The data collected in this report relate to the activities carried out by our group in 2018. The analysis includes the entire perimeter of our business: headquarters, branches, education institutes, logistics centers and Foundation.
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Sustainability report 2018   l   Introduction

“\textit{I am pleased to present our second Corporate Social Responsibility report. During the last year, we have committed to continuing along the path we decided to take in 2017. Focusing on the values that have always characterized our company, we believe that it is possible to combine growth and development with the well-being of our employees and the wealth of our community. With this philosophy, we face our choices and our commitments every day.}

\textit{Medacta’s continued growth and prosperity made 2018 the opportune time to transition to the next generation of the company’s leadership. I am proud to announce that after nearly twenty years at the helm of the company, I have transitioned from my CEO role and remain President of the company’s Board of Directors. With a deep understanding of both the technical and commercial sides of our business, my son Francesco is the right person to lead Medacta into the next phase of its evolution, becoming the company’s next chief executive officer on November 1, 2018. Francesco joined Medacta in 2002 and has served as Executive Vice President of Medacta since 2010. A biomechanical engineer by training, he has been instrumental in the conception, development, and manufacture of many of Medacta’s leading products.}

\textit{This structural reorganization was an important step in order to assure the continuity of Medacta from an operational and shareholder point of view. Faithful to our mission to improve the patient experience by advancing surgical approaches, implants, and instruments through responsible innovation and meticulous design, it is our intention, and a common goal, to continue to grow Medacta while keeping the culture and vision that made our company one of the leading voices in the worldwide orthopaedic market. I look forward to updating you on our progress in next year’s report.}”

\textit{Dr. Alberto Siccardi}
“Medacta was born out of my father’s experience as a patient when he realized that orthopaedic care should and could be better for both patient and surgeon alike. The company’s success is testament to that initial vision, and to the hard work behind it. Innovation, medical education and healthcare sustainability have been a focus for Medacta since inception, and are now fundamental pillars of our business strategy.

Over the past twenty years, Medacta has run hundreds of surgeon learning centers, expanded into several new surgical disciplines, supported research efforts around the world, and changed the face of orthopaedics in the process.

Generational transition was one of the most important and exciting challenges of 2018. In this challenging path, I am proud to be supported by my brother Alessandro, who will continue to serve as Supply Chain Director, and my sister Maria Luisa, who will continue to serve as Board Member of Medacta and Medacta for Life Foundation.

We can look back with pride for what we have achieved so far, even more exciting though is our future.”
COMPANY PROFILE
HISTORY

Our foundation was established in 1999 after Dr. Alberto Siccardi, our founder and chairman, identified an opportunity to improve on incumbent technologies and techniques in the hip replacement market. In 2000, we established our headquarters, manufacturing facility and research and development site at Castel San Pietro, Switzerland.

Following his desire to improve care for patients and considering his personal experience with orthopaedic procedures, Dr. Alberto Siccardi dedicated himself to the development of orthopaedic techniques and prostheses. His passion led to the innovation and medical education platforms that have come to define Medacta today.

We believe that good corporate governance is the basis of a sustainable and successful business. That is the reason why the Siccardi family started to work on the generational transition some years ago. It is the family’s intention to continue to grow Medacta while keeping the vision that made us one of the leading voices in the worldwide orthopaedic market, making sure that Medacta’s culture and shared values will always prevail.

Medacta is a unique company in its field: it is founded by a patient.
SWISS COMPANY, GLOBAL PARTNER

We are an international company specializing in the design and production of innovative orthopaedic products and the development of accompanying surgical techniques for joint replacement, spine surgery, and sports medicine. Our products and surgical techniques are characterized by innovation. We are a pioneer in developing new offerings on the basis of minimally invasive surgical techniques, in particular our Anterior Minimally Invasive Surgery (AMIS) technique for hip replacements. We have leveraged our orthopaedic expertise and comprehensive understanding of the human body to develop the sophisticated MySolutions technology, which offers surgeons highly personalized pre-operative planning and implant placement methodologies by creating advanced personalized kinematic models and 3D planning tools for use in hip, knee, shoulder and spine procedures.

