



ORCHID'S ANNUAL SUSTAINABILITY REPORT

2023



ABOUT COMPANY

Established in 2005, Orchid Orthopedic Solutions (Orchid), is a medical device partner offering contract manufacturing services for orthopedic procedures.

Orchid serves the orthopedic and medical device industry through providing services to established and emerging Original Equipment Manufacturers (OEM's).

Orchid currently operates 10 facilities worldwide, with locations in the United States, United Kingdom and Switzerland. The company headquarters is in Holt, Michigan, United States.

Our manufacturing capabilities include additive manufacturing, forging, casting, machining and finishing, bone in-growth coatings and final packaging. Orchid specializes in implants, instruments and innovative technologies for joint reconstruction, hips, knees, spine, trauma and extremities.

Further information is provided at www.orchid-ortho.com.

ABOUT THIS REPORT

We are pleased to present Orchid's 2023 Sustainability Report, which represents Orchid's first report on this topic.

This report details forward steps which Orchid has taken in its sustainability journey and focuses on how our activities in this area are helping to drive value for our team, our customers and our communities.

This report highlights several initiatives which are already underway or which our team has delivered in 2023. Many of these initiatives have been shared with our Orchid team through company communications.

This report provides both a great opportunity to consolidate these communications and reflect on 2023 for what has been achieved, and to make this information available to all our stakeholders who have shared interests in these topics.

The disclosures we have made in this report are consistent with Orchid's internal methods of reporting, and unless otherwise noted, relate to the year ended December 31, 2023. While we maintain internal processes to verify the accuracy of information reported, the data in this report has not been externally assured.

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OUR VALUES & MISSION

WE ENABLE GROWTH



We do the right thing



We are all connected



We are driven

OPENING STATEMENT

For Orchid, our investors and our stakeholders, sustainability is integral to our business strategy to drive transformative sustainable growth with a lasting impact.

As we enter 2024, this provides an opportunity to share some updates on Orchid's sustainability performance through the last twelve months and highlight some activities which have formed part of our sustainability journey!

We aim to enable growth for our customers and employees, and having sustainable business practices helps us to make sure we are going about this the right way.

2024 is the first time we have reported publicly on our sustainability performance, so let's start with some background on what sustainability means to Orchid.

OPENING STATEMENT CONTINUED

So, what does this really mean?

- Ensuring our facilities are a safe place to work. Having efficient systems in place helps enable proactive raising of safety and welfare concerns and allows us to act on these. In our Health, Safety and Environmental spotlight section, we get into more detail about some of the progress in this area.
- Investing in our employees. Through training and focusing on developing a diverse workforce, we can provide equal access for opportunities. Our spotlight section features articles which talk about three initiatives we have accomplished in 2023. These initiatives are: Impact Academy, our Women in Manufacturing and our On-boarding Process.
- Servicing our customer demand, while continuing to provide a quality product. Orchid has invested in building out our capabilities through the addition of additive manufacturing for large joint implants. We have invested in a dedicated development team, and made great progress in validating and developing our processes for this manufacturing platform.
- Continue to improve our product quality goals and customer quality metric year over year. We have exceeded our first pass yield target for 2023. It goes without saying that reliable quality is critical for our customers. More on this in our performance highlights section.

OPENING STATEMENT CONTINUED

- Limiting our impact on the environment and providing a positive impact on the communities in which we operate. Our spotlight section includes an overview of some great community involvement projects through the last year. Additionally, one of our facilities celebrated their 50th anniversary this year, something which we feel really demonstrates sustainability!
- In our Environmental, Health and Safety spotlight section, we share about how we have taken positive steps towards monitoring and sharing information on our carbon footprint. This is a key step for Orchid as we improve our understanding, and how we can limit our climate footprint in the world, and embrace this challenge.
- Having solid governance procedures in place and transparent reporting holds us accountable to our sustainability performance and highlights where we can grow and positively impact in this area.

We end this report by reporting on our sustainability performance highlights from 2023 and look forward to sharing more on this journey!

A handwritten signature in black ink, appearing to read 'Nate Folkert', written over a horizontal line.

