability. We support quality assurance, quality improvement and efficient processes – protecting resources.

To what extent can Optiline help hospitals with quality assurance?

L&R Optiline comprises a set of stand-alone and customisable solutions with added value, which are both modular and holistic. These solutions are available for more effective wards, OR and negative pressure therapy, as well as hospital administration and outpatient departments. In direct collaboration with our clients, are able to streamline

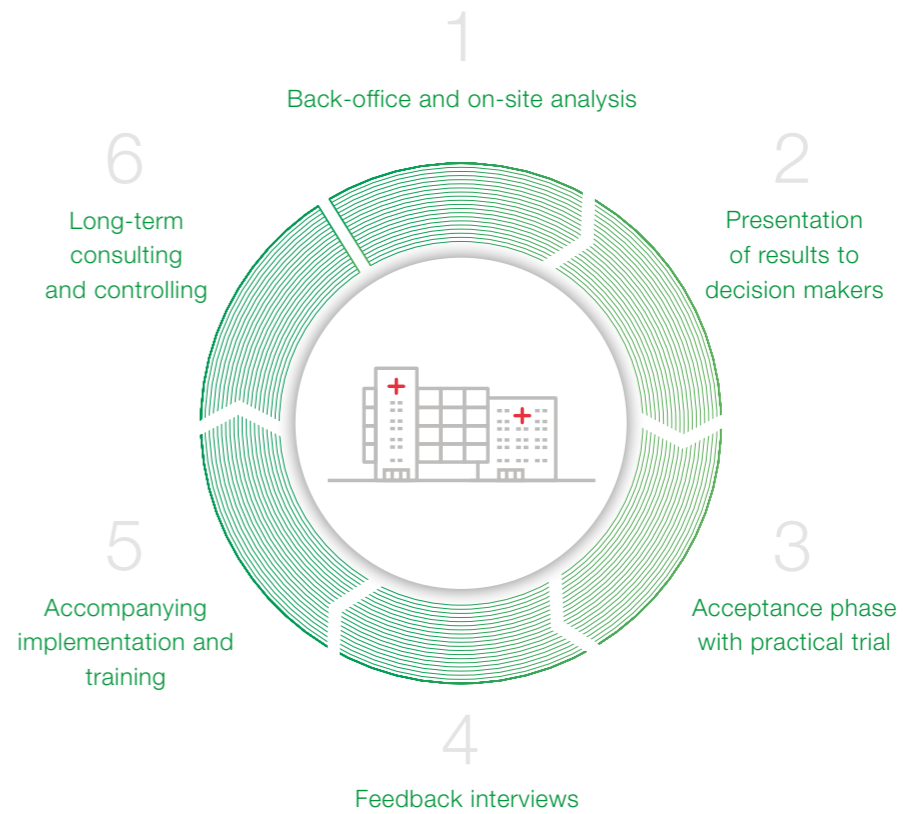
product ranges, reduce the number of suppliers, standardise and optimise the items and processes used. This generates sustainable savings – both financially and process-related.

Could you provide us with a few concrete examples of measures for use by your clients, i.e. hospitals, which take sustainability into account?

Improving quality and assuring efficiency generally tends to contribute significantly to sustainable hospital operation because it helps to protect resources.

Reducing the number of products used by switching to customised procedure packs, in turn, significantly reduces logistics costs because it results in less transportation and fewer deliveries as well as lower storage costs.

Our L&R Optiline approach helps our clients to streamline product ranges, reduce the number of suppliers, standardise items and processes and optimise billing. This generates savings potential – both financially and process-related.

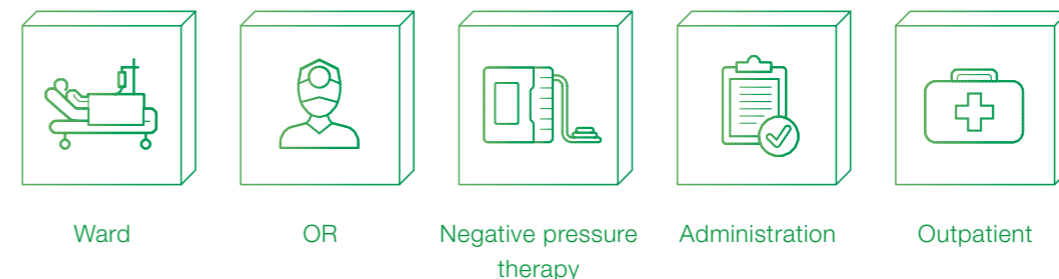


Our approach.

“We have already been working with L&R’s Optiline team for many years now. And, even though sustainability was not at the forefront of our collaboration when it started, the measures we have implemented to increase efficiency, assure quality, increase OR safety, improve logistics and reduce workloads have increasingly improved our economic and environmental sustainability because they demonstrably help us to use fewer and save more resources. Our close collaboration with the L&R team has always focused on just one thing, from the moment of first contact to the rollout at our clinic: generating sustainable added value for our hospital, our staff and our patients.”

Andreas Wolf
ISAR Klinikum Munich

Our modules.



Hospital 4.0.

Increasing quality competitiveness, cost and time pressure, skilled staff shortages, the move from in-patient to outpatient care – the hospital of the future must face a multitude of challenges in order to survive in the market.

Although the concrete form of Hospital 4.0 is as yet uncertain, we do know that the only hospitals, which will be able to compete for patients and skilled staff in future will be those, which have achieved a distinctive position, have embraced digitalisation and moved towards greater autonomy. However, it will also be decisive to do justice to increased quality and documentation requirements and to integrate economically sustainable processes into day-to-day clinic operations in order to save resources.

As partner to hospitals, L&R strives to help make the future of hospitals reality. By working together to create a customised product portfolio, optimised processes and establish a sustainable value chain, we are able to join forces to already meet tomorrow's requirements today.

L&R's new OR of the Future project, which is designed to help to identify trends early and allow us to always offer our customers the best possible products and solutions, is dedicated to developing scenarios for the Operating Room of the Future in 2030.

L&R Optiline comprises a range of customisable applications for optimising processes and product use designed to support quality assurance in hospitals and increase efficiency. The offers range from support and advice provided by experienced L&R specialists to on-site user training.



L&R's fully comprehensive range of OR products focuses on quality, functionality and safety for patients and users. This product portfolio ranges from OR drapes (Raucodrape) and OR clothing (Sentinex) to single-use instruments (Sentina) and Kitpack OR custom procedure tray. The single-use OR instruments stand for safety, quality and balanced use of resources.

Modern hospital logistics solutions save resources such as time, staff and energy. L&R offers a range of flexible logistics models for addressing hospital-specific needs.

L&R's Academy currently provides care staff and doctors in more than 40 countries training in the optimum use of medical devices. These training courses are provided both in L&R's internal Academy in Germany or on-site in the relevant countries. Moreover, virtual training programmes round off the offer.

"Hygiene in practice" is a movement launched by L&R aimed at anyone interested in clean and sterile work environments. Current research information for specialists such as doctors, hygiene experts and nurses in the fields of hygiene, microbiology and epidemiology are kept up-to-date here. The knowledge platform classifies scientific studies together with practical guidelines, useful facts and reports on everyday experiences from health experts, providing all of this with the aim of reducing infection rates.



A photograph of a modern, multi-story white building with large windows and a glass-enclosed walkway. A person wearing a dark suit and a bicycle helmet is riding a blue bicycle across a paved courtyard in the foreground. The building has a clean, minimalist design with grey accents and a glass-enclosed walkway on an upper level. The scene is brightly lit, suggesting a sunny day.