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>EMPLOYEES</th>
<th>COUNTRIES</th>
<th>COMPOUND ANNUAL GROWTH RATE (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>272,6M€</td>
<td>973</td>
<td>29</td>
<td>14,1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>NEW HIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>17%</td>
</tr>
<tr>
<td>30-40</td>
<td>46%</td>
</tr>
<tr>
<td>40-50</td>
<td>27%</td>
</tr>
<tr>
<td>50-60</td>
<td>9%</td>
</tr>
<tr>
<td>&gt;60</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HIRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>67</td>
</tr>
<tr>
<td>2017</td>
<td>62</td>
</tr>
<tr>
<td>2018</td>
<td>68</td>
</tr>
</tbody>
</table>

Company profile | Sustainability report 2018
VISION

Our vision to improve the care and well-being of orthopaedic and spine surgery patients around the world stems from our experience and passion. Our surgical innovations and surgeon education programs focus on getting patients back to their healthy, active lifestyles. While we strive for this goal, we maintain a high regard for sustainability, always considering the environmental and societal impact of the products we create.

MISSION

Our mission is to transform the patient experience by advancing surgical approaches, implants and instruments through responsible innovation and meticulous design. We follow the experience of our Founder, Dr. Alberto Siccardi, whose own journey as a patient convinced him of the importance of pioneering a new approach to joint replacement. Our innovation began with minimally invasive techniques and has evolved into personalized solutions. Today, we continue to improve our knowledge of the human body, employ cutting-edge technologies such as 3D printing, invest in medical education, research and development and collaborate with surgeons and universities worldwide.
INNOVATION
Innovation is of paramount importance at Medacta. It is the foundation of all our projects and the basis of our growth strategy today and tomorrow. Personalized solutions, the primary focus of our innovation, are based on three pillars: a complete and profound knowledge of the human body, continuous investments in long-term R&D and the use of cutting-edge technologies. Innovation is expressed in the originality of our surgical techniques and our internationally patented products.

EDUCATION
Our philosophy is that education is an indispensable tool for transforming innovation into concrete benefits for patients, surgeons and healthcare systems. In addition to medical education through the M.O.R.E. Institute, we offer professional education to our collaborators thanks to the Medacta Academy and support the education of the patients through the MyPractice Development Plan.

QUALITY
The quality of our products is of primary importance; we are committed to providing products that not only comply with all current standards and regulations but above all offer a unique special value to customers all over the world through innovation. Quality is not just a policy at Medacta, it is part of the culture and philosophy that motivates all employees every day. There are no compromises: "Quality in Motion" is our motto and it drives us each and every day.

SUSTAINABILITY
We want to change things for a better future. This is the reason why sustainability is a fundamental pillar of our way of doing business, in both environmental, economic and social terms. This philosophy translates into guidelines and internal regulations that guide our daily decisions and actions.
THE SUSTAINABILITY PATH

Sustainable growth is a goal that the 193 member states of the United Nations have officially placed at the center of the 2030 Agenda, the global plan aimed at eradicating poverty and promoting economic prosperity, social development and protection of the environment. The 17 Sustainable Development Goals (SDGs) constitute the vital core and provide a direction that stimulates institutions and companies to seek solutions to face these important challenges.
We constantly improve our activities by aligning our goals with the SDGs. We want to do everything possible to ensure that sustainability does not remain just an important part of our corporate culture and a fundamental component of our long-term business strategy but rather becomes a value shared among all involved in our activities, so that we can actively contribute to the sustainable development policies of the territory and the community to which we belong.

We want to give back to our patients the joy of movement and the ability to return to a healthy and active life. The promotion of health and well-being of people is at the core of our vision.

Since the beginning, we have been strongly aware of the need for education, one of our strategic pillars. We are committed every day to give our contribution to medical and professional education, as well as patient education.

We promote inclusive and sustainable economic growth, fulfilling employment and decent work conditions.

Innovation is a fundamental part of our mission and Research & Development is an important asset of our business model.

We operate in compliance with the law through honesty, integrity, and good faith. We develop and respect high standards of conduct, and choose business activities in line with our reputation for integrity and quality.
**STAKEHOLDERS**

We believe in the importance of dialogue and relationship. Our success also depends on the continuous exchange we have with our stakeholders worldwide, with whom we maintain a direct and transparent dialogue. Involvement and sharing are the basis for our activities. We identified 11 stakeholder groups with whom we routinely engage in our activities.