Nate Folkert
Chief Executive Officer

HEALTH, SAFETY & ENVIRONMENTAL FOCUS

Thanks to everyone who has been a part of making each of our Orchid facilities a safer place to work in 2023. This couldn't have been achieved without our full organization making such a collective impact on the way we work!

One of our key focuses has been around proactive reporting of safety risks, which has resulted in more than 9,000 potential hazards being identified across our facilities in 2023. This approach to proactive safety has helped us achieve a 26% reduction in recordable incident rate from 2022.

As we enter into 2024, our next step is building out a maturity matrix for employee safety, so everyone can see what our goal is and what we need to do to get there.

We also want to take the opportunity to report out on the steps we are taking to better understand our carbon footprint. Orchid is now disclosing annually to the Carbon Disclosure Project (CDP) which is a non-profit organization helping companies to disclose their environmental impact and provides annual tracking of our performance. We are early in this journey, but this reporting helps us to develop insights on where we can partner with our stakeholders to understand and limit our environmental impact. This is a topic in which we expect to report out further over the coming years as we develop our roadmap in this area.

HEALTH, SAFETY & ENVIRONMENTAL FOCUS

Interview with Jason Barrett, EH&S Specialist

Q: What attracted you to joining Orchid?

A: I was looking for an opportunity to help grow in my career, and positively impact the culture and safety of a business on a larger scale. Orchid offers me the ability to have a work/ home balance and to be part of a great team effort.



Q: What does your typical working day look like at Orchid?

A: Firstly, looking at hazard reports raised by our teams, then following up and communicating back on how we can address these. Being visible in safety walks and interacting with our production crews to address any questions or concerns they may have.

Q: Can you describe any changes which you have seen in how Orchid has managed safety during your time here?

A: I have seen a huge change with employee engagement related to safety, we have a knowledgeable workforce who want to do the right thing, so we have tried to make sure reporting issues is encouraged and we receive that information in a positive way. The site leadership here has been a big part of embracing the culture of safety and helping to drive it.

Q: What have been some of the challenges you have faced in the last year, and how have you tackled these?

A: Improving ergonomics through risk assessments and identifying better equipment designs which help our team move product and equipment around the facility safely. Another big project in 2024 was the construction of new areas of the facility, which were able to accomplish with zero injuries in the areas of construction, this was a great achievement from our employees as well as our contractors and visitors

Q: What are you looking forward to in 2024?

A: Helping to improve and develop our safety committees, this helps to develop safety knowledge through our organization, so we grow our knowledge in this area. Also, sharing and learning best practices from our other Orchid sites, we kicked this off already in 2024 with a visit from the EHS lead in our Sheffield (UK) facility. Also, I think partnering with our regulators is important, as we continue to engage and learn from that relationship

INVESTING IN OUR EMPLOYEES

Impact Academy

Impact Academy is an interactive and educational employee event with the purpose to connect Orchid's employees to the IMPACT they have on orthopedic patients, our customers and the market. We showed employees the importance they play in the products they make and how they are used in surgeries, how what they do is connected to our customers, our organization and ties back to our company purpose of enabling patients to live longer, more active lives.

With the support of the site's leadership team, each session is unique and tailored to the site's specific capabilities, history, customers and product types.



INVESTING IN OUR EMPLOYEES

Women in Manufacturing

In early 2023, we launched our first Employee Resource Group (ERG): Women in Manufacturing (WiM)!

WiM is a voluntary, employee-led group aiming to foster a diverse, inclusive workplace. We chose the WiM ERG, which is also a national organization, because as a manufacturing organization it's important to develop an inclusive work environment where employees can learn, grow and develop and we can attract more great talent to Orchid.

Our mission is to position women to develop their confidence and further their value within the organization as their authentic selves. Through advocacy, career development and networking opportunities, this community will promote an inclusive environment to provide resources and enable women to advance their skills and leadership potential in all functional positions.

We created a WiM steering team who have passion for collaboration and development.