Ecology.

“The observation of a company with regard to ecological aspects must take place holistically and in the long term. We don’t think in terms of months or years, but in generations.”

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Sustainability – the facts.

Our action fields & consumption figures.

Ecological sustainability forms an integral part of L&R's corporate strategy and is represented at management level by the role of a Corporate Sustainability Manager.

The company actively works towards greater sustainability by systematically optimising defined areas through involvement of all of its employees and in cooperation with its customers, suppliers and service providers.

“To us, sustainable development means giving equal consideration to economic, environmental and social aspects. Clear commitment to environmental protection and efficient resource use enjoy top priority when developing products and services.”

Thomas Menitz

Senior Executive VP & COO and Head of Supply Chain Operations & Corporate Sustainability

1

Energy use and climate protection

Reducing energy consumption and implementing effective climate protection measures are crucial areas of activity for achieving ecological sustainability. For this reason, efficient energy usage is monitored at all L&R locations via energy management programmes. This includes input from L&R employees who act as energy scouts and are entrusted with developing concrete improvement suggestions for saving energy within the company.

The positive results of this eco policy speak for themselves. L&R Austria, L&R Czech Republic and L&R Germany's energy management systems have furthermore again been successfully certified according to EN ISO 50001, while the L&R Italy and France locations have been successfully certified according to EN ISO 14001. This means that L&R is currently certified according to ISO 14001 in seven countries. L&R has successfully certified its operations to this standard in two additional countries every year in succession and, to date, has involved more than 80 per cent of its workforce in helping to achieve this objective.

In 2018, L&R furthermore invested in excess of 1.3 million euros in the implementation of a number of energy reduction measures at various L&R locations. These included:

- Installing heat recovery systems.
- Installing an expansion turbine for producing our own electricity.
- Installing a new photovoltaic system.
- Installing LED lamps at a number of facilities.
- Replacing old gas burners in the Czech Republic.
- The establishment of district heating pipelines.
- Gradually increasing the percentage of renewable energies obtained from energy suppliers to up to 20 per cent. This percentage will be further increased in the coming years.
- Replacing outdated chiller and water softening systems.

Resource consumption and sustainable raw materials



From Africa to Oceania – the L&R Group predominantly sources all of the raw materials needed for its products and solutions in exactly the regions and markets in which they are introduced into the production process. In 2018, the Group's purchase volume of locally sourced goods exceeded 200 million euros, consequently resulting in a strong reduction in its carbon footprint.

Optimisation of the cooling water control system at the Neuwied, Germany, location

The installation of a cooling system led to measurable improvements in terms of the energy balance:

- Adjusting the volume flows
- + More effective integration of free cooling
- + Reduction of machine hours
- = Savings of 93,750 kWh/year
- = Reduction in CO₂ emissions of 26,250 kg/year

Best Practice

Energy Efficiency Network Initiative

L&R also participates in the Energy Efficiency Network Initiative run by the Chamber of Commerce Koblenz-Ost, which means that the company actively contributes to the achievement of Germany's climate and energy policies. The network aims to achieve energy savings of 32,261,000 kWh. This initiative is funded by the Federal Ministry for Economic Affairs and Energy and the Federal Ministry for Environment, Nature Conservation and Nuclear Safety.

3 Waste and recycling

L&R's pledge to continuously reduce the amount of waste and rejects generated in its production facilities, to make packaging as sustainable as possible and recycle as much material as possible, is reflected in all its product development and production processes:

- **Reducing waste:** The L&R Group has been able to reduce its waste generation by minus 1.45 per cent over the past years despite above-average growth.
- **Reducing annual reject rates:** Over the period from 2017 to 2018, L&R has been able to reduce its rejects by 3.9 per cent.
- **Sentina Single-Use Instruments:** Sentina Single-Use Instruments are 99 per cent recyclable – which means that 99 per cent of their materials can be returned to the materials cycle.

4 Logistics and transport

Logistics and transport is another area in which we have driven a large number of projects to minimise our CO₂ emissions forward. These projects include the consistent implementation of our international hub strategy, increased use of rail & road transport, close collaboration with the Austrian postal service provider and contribution to its energy efficiency measures, as well as the use of compressed natural gas (CNG) vehicles by our German sales team.

5 Nature conservation and biodiversity

The L&R College in Rengsdorf (DE) is located in a 11,760-square-metre park, which is a nature conservation area. Some of the trees in the area are over a 100 years old, and the park area can be used by employees, customers and visitors for taking a break in nature.

6 Equipment and transport security/ noise protection

All L&R Group production facilities always operate in accordance with the statutory standards and guidelines at all times. The Group conducts annual risk analyses as part of its risk management process using corresponding preventative measures.

7 Products and services

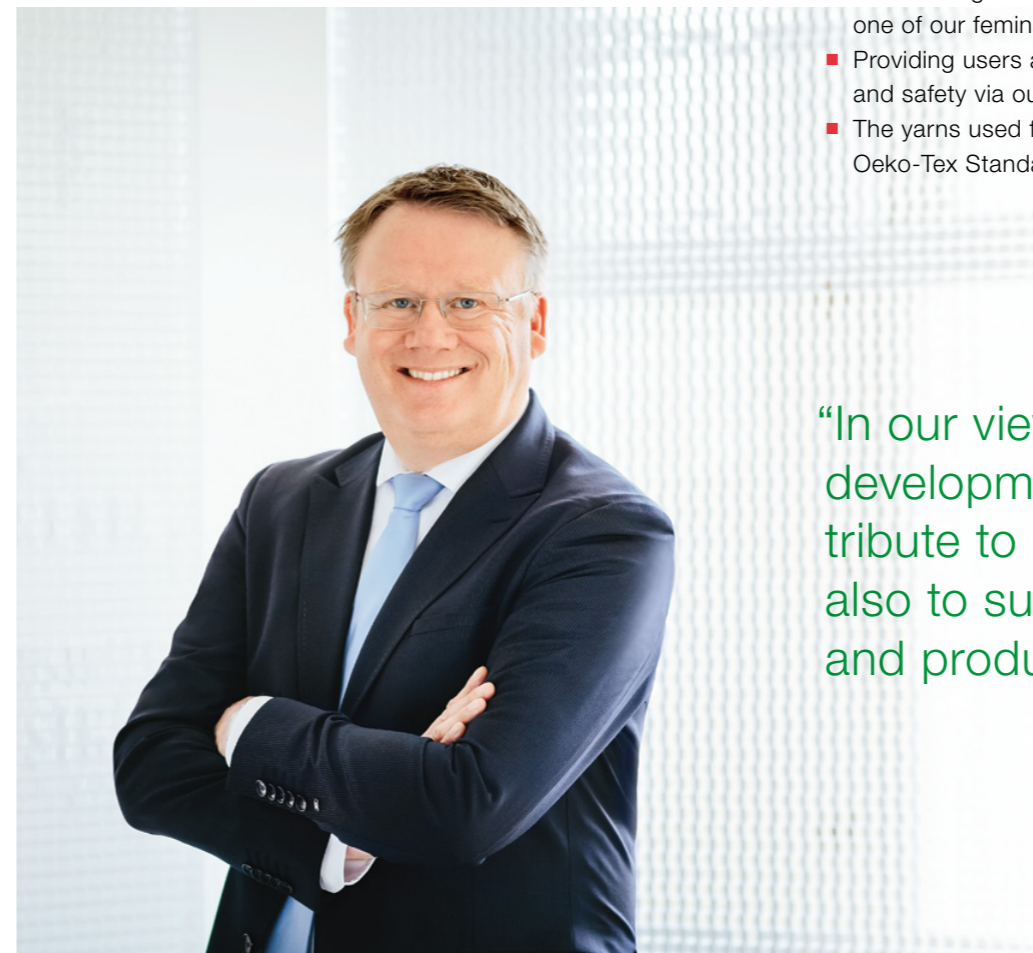
L&R's products and services are appreciated for their quality, which is the result of ongoing improvement whilst taking ecological framework conditions into account. At L&R, operating in an ecologically sustainable manner starts with product development and takes raw material purchasing, manufacturing, application and the disposal of our products into account.