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Stakeholder engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patients</td>
<td>Patient website, patient information material, sponsoring and educational activities</td>
</tr>
<tr>
<td>Employees</td>
<td>Engagement events, global and country-based meetings, internal communications</td>
</tr>
<tr>
<td>Healthcare professionals</td>
<td>M.O.R.E. congresses, learning centers, meet the experts, publications, clinical trials, headquarters visits, fellowship programs, surgeon-to-surgeon interactions, 3D patient specific platform (MySolutions)</td>
</tr>
<tr>
<td>Shareholders and Board</td>
<td>Annual report, sustainability report, annual shareholders meeting, investor releases, bi-annual earnings, roadshows</td>
</tr>
<tr>
<td>Financial community</td>
<td>Annual shareholders meeting, investor releases, bi-annual earnings, roadshows</td>
</tr>
<tr>
<td>Scientific community</td>
<td>Innovative projects, research activities, clinical studies and collaboration with universities</td>
</tr>
<tr>
<td>Local communities</td>
<td>Bilingual school 0-10, sponsoring various entities and local organizations, philanthropic contributions</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Continuous collaboration, meetings</td>
</tr>
<tr>
<td>Institutions, industry associations</td>
<td>Periodical meetings</td>
</tr>
<tr>
<td>Media</td>
<td>Information, interviews, press releases</td>
</tr>
</tbody>
</table>
MATERIALITY

Mapping our activities in the previous report together with our continuous stakeholder engagement led us to a better understanding of our current and potential role in sustainable development. Setting clear goals through the matrix of materiality is crucial to define and report our commitment.

ASSETS FOR COMPETITION
- Innovation
- Education
- Quality
- Healthcare sustainability

CARING FOR PEOPLE
- Employees well-being
- Culture of excellence
- Professional development

CARING FOR THE ENVIRONMENT
- Emissions reduction
- Sustainable mobility
- Minimizing waste

CARING FOR THE COMMUNITY
- Local community engagement
- Philanthropic contributions
- Humanitarian initiatives

IMPORTANCE FOR STAKEHOLDERS
- Local community engagement
- Sustainable mobility
- Healthcare sustainability
- Quality
- Education
- Employees well-being
- Humanitarian initiatives
- Philanthropic contributions
- Emissions reduction
- Minimizing waste
- Professional development
- Culture of excellence

IMPORTANCE FOR MEDACTA
- Fundamental
- High
ASSETS FOR COMPETITION
INNOVATION

RESEARCH AND DEVELOPMENT
The Research and Development department innovates, optimizes and perfects our range of products and solutions thanks to research, experimentation and application of cutting-edge technologies. We have also created a long-term Research and Development department which allows us to continue to evolve and innovate by defining appropriate strategic plans. This makes it possible for us to enrich our product portfolio every year and encourages our growth and competitiveness.

R&D EMPLOYEES

58

INTELLECTUAL PROPERTY
New techniques and new products represent an intellectual capital that we are committed to protecting as a differentiating factor. Therefore we have created a dedicated in-house structure which collaborates with experts in dealing with patents, brands and designs.

PATENTS

~400

REGISTERED TRADEMARKS

682

PRODUCT REGISTRATION
For each new product we comply with certifications and registrations in all the countries in which we operate, collaborating with different certification institutes such as the Food and Drug Administration in the United States or the Pharmaceuticals and Medical Devices Agency in Japan.

COLLABORATION WITH UNIVERSITIES
The management of highly innovative projects has led us to collaborate with leading universities, technology districts and centers of excellence in Switzerland and around the world. This encourages the constant development of our company and makes us able to offer important opportunities for students and undergraduates, keys factors in terms of competitiveness.
BUSINESS LINES
We are active in three divisions operating in joint replacement, spine surgery and sports medicine, with the aim of improving care and well-being of patients. We dedicated ourselves to affirming, standardizing and simplifying minimally invasive techniques in collaboration with expert surgeons worldwide. We are committed to evolve our techniques to personalized solutions.

IN-HOUSE TECHNOLOGY
By directly managing two production units, one dedicated to orthopaedics and the other one to spine, we can control all processes and ensure high standards of quality, flexibility, continuity and efficiency. Thanks to in-house production we can more easily develop our know-how, which is a fundamental driver of innovation. Moreover, in-house production reduces costs and emissions due to the transport of goods, therefore favoring our sustainable approach.

M.O.R.E. EXCELLENCE CLINICAL PROGRAM
We have always given priority to the evaluation of clinical performance and have introduced new products, tools and technologies to the market in a controlled and responsible way. We gave a name to this commitment: M.O.R.E. Excellence Clinical Program. This internal policy defines the steps and milestones involved for a Medacta product to reach its full release into the market. Therefore, this Program formalizes our commitment to responsibly introduce innovative products and services into our daily practice and in the lives of our patients.
We find evidence in several examples, such as the GMK Sphere, an innovative solution that can improve the stability of the joint and limit post-operative pain, favoring the patient well-being. The GMK Sphere was presented on the market in April 2014, following a three-year controlled release program and over 3,000 cases monitored.
Innovation highlights

Faithful to our vision of improving the care and well-being of orthopaedic and spine surgery patients around the world, in 2018 we launched multiple projects in all our divisions.