This involves, for example:

- Establishing the product carbon footprint for our tampons – one of our feminine hygiene consumer products.
- Providing users and patients with information on hygiene and safety via our "hygiene in practice" campaign.
- The yarns used for our textiles have been awarded the Oeko-Tex Standard 100 Quality Seal.

"In our view, innovative product development doesn't just contribute to medical progress, but also to sustainable production and product disposal."

Dr. Klemens Schulz
CPO



Consumption figures for L&R's production facilities from 2013 to 2018.

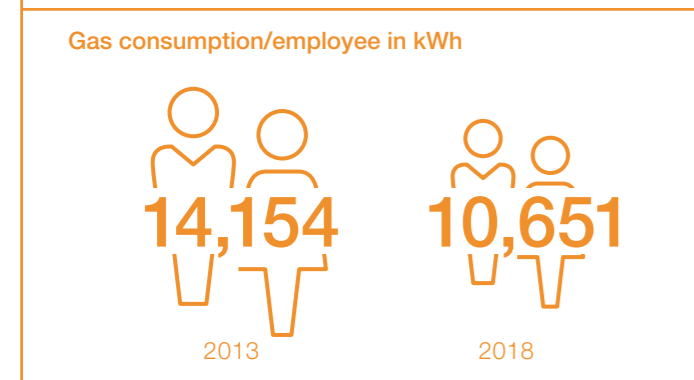
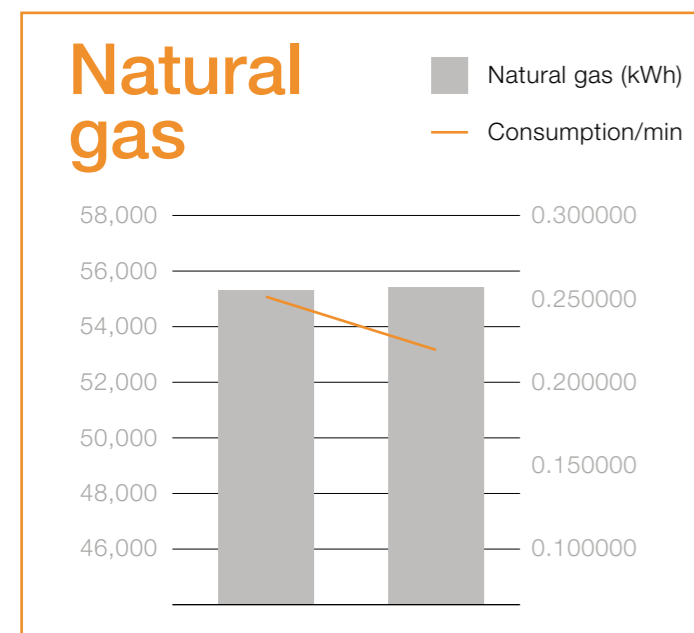
L&R's consumption targets for its various production facilities are reviewed every year and checked on a quarterly basis as part of L&R's environmental management programme. These targets include reducing fuel and energy consumption, increasing recycling, appropriate waste separation and implementing programmes for saving energy.

The L&R Group experienced above-average growth in particular during 2017 and 2018. As a result, the Group's sales over that period increased by a striking 7.7 per cent. Overall, the Group was even able to increase its sales by more than 24 per cent during the period from 2013 to 2018.

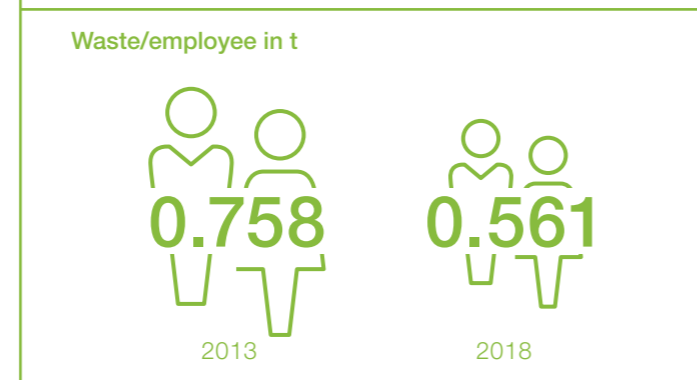
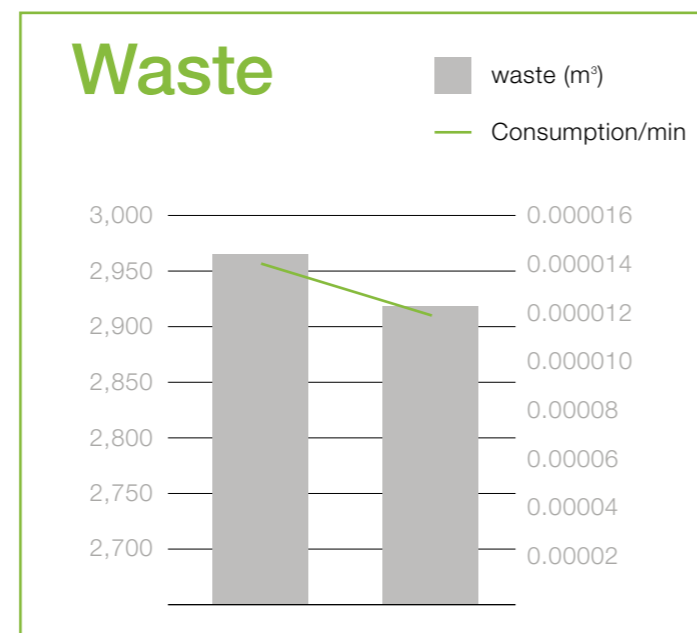
This has also led to a corresponding increase in our number of employees. Over the period from 2017 to 2018, it increased by approximately 15 per cent, while over the period from 2013 to 2018, it actually increased by nearly 30 per cent.

These positive trends are also reflected by the 6 per cent increase in our production facilities' and factories' capacity utilisation. Our recent growth is also of course reflected by our water, gas and power consumption and waste production rates.

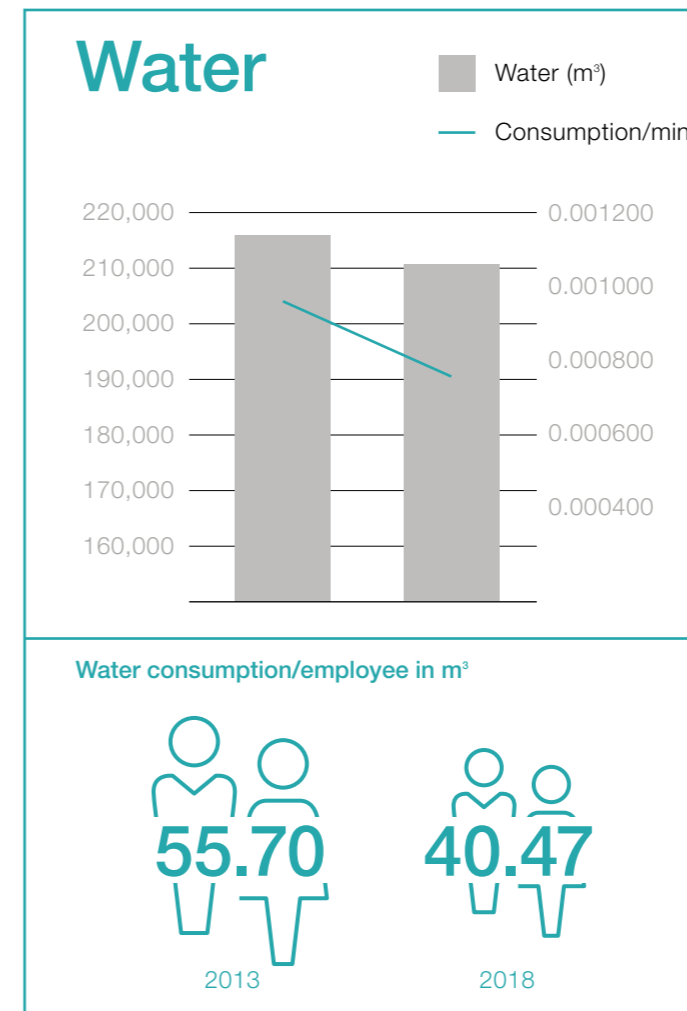
Despite the fact that we have introduced and implemented a wide range of programmes for saving and making more efficient use of resources, we have been unable to fully compensate for our growth in sales with these measures.



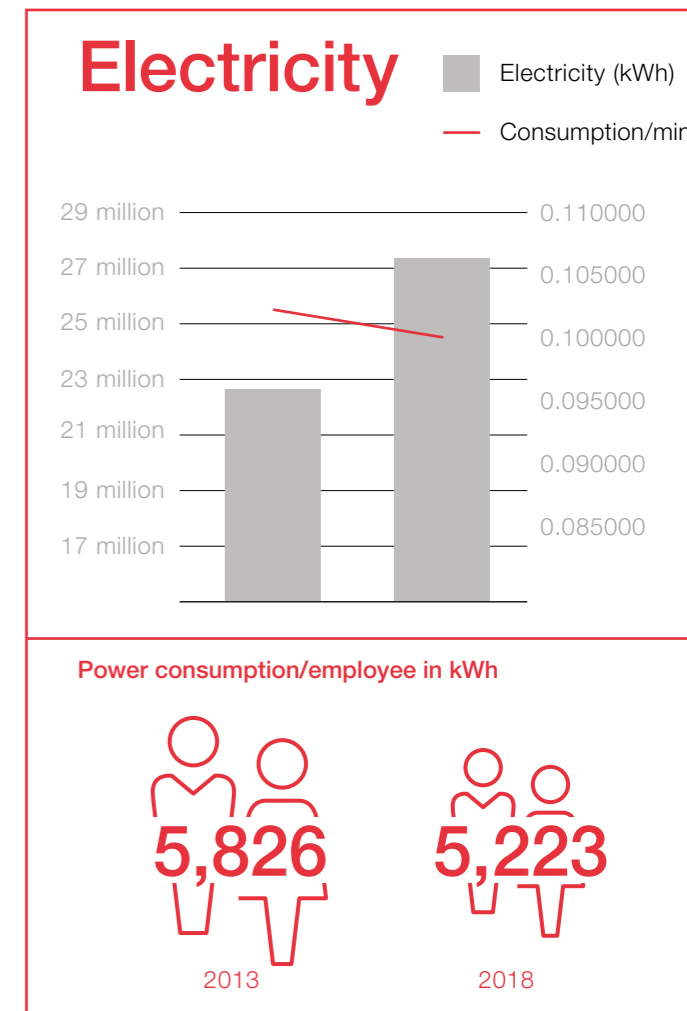
Over the period from 2013 to 2018, our gas consumption increased slightly by 0.24 per cent. This increase is certainly influenced by climate fluctuations and changes in our capacity utilisation matrix. However, our consumption per employee and machine minute is steadily dropping.



The Group has reduced its waste by 1.45 per cent since 2013.



Comparison of consumption levels in 2013 and 2018 shows that L&R reduced water consumption by 3.22 per cent despite the company's above-average growth.



The 19.39 per cent increase in the company's power consumption between 2013 and 2018 is primarily due to its above-average growth and higher production capacity utilisation. The exceptionally hot summer of 2018, which affected many of the countries in which L&R operates, also contributed to the increase in power consumption.

However, despite the strong growth and extreme weather conditions, the company was still able to compensate for some of the increase in its power consumption, which demonstrates that its energy-saving measures are working.

ISO standards, rating platforms and awards

L&R's certification check.

The maze of international inspection and certification bodies and award programmes can be rather confusing if a company decides to hold itself accountable in terms of its sustainability policy and to submit to an external review.

Two ISO standards (environmental and energy management) in particular and the EcoVadis sustainability ratings and Supplier Ethical Data Exchange (Sedex) certification, are relevant for L&R. At a national level, L&R was honoured with two awards during the past few years. An overview.

EN ISO 50001

Energy management

What it's about: This standard is designed to help companies to systematically develop an energy management system and is used to certify the same.

What that means in concrete terms: Energy management systems are used to identify and document potential areas for improving energy efficiency, saving energy and, consequently, for lowering energy costs. That means they are used to record and assess energy sources, energy use and consumption and efficiency. The certification verifies that the management system used is effective in helping a company to save energy on an ongoing basis. As part of the certification process, L&R also developed an energy management handbook and appointed a qualified Energy Management Officer for each certified production facility.



Examples of associated measures: Use of LED lights to reduce energy consumption (in the Czech Republic, China etc.), introduction of energy-saving chargers for the industrial trucks used by the logistics department in Schönau, external wall renovation (Schönau) and window replacement (Vienna) to reduce heating energy use.

Certified L&R facilities: L&R production facilities in Germany and the Czech Republic (since 2015) and Austria (since 2016).

Good to know: A new standard, ISO 50003, which not only requires even higher energy efficiency but also objective verification of the same (correct energy measuring technology), recently came into force – a challenge for many companies! ISO 50001 certification is valid for three years and is reviewed on an annual basis through surveillance audits.

EN ISO 14001

Environmental management

What it's about: This international standard specifies the requirements for an environmental management system and includes a number of other standards that an organisation can use to enhance and assess its environmental performance (including life-cycle analyses, environmental indicators).

What that means in concrete terms: The standard is an improvement process related to enhancing "environmental performance". In this context, environmental performance refers to applicable national legal requirements as well

requirements defined by organisations themselves. As part of the certification process, L&R has appointed a group-wide Environment Officer, country-specific environment teams and defined its environmental policy with associated targets.

Examples of associated measures: Installation of a company-owned photovoltaic system and laundry machine replacement (Schönau), improvement of the cooling water control system (Neuwied), appeal for "paperless" offices (group-wide), car-sharing platform (Austria and Germany).

Certified L&R facilities: L&R production facilities in the Czech Republic and China (2015), Austria (2016), France and Italy (2017), as well as Germany and Belgium (2018).

Good to know: The certified L&R production facilities undergo annual surveillance audits and have to re-certify every three years. This is aimed at ensuring that the required corrective measures are implemented effectively.



EcoVadis

CSR platform

What it's about: EcoVadis is a leading provider of CSR and sustainability performance assessments for companies and operates a platform by the same name that allows organisations to rate suppliers' sustainability performance. These ratings are collated and culminate with the award of either a bronze, silver or gold rating.