**MIKA: A COMPREHENSIVE PLATFORM FOR KINEMATIC ALIGNMENT**

The new Medacta Individualized Kinematic Alignment (MIKA) offering is based on the kinematic alignment surgical approach, an alternative to traditional mechanical alignment for TKR. The kinematic alignment technique aims to restore normal knee function by resurfacing the femur and tibial articular surfaces to those of the normal or pre-arthritic state. This approach is aimed at achieving the best patient satisfaction and function, as well as minimum damage to the surrounding tissues and ligaments. Discover more about MIKA at http://mika.medacta.com.

![Functional stability and patient specific kinematics](image1)

![Dedicated Kinematic Alignment metal instrument set](image2)

![Patient specific 3D planning optimizing kinematics](image3)

![Tailored education program and scientific events](image4)

**GMK EFFICIENCY: AN INNOATIVE WAY TO SAVE TIME AND COSTS**

GMK Efficiency single-use instrumentation can facilitate time and cost savings while bringing reliability and predictability to multiple steps in the global delivery of TKA. The 2018 study "Economic Advantages of Medacta’s Sterile-packed, GMK Efficiency Single-use Instruments for Total Knee Arthroplasty, By Tyler Goldberg, MDa; Jason A. Inzana, PhDb, John A. Maltry, MDc" highlights that when switching from reusable to Efficiency instruments, approximately 75% of simulated healthcare providers saved at least $750 per case, 50% saved at least $1,000 per case, and 25% saved over $1,200 per case. This finding suggests that single use instruments would be cost-effective in the majority of cases. GMK Efficiency instruments also dramatically reduced overtime in the OR, enabled the opportunity for an increase in the number of daily cases, and may reduce the risk of surgical site infections. Overall, this modelling study suggests that GMK Efficiency Single-use instruments have a compelling potential to help improve the quality and efficiency of delivering TKA procedures.
MYSPINE MC
In the spine division we launched the MySpine MC, a 3D printed patient matched solution in the midline cortical approach. Posterior lumbar fusion is driven in a minimally invasive [6,7,8], muscle sparing way, allowing for shorter operating times [8] and a substantial reduction of both radiation exposure [9] and costs [10]. The goal of MySpine MC is to combine an excellent fusion rate with greater predictability of the clinical outcomes. Discover more about MySpine MC at http://spine.medacta.com.

M-ARS ACL
For our sports medicine division, we progressed with our innovative M-ARS ACL, which was officially launched in 2017. Medacta Anatomic Ribbon Surgery (M-ARS) is an innovative surgical technique that we have developed to reconstruct the anterior cruciate ligament, supported by specific instruments and dedicated extra-articular implants. Discover more about M-ARS ACL at http://sportsmed.medacta.com.

POP: PATIENT OPTIMIZED PATHWAY
Throughout 2018 we advanced this holistic solution, that includes a complete set of products and services to deliver a safe, improved and effective quality of care to our patient through optimized surgical techniques, advanced implants and instruments and tailored educational pathway. It also includes a digital healthcare solution: an easy-to-use interactive tool that can support healthcare professionals in the delivery of patient education, information, preparation, rehabilitation, follow-up, and monitoring - before, during and after surgery. Furthermore, it can enable better management of patient expectations, increase patient compliance and improve the overall patient care experience. Discover more about POP at http://pop.medacta.com.
EDUCATION

M.O.R.E. INSTITUTE
The mission of the M.O.R.E. Institute is to provide continuous support to healthcare professionals worldwide to facilitate the adoption and sharing of knowledge of both innovative surgical techniques and products. It has become a unique and global education platform, tailored to surgeon’s needs: the courses range from joint to spine and sports medicine. Discover more at http://more.medacta.com.

<table>
<thead>
<tr>
<th>LEARNING CENTERS</th>
<th>REFERENCE CENTERS</th>
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<tbody>
<tr>
<td>83</td>
<td>~400</td>
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<tr>
<td>COURSES PARTICIPANTS</td>
<td>SURGEON-TO-SURGEON INTERACTIONS</td>
</tr>
<tr>
<td>1,200</td>
<td>1,000</td>
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</table>

With the M.O.R.E. Institute
the surgeon is never alone

MYPRACTICE DEVELOPMENT PLAN: EDUCATION ALSO FOR THE PATIENT
The MyPractice Development Plan is based on many years of experience in managing thousands of patient information events. We have created this unique and special package of services to help surgeons organize training sessions with patients, primary care physicians and nurses. Thanks to the MyPractice Development Plan, doctors are supported in promoting their activities and training patients through a series of customizable marketing tools.
Education highlights

Following the mission of the M.O.R.E. Institute, we have organized our first M.O.R.E. Americas Symposium in Montreal, an important milestone to make a global impact via education. Moreover, to support healthcare professionals worldwide, we announced the EFORT Foundation Clinical Research Fellowship, a new extensive educational concept developed in collaboration with the EFORT Foundation, and the Michael Freeman award to support innovative projects for improving patient well-being.