What that means in concrete terms: Companies' total sustainability performance is assessed across 21 CSR and sustainability criteria, which cover environmental and social sustainability, fair business practices and sustainable procurement. The actual criteria used depend on the specific sector and country. The assessments only take internal regulations, actual measures and their outcome into account – so statements of intent do not count! In order to qualify for the assessment, L&R has to complete a comprehensive

questionnaire and provide documents and publicly accessible information to verify its sustainability measures. This information is subsequently analysed by a panel of experts, which then compiles a detailed assessment report including a scorecard (points system), explanations, benchmarks and details improvement potentials. In 2019, L&R was awarded a silver rating for the second time, which is again valid for a further year.

The method used for the ratings is based on international CSR standards such as from the Global Reporting Initiative, the United Nations Global Compact and ISO 26000 and takes 190 different purchase categories and 150 countries into account.

Certified L&R facilities: The entire L&R Group.

Good to know: EcoVadis audits and certifies the CSR measures of more than 55,000 companies in 155 countries, also including L&R suppliers. This means that L&R is also able to view these suppliers' CSR rating.



ISO standards, rating platforms and awards

L&R's certification check.



Sedex CSR platform

What it's about: Sedex is also a supplier and a platform for assessing CSR measures. The platform is used by over 50,000 companies from over 150 countries. Sedex's Members' Ethical Trade Audit (SMETA) assesses the four areas: work standards, health and safety, environmental management and corporate integrity.

What that means in concrete terms: The assessment procedure is based on an extensive questionnaire plus documentation, a risk assessment and an audit performed by a member of the SEDEX Audit Company Group (such as TÜV Rheinland). The assessment criteria are based on the Ethical Trading Initiative (ETI) Code, which in turn is based on international standards and those of the ILO conventions (International Labour

Organisation). The assessment focusses on questions such as overtime rules, freedom to found a works council, collective wage agreements, availability of clean water and toilets, child labour, compliance regulations etc. On completion of the audit, companies are presented an assessment report and plan for utilising their improvement potential.

Who is assessed: The entire L&R Group.

Good to know: SEDEX stands for Supplier Ethical Data Exchange. Its members also are able to check supplier compliance with corresponding guidelines through the data provided on the platform.



National awards



Lean & Green Award 2018

In 2019, L&R's Neuwied (Germany) production facility received the Lean & Green Management Award. This award honours companies, which successfully couple lean management methods with resource efficiency, energy efficiency and environmental management. On presenting the award, the jury made special mention of the inspiring and digitally-supported shop floor across the company's entire supply chain, the high level of motivation and competence on all issues related to resource efficiency and the integration of energy policy as part of the quality management system.

Vienna OekoBusiness Award 2017

In 2017, Vienna OekoBusiness, the Environmental Services Programme of the city of Vienna and lead project of the Vienna Environmental Protection Department, honoured L&R Austria, or its Vienna-based location, for its ecological sustainability measures and environmentally friendly business approach – in particular in respect to the environmental management standard ISO 14001.



Ecology in production

The model factory.

We manufacture medical devices for regional and international markets at 15 production sites in 11 different countries. As a company in the healthcare sector, we are committed to complying with stringent standards and industry regulations. These standards and regulations refer both to safety aspects for healthcare professionals and patients and to environmental aspects such as raw materials, sewage/water, air/climate, energy, environmentally relevant substances and waste/disposal.

We use a wide range of different measures in order to make our production processes as environmentally friendly as possible. This is because the aspiration to make our operations sustainable is a common thread throughout our value chain. L&R reviews all of its environmental performance indicators such as energy consumption, recycling figures and water consumption every year and constantly works to improve them. Each of our production facilities has its own environmental manager who is responsible for implementing associated measures.

Some of our sustainable production projects at a glance:




Replacement of old gas burners in the Czech Republic.

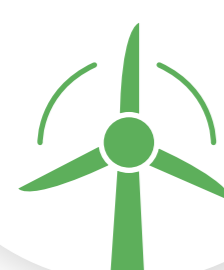

Plastic-free, biodegradable, resource-friendly and vegan Bellawa cotton buds. The packaging is made of 100 per cent recycled cardboard.

Kitpack OR Custom Procedure Tray manufactured and customised based on the DIN ISO 9001 quality management system.

EN ISO 14001 certification of seven countries with L&R production facilities in the meantime.


3.22 per cent reduction in water consumption between 2013 and 2018.


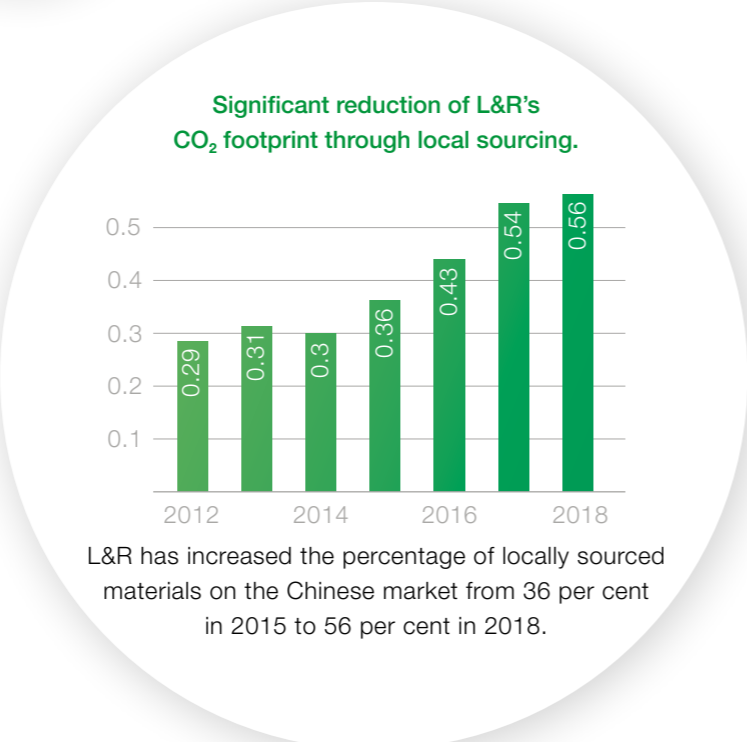
Binding Code of Conduct for all L&R Group suppliers.

Gradual increase in the share of renewable energies up to 20 per cent.


Reduction of annual reject rates by 3.9 per cent.

1.3 million euros' investment in energy consumption reduction, production optimisation and building upgrade measures for saving resources in 2018.

Reduction in emissions thanks to the new logistics concept hubs in core international regions, freight route optimisation in Austria and expansion of rail-&-road projects.




1.45 per cent reduction in waste generation despite above-average growth.

26,250 kg/year reduction of CO₂ emissions through optimisation of the cooling water control system in Neuwied.

Replacement of dated water-softening systems.

CO₂-neutral delivery of letters, parcels and promotion materials thanks to successful cooperation with the Austrian postal service provider.

L&R invests in sustainable buildings & infrastructure.

Energy-efficient beneath and on the roof.

Most people would readily agree that sustainably designed buildings make a valuable contribution to climate protection. Hardly anybody would contradict this very sweeping statement. However, that hardly does justice to the tremendous potential on which this general understanding is based. This is because the amount of energy that can be saved with energy-efficient buildings or building components is huge.

In 2017, the BDI, the Federation of German Industries, estimated that the German building sector is responsible for over 40 per cent of primary energy consumption and over 30 per cent of CO₂ emissions in Germany. As well as that: failure to improve this sector's consumption and emission levels would make it impossible for Germany to achieve its energy transition and climate protection goals. However, this same fact most likely also applies to other countries.