1ST M.O.R.E. AMERICAS SYMPOSIUM
This event has gathered upwards of 150 surgeons from throughout the Americas and Europe to discuss controversies and complexities surrounding joint arthroplasty and the health economics of orthopaedics in both the hospital and outpatient settings. “I stand by Medacta in the belief that education is crucial in driving clinical proficiency, innovation, and outcomes,” said John Masonis, MD, of OrthoCarolina Hip & Knee Center in Charlotte, North Carolina, and Chair of the 1st M.O.R.E. Americas Symposium. “The M.O.R.E. Symposia enable powerful conversations among peers not just on common challenges in orthopaedics, but on the actions necessary to fix them. It’s been my pleasure to work alongside Medacta International and the Medacta USA and Canada teams as Chair of the first-ever M.O.R.E. Americas Symposium to bring this event to a new geography and amplify the important international discourse discussed within.”

EFORT CLINICAL RESEARCH FELLOWSHIP
The EFORT Foundation Clinical Research Fellowship is a new extensive educational concept. One carefully selected “clinical research fellow” every year will be guided through a pre-defined research process from the development of a hypothesis to data collection, manuscript writing, and possible presentation at national and international orthopaedic conferences.

MICHAEL FREEMAN AWARD
Prof. Michael Freeman started working on knee replacement in the 1960’s when he founded, together with Prof. Alan Swanson, a Biomechanics Unit in the Department of Mechanical Engineering at the Imperial College in London. In 2010, Prof. Michael Freeman was introduced to Medacta by Prof. Richard Field, establishing a productive collaboration. Together, they embarked upon development of a new prosthetic design intended to provide maximum functional stability throughout the range of motion resulting in increased patient satisfaction and less anterior knee pain: GMK Sphere. As a demonstration of our commitment to education, in collaboration with EFORT, in 2018 we supported the Michael Freeman Award. It was created in memory of Professor Michael Freeman, to honor his lifetime contribution to both the European and the International Orthopaedic Community after he passed away on September 2017.
QUALITY

In Medacta we strictly follow the required standards, handling all the applicable requirements. We understand and embrace the real intent of these requirements, exploiting the strength of our Quality System to ensure the safety and satisfaction of professionals working in the medical field and of patients who benefit from our products.

We practice this responsibility every day through proactive risk management, validation and rigorous quality controls, with a sustainable approach and the active participation of all the people who are part of our organization. Our culture is based on this responsibility applied to the specificity of our organization. Quality Assurance is not just something we do, it is a part of who we are.

<table>
<thead>
<tr>
<th>EMPLOYEES IN QUALITY ASSURANCE</th>
<th>EMPLOYEES IN QUALITY CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>27</td>
</tr>
</tbody>
</table>

**QUALITY IN MOTION**

Disciplined, effective and compliant systems
Synergistic product realization
Authentic customer service and care

COMPLAINT MANAGEMENT

We have a team dedicated to the management of every claim, or presumed to be so, that we receive from the market regarding our products. We manage the analysis of each event in collaboration with all other company functions, respecting time schedules and rules given to us by the competent authorities of the countries in which we operate.
HEALTHCARE SUSTAINABILITY

EFFICIENCY AND INNOVATION

We have submitted our innovative single-use GMK Efficiency instrumentation to an environmental impact analysis, in collaboration with Swiss Climate, a consulting company that supports companies in the management of CO₂, sustainability and energy. The results were positive: its introduction leads to a saving in water consumption that was previously necessary to clean and sterilize metal instruments. The results of Swiss Climate have shown that the environmental impact of GMK Efficiency is neutral, compared to the average annual CO₂ emission of a hospital using conventional reusable metal instruments[11]. By eliminating the washing and sterilization, which are mandatory steps to prepare the metal instrumentation for a surgery, the GMK Efficiency offers a saving of about 435 litres of water for every knee operation[12-14].

Every year we also undertake to check the amount of CO₂ connected to the production and disposal of GMK Efficiency and to offset this value through active support for environmental sustainability projects promoted by Swiss Climate, in order to equalize these emissions and favor the establishment of a healthier and less polluted environment.
CARING FOR PEOPLE
EMPLOYEES WELL-BEING

We invest in people, the real engine of any successful business, and firmly believe in the importance of our employees. We therefore promote the continuous improvement of personal and professional well-being of all the people who work with us. In addition to this we have created the Medacta for Life Foundation, which promotes parenting and the return of women to professional life after motherhood.

RATE OF RETURN AFTER MATERNITY LEAVE [1]

100%

HEALTH AND SAFETY [2]

We are constantly striving to improve working conditions by taking all necessary measures to increase safety at work and prevent accidents and occupational illnesses. The presence of an infirmary and the availability of a company doctor are also a tangible sign of the attention to the health of our employees.

RETIREMENT PROVISION AND INSURANCE COVERAGE [3]

We care not only for the present but also for the future of our employees. Thanks to the supplementary pension fund, the LPP benefits and the insurance coverage of salary reimbursement in the event of disability, exceeding the regulations in force, we want to actively contribute to their serenity.

SUPPORT FOR THE EMPLOYEE [3]

Our commitment to employees is demonstrated in various ways:
- Constant management availability to listen to employees’ needs, issues and opinions.
- Guarantee of early return home in case of need or urgency, in conjunction with the car-pooling company program.
- Agreements with local restaurants and gyms.
- Participation in the costs of season tickets for the use of public transport.

CONTINUING EDUCATION [3]

The concept behind our philosophy, alongside innovation, is education. Thanks to the Medacta Academy, all employees take part in continuous training courses for professional development and growth. The following is also provided:
- Discounts for training initiatives (participation in costs, special hours, paid days, etc.)
- Language courses in the company
- Apprenticeship training
- Collaborations with schools and universities
- Student discounts: professional internship, preparation of exam projects
CULTURE OF EXCELLENCE

#BE MEDITA CAMPAIGN
We firmly believe that Medacta’s culture is a key for sustainable success, actively contributing to our growth. It is our quest to make sure that every one of our employees understands and endorses our culture and values, to successfully build and sustain our continuous improvement. The #beMedacta campaign, which we will develop in the course of 2019, is our answer to this challenge and our commitment for the future.

PROFESSIONAL DEVELOPMENT

MEDACTA ACADEMY: STRUCTURED AND EFFECTIVE TRAINING
A complete and continuous professional training is for us the basis of a conscious and responsible approach to work. The Medacta Academy, created in 2015 and structured in progressive learning levels, offers the opportunity to consolidate and increase professional and personal skills through tailor-made training programs for each employee.

- Frontal and e-learning courses
- Language courses
- Practical workshops
- Interactive simulations
- In-depth seminars with experts
- Extensive online library

HOURS OF CONTINUING TRAINING | HOURS OF TRAINING FOR NEW EMPLOYEES | PROFESSIONAL COURSES
---|---|---
13,201 | 9,145 | 119

LANGUAGE COURSES
Language is an important asset to success for international businesses. To facilitate communication between different countries and to consolidate the professional skills of our employees, the Medacta Academy has promoted English language courses. Every employee could participate in private lessons with mother tongue teachers from all over the world.

EMPLOYEES ACCESSING THE LANGUAGE COURSES
100

CERTIFICATE OF ADVANCED STUDIES IN CORPORATE SOCIAL RESPONSIBILITY
Corporate social responsibility is not only the result of a precise entrepreneurial culture but a fundamental component of our processes and organization. Because of this, an internal group completed the certification in Corporate Social Responsibility at SUPSI, through a CAS (Certificate of Advanced Studies).
CARING FOR THE ENVIRONMENT
EMISSIONS REDUCTION

We pay great attention to the environmental impact of our activities. We only use raw materials produced by suppliers that are qualified by our certified quality management system. Compared to other industrial activities, we have the advantage of operating in a sector that demands constant vigilance over the processes necessary to realize our products. We seek maximum efficiency, we comply with the regulations in force and we are committed to reducing emissions.

Following our commitment to environmental sustainability, we have signed an agreement to set targets for reducing environmental impact with AEnEC, the Energy Agency of the Swiss Private Sector. The aim of this agreement is to seek maximum efficiency by reducing power consumption and $\text{CO}_2$ emissions. This commitment intends to meet federal and cantonal requirements thanks to modern technology tools that have better efficiency class and low energy consumption. Furthermore, we signed a contract with fuel suppliers that certify that the energy they provide comes from renewable sources.

SUSTAINABLE MOBILITY

CAR-POOLING

In 2014 we successfully introduced car-pooling after analysing a series of data to assess its feasibility and potential benefits. Car-pooling, with an average of 3 persons per car, has enabled savings of over 335 cars, in full compliance with the needs of the company, part-time employees and shift workers.