That said, energy-efficient buildings are not just an ecological sustainability issue. Renovating buildings and creating new infrastructures also makes more than sense from an economic perspective, irrespective of the high initial investment costs. This is because lower energy consumption is always associated with corresponding costs savings in the long term.

The choice of lighting is a simple example of how to increase energy efficiency, in particular in production buildings. LED lights save energy, are environmentally friendly and, on top of that, do not pose a risk to health. None of the fluorescent tubes still used at many manufacturing facilities display any of these features and, even though they are less expensive to produce than LED tubes, they are certainly not as energy efficient (only around 60 per cent compared to LEDs), have a shorter life span of only 30,000 hours as opposed to their modern competitors (50,000 hours) and contain mercury. Compared to other lighting elements, LED tubes do not have to be maintained and consistently emit light¹ – which is much appreciated by those familiar with the unpleasant symptoms and even pain (such as migraines) sometimes triggered by flickering fluorescent lights.

In recent years, L&R started replacing the existing lighting elements at its Schönau (AT), Neuwied (DE), Slavkov and Nová Paka (CZ) production facilities with LED lights. This process is not yet finished and more building sections will follow at the relevant sites. However, the figures available to date already speak for themselves: the facilities equipped with LED lights have been able to record a reduction in energy consumption of between 51 to 62 per cent per year without having made any changes to working and production conditions. L&R's Nová Paka facility is furthermore being fitted with so-called SMART LED lights. These lights feature a special integrated sensor, which measures indoor daylight intensity and automatically adjusts their brightness accordingly. These SMART LED lights consequently use even less electricity during the summer months than ordinary LEDs. Storage facilities, in turn, are fitted with LEDs with motion sensors. This means that the LEDs will automatically reduce the light emitted if no motion is detected over a longer period of time in a corridor, for example. The Schönau offices have a similar lighting concept with motion sensors and timers.

However, energy efficiency cannot just be improved through use of different lighting elements, but also primarily via a range of structural improvements for sustainable energy use. This includes, for example, old draughty windows, which can lead to significant heat loss and high heating costs. In a move to address this very issue, L&R replaced 120 windows at its Vienna facility – which now predominantly comprises offices – with new, heat-insulating windows recently. This means that these offices are now saving 101,036 kWh heating energy annually, which simultaneously translates into a 25,080-kilogramme² reduction in CO₂ emissions or 2,090 trees³, which need not absorb these CO₂ emissions.

The amount of energy consumed for heating purposes can also be reduced by improving external wall insulation, which is precisely what L&R did to parts of its Schönau facilities in 2017 and 2018. In this move, the external walls, which were built in 1960, were fitted with an exterior insulation and finish system, which has reduced annual energy consumption by 30,424 kWh and CO₂ emissions by 7,552 kilogrammes (which corresponds to 630 trees³).



Saving energy or electricity: where there is a will, there is a way. However, why not produce the electricity one needs oneself – and even do so with no cost to the environment? The solution here is photovoltaics. This very idea has been put into action at L&R's logistics facility in Schönau an der Triesting in Austria: the entire roof of the facility, which has a size of 1,200 square metres, will be fitted with solar cells designed to convert energy into electricity in 2019. These cells are able to generate approximately 200,000 kWh a year – 75.7 per cent of which will be sufficient to meet L&R's electricity requirements, which means that the surplus can be sold and fed into the public grid. This photovoltaic system will initially be leased for 14 years and then pass into L&R's ownership in its 15th year. This means that the logistics facility will benefit from a fixed electricity price that is only a third of the regular cost during the lease years, and translates into annual electricity cost savings of around 17,000 euros (!) after the 15th year.

By the way: L&R's Schönau facility is already making use of e-mobility and, in April 2019, L&R built an electricity charging station at which electric cars can charge their batteries. In future, this charging station will also be supplied with electricity generated by the photovoltaic system. However, the facility is also already making use of other e-mobility devices: the devices in question are e-bikes provided for staff for commuting the 1.5 kilometres between the logistics facility and the production and administration building located in the same town (Schönau).

Naturally, L&R continues to work to further improve its buildings in terms of energy efficiency and is in the process of planning more projects at the above and its other facilities. This is because energy efficiency is important – both for the environment and our own pocket.



LED lighting – savings in figures⁴

	Schönau (2 production halls and outdoor areas)	Neuwied (8 building sections incl. production and offices)	Nová Paka (3 production halls and part of the storage facility)
Savings in kWh per year	108,158	82,508	99,720
Annual reduction in power consumption	51%	NA	62%
Annual CO ₂ reduction in kg ²	30,265	24,733	100,867
Trees ^{2,3}	2,688	2,061	8,405

1) Another important fact: it's important to pay attention to LED light colours or colour temperatures (in Kelvin/K) and to select appropriate colours for the relevant (work) setting. Warm white (less than 3,300 K) is considered perfect for soft lighting, cold white (above 5,300 K) as the perfect "working" light, as stimulating and similar to daylight. As a result, the different light colours will affect and motivate employees sustainably.

2) Expressing CO₂ reduction in terms of reduced kWh consumption requires taking a number of factors, including the type of energy (gas, electricity) and type of electricity (e.g. green electricity) into account. There are a number of different calculation programmes and methods for establishing these figures, which vary from country to country.

3) As we all know, trees absorb CO₂ from the atmosphere, bind it and then release oxygen/O₂. The number of trees cited therefore is the number of trees, which would theoretically be needed to bind this amount of CO₂. The "tree factor" for calculation purposes (CO₂ reduction > trees) is not a fixed variable, but depends on the national calculation method and the type, height and the diameter of a tree. The above calculations are based on the method of using a tree factor of 12 as applied in Austria: CO₂/12 = trees.

4) The table only lists the L&R facilities whose energy consumption can actually be compared. At L&R's Slavkov facility, for example, production was increased at the same time as the facility switched to the use of LEDs, which negated the energy savings made through the switch to LEDs, without impacting on the overall reduction in energy consumption achieved through their use.



Society.



“Social commitment only works if everyone involved actually believes in its value and actively contributes actively. Otherwise it’s just a cliché. And our employees pretty much agree.”



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Knowledge is power.

Training and continuing education at L&R.

Whether consciously or sub-consciously, people never stop learning. This is why we have made it our mission at L&R to systematically manage and foster ongoing learning processes at our company. This approach is not only of benefit to our employees. Our customers and partners also benefit from our extensive further professional development programmes, enabling millions of patients worldwide to profit from our competence.

However, let's start at the beginning. Qualified employees and talented junior staff play a key role in our company's sustainable success. This is why we prioritise professional development and offer our employees over 85 different training and further training courses at our L&R Academy. These courses range from language to IT courses, and Kaizen/lean management to leadership seminars and are divided into four different categories with different focal points for every level of experience.

However, L&R provides still more than just a further training. We also contribute to society by providing vocational training to new employees. The quality of the vocational training we provide is exceptionally high and has allowed our apprentices to consistently achieve excellent if not outstanding grades in their final exams and to regularly win awards. Some of the training elements, which make L&R Germany's apprenticeships so successful include introductory seminars, IT courses and dual vocational training.

That said, our apprenticeship programme at our Austrian base also speaks for itself: the high quality of the training provided by L&R Austria has just won the company its second award in succession. This award is the "Top Apprenticeship Employer Award 2019" and bestowed by the city of Vienna. The award is based on an assessment of the structure of the training provided as well as special training initiatives, motivational measures, and the success achieved and progress made by the apprentices themselves. The apprentices at our Vienna base are moved to a different department every six months. This includes the accounting, internal sales and marketing departments. This practical training is complemented by IT and English courses, seminars on team building and communication, and a host of other initiatives. As a general rule for all our facilities: L&R apprentices simultaneously benefit from the advantages of regional apprenticeships with an informal character and those of working in an internationally successful company.