<table>
<thead>
<tr>
<th>PERSONS PER CAR (AVERAGE)</th>
<th>REDUCED NUMBER OF CARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>335</td>
</tr>
</tbody>
</table>

Traffic is universally recognized as a problem: individuals, employees, companies, communities and the economic system suffer from it - while also being the main cause of the problem. This is why the first step towards change is to admit the existence of the problem. There are numerous good reasons to review our current mobility habits; as many as the disadvantages, not only economic, generated by unsustainable thought patterns:

For the company
- Costs generated by delays
- More tired and stressed workers
- Costs of professional travel
- Costs of parking areas
- Negative corporate image

For employees
- Costs related to the use of private vehicles
- Costs generated by delays
- Stress and negative impact on health
- Negative impact on performance
- Time wasted in traffic jams
- Increase in risk of accidents

For the community
- Pollution and time wasted in traffic jams
- Increase of health risks
- Costs for road maintenance
- Costs due to the negative impact on health
- Degradation of the landscape and public space
- Depreciation of the territory
MINIMIZING WASTE

We are committed to optimizing the use of materials and minimizing process waste in alignment with international standards.

Based on our attention to the environment and awareness that individual choices can reduce the amount of plastic waste, we are evaluating initiatives for the coming years, such as eliminating the use of plastic cups in the company and sensitizing our employees to the importance of reducing the use of plastic in their daily life.
CARING FOR THE COMMUNITY
The passion for our work is not limited to the well-being of our patients but we would like our contribution to be extended to all the parties we work with. For this reason, in 2011 we founded the Medacta for Life Foundation that coordinates our many and varied projects with the community.

Attention and interest towards the community is expressed in various ways. Through both financial support and the transfer of knowledge and skills, the Medacta for Life Foundation contributes to the implementation of programs and projects of social utility at local, national and worldwide levels. These projects can be grouped around three large areas: MySchool for the development of new generations and support for parenting; MyMission for the support of medical missions and humanitarian initiatives; MyGiving for participation in social projects dedicated to the protection and assistance for children and youth, services for the elderly, scientific research, art and territorial culture. Discover more at http://www.medactaforlife.com
LOCAL COMMUNITY ENGAGEMENT

MYSCHOOL TICINO
MySchool Ticino is a bilingual school (Italian/English) for children aged 0–10 years and was founded on the initiative of the Medacta for Life Foundation. The school aims to encourage the development of new generations in a context that promotes their well-being and interaction. MySchool Ticino is divided into three areas: MyBaby, MyChild and MyKid. Discover more at http://www.myschoolticino.ch.

MYSCHOOL CHILDREN

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MYBABY
The Foundation’s first project was the MyBaby company nursery school, inaugurated in 2011. The structure, initially designed to accommodate the children of employees, was then opened to local families, with the aim of providing support for parenting and promoting the return of women to professional life after motherhood. The nursery school, which initially accommodated 23 children from 0-3 years, expanded in space and receptivity in 2013 to accommodate 33 children and received the QualiNido certification from kibesuisse.

The building is located in Castel San Pietro, in a sunny area with little traffic. It borders the creek and the woods on one side, the garden, orchard and vegetable garden on the other, thus guaranteeing children easily accessible outdoor spaces. The interior spaces are designed and built to support the involvement and promote the well-being of children: large floor-to-ceiling windows facilitate the child’s vision to the outside, onto woodland, animals and seasons changes.

This proposed pedagogical project takes into account the promotion of bilingualism and the approach to child education according to Montessori and Malaguzzi. The MyBaby further expanded in 2018 and can now accommodate up to 50 children.
**MYCHILD**

The 31st August 2015 was the first day of school at MyChild. The Medacta for Life Foundation extended its educational services with the pre-school: children aged 3-6 years can find an educational environment and project tailored to their needs. In 2018, MyChild was authorised by the canton authorities (DECS) to double in size with the addition of a second section.

**MYKID**

The 3rd September 2018 was the first day of MyKid Primary school with a mixed year 1 and year 2 class. MyKid is a bilingual school offering a full day with out-of-hours care, offering various extracurricular activities. During canton school holidays and the summer period the school’s indoor and outdoor facilities are open for the children with a variety of activities.

**EXTRACURRICULAR ACTIVITIES**

MySchool’s timetable is organized in such a way as to offer a wide variety of activities that support and enrich the school’s educational services for children. The My After Time program is an afternoon service that proposes activities to involve and interest children in an active way. Moreover, MySchool offers the My Weeks service during school holidays and the My Summer Camp service during summer holidays.

**FOURCHETTE VERTE**

In 2018 MySchool has been awarded by Fourchette Verte, an association that promotes healthy eating, supported by Health Promotion Switzerland.
PHILANTROPIC CONTRIBUTIONS

Medacta for Life Foundation is active in many charitable and social projects mainly based in the local area. The Foundation has supported about 21 organizations and associations to protect the rights of children and young people, scientific research, sporting bodies and projects dedicated to art and cultural development.

ORGANIZATIONS / ASSOCIATIONS SUPPORTED

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HUMANITARIAN INITIATIVES

With the MyMission project, Medacta for Life Foundation is dedicated to assisting various humanitarian initiatives all over the world, supporting volunteer surgeons who wish to provide free assistance to communities in disadvantaged countries, improving the life quality of patients in need.

HUMANITARIAN PROJECTS IN THE WORLD

6
ABOUT THIS REPORT
In 2018, we have started to announce our commitment to sustainability.

GLOBAL COMPACT
In December 2018, Maria Luisa Siccardi Tonolli participated in the Tour de Suisse by Global Compact network Switzerland in Bellinzona. On this occasion she presented Medacta’s commitment to corporate social responsibility, actively taking part in the dialogue among the different stakeholders.

CHRISTMAS DINNER
We presented our first corporate social responsibility report during the Christmas dinner in 2018, to which all our employees in the headquarters were invited. The Christmas dinner was an important event not only to celebrate the end of the year and the Christmas holidays with all our people but also to share with them our commitment for the future.
ONLINE
We have published the 2017 Corporate Social Responsibility (CSR) report on the Canton website through the SUPSI and have created a dedicated webpage on our corporate website for all CSR reports. Discover more at http://sustainability.medacta.com

New ideas for communicating our commitment are in the pipeline.
OUR FUTURE
With this second corporate sustainability report, Medacta commits itself to continue the path we undertook in 2017.

The year of 2018 characterized both transition and continuity: we passed to the next generation of the company’s leadership, but our soul has remained untouched.

We will be faithful to our mission to continue improving the patient experience by advancing surgical approaches, implants, and instruments through responsible innovation and meticulous design. It is our intention to continue to grow Medacta while keeping the culture and vision that made our company one of the leading voices in the worldwide orthopaedic market.

This is our personal commitment and our promise.
### OUR SUSTAINABILITY KPIs

**COMPANY PROFILE**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>272,6M€</td>
</tr>
<tr>
<td>Employees</td>
<td>973</td>
</tr>
<tr>
<td>Countries</td>
<td>29</td>
</tr>
<tr>
<td>Compound Annual Growth Rate (CAGR) 2016-2018</td>
<td>14,1%</td>
</tr>
</tbody>
</table>

**ASSETS FOR COMPETITION**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D employees</td>
<td>58</td>
</tr>
<tr>
<td>Patents</td>
<td>~400</td>
</tr>
<tr>
<td>Registered trademarks</td>
<td>682</td>
</tr>
<tr>
<td>Learning centers</td>
<td>83</td>
</tr>
<tr>
<td>Reference centers</td>
<td>~400</td>
</tr>
<tr>
<td>Courses participants</td>
<td>1,200</td>
</tr>
<tr>
<td>Surgeon-to-surgeon interactions</td>
<td>1,000</td>
</tr>
<tr>
<td>Employees in quality assurance</td>
<td>11</td>
</tr>
<tr>
<td>Employees in quality control</td>
<td>27</td>
</tr>
</tbody>
</table>

**CARING FOR PEOPLE**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of return after maternity leave</td>
<td>100%</td>
</tr>
<tr>
<td>Hours of continuing training</td>
<td>13,201</td>
</tr>
<tr>
<td>Hours of training for new employees</td>
<td>9,145</td>
</tr>
<tr>
<td>Professional courses</td>
<td>119</td>
</tr>
<tr>
<td>Employees accessing the language courses</td>
<td>100</td>
</tr>
</tbody>
</table>

**CARING FOR THE ENVIRONMENT**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person per car (average)</td>
<td>3</td>
</tr>
<tr>
<td>Reduced number of cars</td>
<td>335</td>
</tr>
</tbody>
</table>

**CARING FOR THE COMMUNITY**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation employees</td>
<td>33</td>
</tr>
<tr>
<td>MySchool children</td>
<td>103</td>
</tr>
<tr>
<td>Organizations / Associations supported</td>
<td>19</td>
</tr>
<tr>
<td>Humanitarian projects in the world</td>
<td>6</td>
</tr>
</tbody>
</table>

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2. The geometric progression ratio that provides a constant rate of change over a given time period
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4. Medacta Orthopaedic Research and Education
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