But L&R doesn't just invest in providing further training and supporting the professional development of its employees. The L&R Academy also offers the company's partners and customers an extensive – and extremely popular – range of courses, which covers our entire product range. The courses on offer include training in wound care, lymphology and phlebology, mobilisation and immobilisation, compression and OR set systems, as well as on L&R Optiline. These courses are not just offered centrally at L&R's College in Rengsdorf, Germany, but also at a large number of L&R facilities worldwide by our "Flying Faculty" and via digital e-learning tools. Even academic further training is possible with our extensive partner university network.

Courses such as our basic OR training not only allow participants to learn about L&R's product range and its applications, but also about important theoretical underlying principles, in this case outpatient surgery and the roles and responsibilities of each OR team member. The annual MedTec Summer Academy in Austria, which we support as an external partner, is another example of L&R's commitment to providing training to external partners. Its informal atmosphere allows students to learn about medical device-related topics hands-on.

You are new at L&R? We can definitely ensure your successful onboarding! Because we develop a personalised onboarding plan for each new employee, tailored his/her task area. This includes, for example, extensive training to teach employees about our products and their application for orientation and to develop confidence. This is complemented by our mentoring scheme. As part of this mentoring scheme, a colleague will be appointed to act as a contact for any questions whatsoever about L&R and your specific job. The onboarding package is rounded off with a number of team events and seminars that ensure that new staff will quickly become acquainted with the colleagues, processes and structures they will be working with.

L&R pursues a comprehensive approach to vocational and continuing training. This benefits our customers, partners, employees and those aspiring to become one of them in equal measure.

"Every time I host a seminar and visit a different country, I also learn something myself. All of which is valuable knowledge, which I can then pass on again to my next audience."

Margarita Ortiz

Medical Trainer for L&R in Latin America and member of our "Flying Academy"

During the course of her work, Margarita has visited more than 25 cities in 8 different countries over the last two years alone.



"We not only view it as our task to support our more than 5,200 employees as well as we can in their professional development with customised vocational and further professional training. We also believe that the same holds true for our external partners and offer them an extensive training programme."

Holger Mägdefrau

CFO



People.Health.Care.

The importance of people.



This is not only the case at L&R regarding patients and customers. Our employees are the key to achieving our objectives. Their commitment, wealth of experience and personal skills enable us to progress.

The number of people we employ has furthermore steadily increased in recent years. In 1998, we had some 2,600 employees, this figure has now risen to 5,200 worldwide. L&R uses a number of measures to promote all of its employees' satisfaction and performance in the long term.

That starts – and what else would you expect – with their health. L&R's initiatives in this area range from health screening and advice, exercise and healthy eating campaigns to stress-reduction and relaxation techniques. At L&R Germany, all measures concerning employee health are bundled in the corporate health management system and interlinked. This includes the traditional areas such as occupational health and safety, but also newer approaches such as measures for directly promoting health. On the one hand, factors detrimental to health should be recognised and avoided and on the other hand specific offers for health improvement be provided.

Physiotherapy for our employees who are subjected to high physical burdens is one example of this, which has been part of our programme since 2017. Our own running clubs and organised company runs are furthermore aimed at encouraging employees to exercise. Our regular health education days,

in turn, are dedicated to a very different range of topics. On the topic of "movement", these include information on how to effectively protect one's back as well as modules on walking and mobility screening. On the topic of "nutrition", our healthy eating courses, on the other hand, focus on preparing healthy snacks and food, which supports mental and physical performance. Autogenic training, progressive muscle relaxation and meditation courses are offered under the catchword "relaxation", for example. This is aimed at strengthening our employees' mental and physical health.

In some instances, our different production facilities may take a very different approach to supporting employee well-being. While our employees in Slavkov in the Czech Republic are offered yoga on-site, our Austrian colleagues enjoy access to a general weekly exercise class. L&R UK even has its own Senior Wellbeing & Safety Coordinator who dedicates all her time to ensuring the safety and well-being of our UK employees. The measures implemented by Leanne Anderson at L&R UK range from teaching people about healthy snacks, to organising walking groups and setting up digital learning platforms. However, when it comes to exercise, it seems that L&R employees have developed a particular liking for running. That is, no matter where you look – whether that's Neuwied and Rengsdorf in Germany, Vienna and Schönau in Austria, Slavkov in the Czech Republic, Remiremont in France or Sankt Gallen in Switzerland – our organised company runs that seem to be especially popular.



“Health is an extremely important asset and that conviction runs like a thread through all of our business operations. This also why we systematically promote the health and well-being of every one of our employees through targeted action.”



Nina Hoitz
Occupational Health Officer
at L&R Germany



However, it is also important to L&R to promote our employees' team spirit and well-being outside the arena of sports. For this very reason, L&R launched an initiative called "I am L&R" in 2017. Since then, 26 of our production facilities worldwide have appointed 40 "ambassadors" who run campaigns on-site aimed at promoting team spirit and solidarity. These campaigns range from small-scale campaigns such as distributing health kits during the flu season, to organising company lunches and recreational activities, to larger events such as company excursions to take part in public viewing during the World Cup or the "L&R Children's Day" in Slavkov, during which employees' relatives were invited to the company for a celebratory day. These kinds of events are very popular means of spending time together outside of work and strengthen bonds.

All of these measures have a demonstrable impact. This is evident not only in the above-average time employees stay at our different companies. In a major employee survey conducted in 2017, L&R employees gave L&R 5-star ratings on issues such as meaningful work, cooperation, work environment and job security.



Employee Patron Projects.

This is what we call the social projects, which L&R supports on its employees' initiative. This is because employee initiative is a key element of L&R's Corporate Social Sponsoring Programme „L&R charity – we connect“.

Under this initiative, all employees are provided with the opportunity to submit an idea for a social project. These Employee Patron Projects are then submitted to the CSS committee, which can award donations of up to 50,000 euros. This initiative is first and foremost dedicated to projects, which focus on bringing

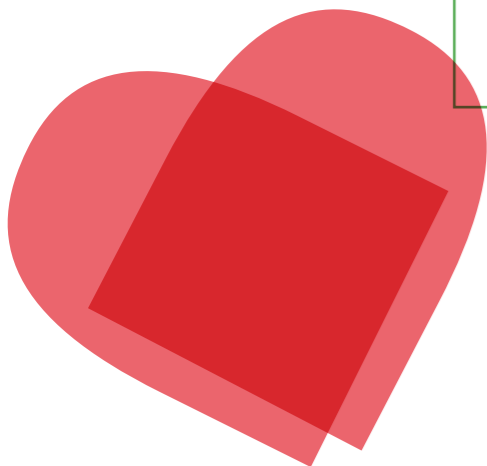
together different generations and promote intergenerational exchange. Although they can be implemented in collaboration with an external partner organisation, each project still must have a patron. This is just one of the ways that L&R helps its employees to make a contribution to society and accept social responsibility.

Since its launch in 2015, L&R's CSS programme has successfully implemented more than 20 social projects. And by way of example, we would like to provide you an insight into just three of them.



Wound Care Consultation at the Neunerhaus

L&R has already supported the Vienna charity Neunerhaus for a long period of time, also with product donations, to help the charity provide medical care to Vienna's homeless. However, it is thanks to the personal commitment of our Austrian colleagues **Ivana Augustinovic**, **Nico Jean Duvivier** and **Gerald Gschlössl** that we have now also been able to contribute to improving communication with homeless people from many different countries. This is because not all of those finding themselves in need are fluent in German. For this reason, the charity was provided with an innovative video remote interpreting system, which now enables Neunerhaus to provide even better care to its patients, who come from 69 different countries. This system furthermore received the Vienna Health Award in 2018.



Housing for multiple generations in Congo

Sonia Hamdi has a very strong personal connection to her project. She is god-mother to an orphan from the town of Mbuji-Mayi in Congo, where the French charity Chemins d'Arc en Ciel has been supporting schools, health centres and orphanages for over ten years. Thanks to a donation of 5,000 euros from L&R, the charity was able to make significant progress with the construction of a community building in which seniors and orphans live together and the older generation is able to support the younger. As a globally operating company, we are extremely pleased that Sonia's commitment enables us to make a contribution to society across continents.



“Social responsibility always pays off. However, the process of making a contribution is even more rewarding if you are able to actively participate and witness its impact on an ongoing basis.”

Christina Holly
Project patron



Household goods shop for people in need

Sometimes, it's the little things in life that make the biggest difference. A local community organisation close to our headquarters in Rengsdorf runs a small shop, which sells second-hand household goods donated to charity at substantially discounted prices. The shop is a non-profit operation and not only enables those in need to buy household goods like cutlery, crockery or household devices at little cost, but also uses all of its profits for other charitable projects run by the organisation. L&R has supported the organisation with the creation of a community meeting space to promote cross-regional communication and mutual support. This project was initiated by our Rengsdorf colleague **Christina Holly**, who is the project's patron.



L&R product donations

Our contribution to humanity.

L&R has acted with commitment to social sustainability by donating much-needed medical products for many years. Because: L&R is very aware of its social and global responsibility as a company in the healthcare sector and is dedicated to supporting people in need with its product donations.

The number of regions and situations worldwide, which urgently require aid are countless and include war zones, areas affected by natural disasters such as, for example, the forest fires in Greece in 2018 or the tsunami in Indonesia, or simply areas with poor health infrastructures. Hence, L&R receives a correspondingly large number of requests for aid every day.



L&R leaves the decision of where and how exactly to provide aid in the form of product donations to the organisations and people who are experts at answering the following questions: Where is the need for aid the greatest, where and how can the aid be delivered and distributed, will the aid actually get to the place where it is needed and are the recipients able to use the products properly? Our **15 partner organisations** are experts at answering just these questions, have the logistics know-how and infrastructure and, if needed, also the networks of local partners required to ensure that L&R's product donations find their way to exactly the place where they are needed.



Facts and figures

In 2018, L&R made **6 major donations** (each between 5 and 20 pallets) from its bases in Germany, France and Austria. It also donated some **170 pallets of fully intact, but no longer sellable returned products** from its logistics facilities in Neuwied-Block (DE) and Schönau an der Triesting (AT) to charities. In concrete terms, that means that L&R **donated one pallet of wound care products**, such as bandages and dressings, medical and incontinence supplies, every second day to charity.

These are impressive figures and help to put our minds at rest, because every single donation ultimately helps a person whose life will be positively affected by, for example, one of our donated wound dressings.



People

Our long-standing partner humedica e.V. – with whom we first started collaborating as far back as 2000 – for example, donates L&R products to Romania. Some of these donations go to the local charity Caritas Alba, which provides mobile day care to around 6,000 senior and isolated patients. Ida Dobai is one of them.

Ida Dobai lives in a small village in the district of Harghita and is 66. During her working life, she spent many years doing hard physical labour. As a result, she developed chronic ulcers on both lower legs. She also has diabetes and high blood pressure. The nearest medical practice is ten kilometres from her home and there is no public transport. And yet, her wounds need to be dressed every day.

Thanks to the home care service run by humedica's partner Caritas Alba Iulia, who took Ida on as a patient, this is no longer an issue. The charity's carers come by every day and help her control her blood pressure and insulin level. They are also able to attend to her ulcers using donated disinfectant and L&R's wound dressings. Neither the charity nor the patient would be able to afford the number of dressings

needed to do this daily. The products allow Ida to live a dignified life. Thanks to Lohmann & Rauscher's support, the mobile care service is able to provide care, dress wounds and reduce pain for around 6,600 senior and isolated patients like Ida.

Our commitment in focus

“We are extremely pleased that we are able to make a valuable and important contribution to helping people in need like Ida with our products in collaboration with our partner organisations! We are also committed to continue – in a sustainable way – to provide this kind of help in the years to come, in the full spirit of our company claim of People.Health.Care. and the promise inherent in it.”

Wolfgang Süßle
CEO



L&R Austria, Germany, France and UK currently support the following organisations:



Conclusion, outlook, opportunities.

Where are we? What's next?

This sustainability report is designed to make our various commitments transparent, document our achievements and set out our plans for the future. This is why we already set ourselves ambitious targets exactly here in the previous report as to how we can continue driving sustainable corporate management forwards at L&R. So, it's time for an honest review. We have been able to achieve and even exceed many of our targets, but there is still a need for improvement in some areas.

This report clearly shows that we have made tremendous progress in recent years, also reflected by our EcoVadis rating, which we have been able to improve from bronze to silver. As a leading provider of assessments in the area of sustainability, EcoVadis' assessment covers all of our business operations using 21 criteria. The silver rating provides further confirmation that we are on the right track and should continue along the same path. Our sustainable economic development, on the other hand, is also reflected in the number of people L&R now employs. Our current workforce of 5,200 people worldwide clearly exceeds our ambitious target of 5,000. They all work on improving the medical care accessible to and the quality of life of increasingly more patients worldwide in a sustainable manner.

In terms of environmental protection, we have managed to strongly reduce our emissions through systematic action such as switching to local sourcing, modernising production facilities and new logistics concepts. One of the targets that continues to be of great importance to us is to create our first CO₂-neutral L&R production facility. We have already defined important milestones in recent years to that effect and documented them in this report. We have also been able to significantly reduce our consumption figures in most areas despite our strong growth. Our water, power and natural gas consumption rates as well as waste generation rate have in fact dropped by about a third per employee. Further, 80 per cent of our non-hazardous waste in our core countries of Germany and Austria is recycled. This is something we are very proud of and we are dedicated to continuing this trend.

We have also been able to successfully achieve our social sustainability targets. These targets involved completing at least ten Employee Patron Projects together with our employees. We have actually managed to complete more than 20 of these projects successfully. We also set equally ambitious targets for ourselves in the area of further training provision. As a result, L&R's Academy currently provides training in the optimal use of medical devices to care staff and doctors in over 40 countries. To date, the Academy has held in excess of 1,000 training courses.

What does the future hold? We are dedicated to continuing to grow in a sustainable way as a corporate group and aim to align our sustainability strategy and reporting with the GRI guidelines much better. This is something we want to achieve irrespective of any external requirements. We will also further reduce our emissions and consumption figures and gradually increase our resource and material efficiency, as well as our investments in research and development. We also aim to further expand our contribution to society through product donations and implementing CSS projects worldwide or by providing ongoing training to medical personnel at international level through our L&R Academy. This will allow us to continue acting as a reliable problem solver not only for our employees, customers and partners, but also for patients worldwide.



“Every report remains a snapshot. In a best case scenario, that always means that today's targets become tomorrow's results.”

Envelope paper: Gmund Bier Paper 250g/m² is made from brewer's spent grains, pure recycled beer labels and coasters as well as herbal pulp.



People.Health.Care.