This team consists of:

- Jen Biggar and Tikisha Cook, Co- leads
- Ellie Watson, Secretary
- Sally Sproat and Holly Plaga, Marketing and Communications
- Katie Doe and Rhonda Kennedy, Community Outreach
- Margaret Orskey and Fred Reynolds, Membership

We have already hosted many activities, such as:

- Attending both the regional and national WiM conferences
- Having an Orchid WiM logo contest
- Hosting WiM Membership Plant launches in both Detroit and Bridgeport
- Various activities at the plant level to support and develop our members

Plans for 2024 include the launch at the eight remaining sites by April. We are also in the process of completing a calendar of events at each site that will drive engagement and draw additional members.

INVESTING IN OUR EMPLOYEES

Building Resilience

Ted Bloomfield, VP – Machining Operations, presented at the Orthopaedic Manufacturing & Technology Exposition and Conference (OMTEC): the biggest manufacturing convention of the year in our industry.



He held a 15-minute in-booth presentation to share how our largest facility (Bridgeport, MI) overcame challenges by building resilient learning and training programs for employees. Because the industry is experiencing high turnover, low unemployment, manufacturing careers de-prioritized and wages increasing nationwide, manufacturing talent is in demand.

Typically, when an organization is in a hiring phase, productivity will slow down. By enhancing a learning, people-focused culture, the Bridgeport facility decreased turnover by 10% and increase productivity by 25%.

The key pillars in helping build a learning culture within your organization are:

- Invest: Devote time, focus and money toward people
- Attract: Create interest in manufacturing careers
- Onboard: Ensure confidence in medical device manufacturing
- Train: Provide on-the-job and technical learning opportunities
- Grow: Open clear paths to career opportunities

With a robust orientation program, clear career path structures and cross-training, employees are confident and proud to work in orthopedic device manufacturing. As an organization, we have learned a lot about best practices and continue to improve. If you're curious to learn more about the details of our learning and training initiatives, we'd be happy to share more with you during our next conversation.

SERVICING OUR CUSTOMERS

Large Joint Additive Manufacturing

In May 2022, GE Additive and Orchid Orthopedic Solutions announced the signing of a definitive agreement to drive the continued adoption of additive manufacturing through the development of electron beam melting (EBM) solutions in the medical implants sector.

Orchid's investment in a fleet of GE Additive's Spectra L machines, allows a manufacturing process which is optimized for large joint Orthopedic implants, whilst also providing a scalable and large-scale solution suited for the production of hundreds of thousands of devices per year.

Orchid's EBM additive manufacturing capability, based at our additive center of excellence in Lansing, Michigan, provides our customers with a manufacturing technology to complement Orchid's conventional methods of manufacture, and expands our customers choice in how Orchid can partner in providing a manufacturing solution.

The EBM additive process uses an automated printing process, allowing the simultaneous creation of complex features, including bone contacting surfaces, instrument slots, and bone-in-growth structures (this provides reduced processing steps versus conventional manufacturing methods which uses multiple manufacturing steps to create these features).

SERVICING OUR CUSTOMERS

Large Joint Additive Manufacturing Cont'd

Read more about the business case for 3D printing large joints in the whitepaper article authored by Scott Reese (VP of Business Development – Orchid Orthopedic Solutions) at the following link

<https://www.orchid-ortho.com/News/Article/orchid-signs-agreement-with-ge-to-enable-large-joint-scalable-3d-printing>



SERVICING OUR COMMUNITY

At Orchid we are always looking to give back to our community. Here are just a few of the ways we stay active within our community:

- Our Holt facility volunteered to help at the Area 8 Special Olympics Track Meet which helps provide year-round sports training and athletic competition for children and adults with intellectual disabilities.
- Our Detroit site held a back-to-school fundraiser and donated backpacks to Farmington & Farmington Hills Foundation for Youth & Families.
- Chelsea employees raised \$1,240 to support the Alzheimer's Association.
- Chelsea and Detroit both hosted walks for breast cancer awareness in October raising more than \$1,800.
- Our Bridgeport facility collected more than 1,100 food items and raised \$1,300 to donate to a local veteran charity called I Support the 1% Veteran Food Pantry. They also raised money for Multiple Sclerosis.
- Our Oregon team collected 102 items, \$603 in cash donations, and \$75 in gift cards for a local non-profit organization, Clackamas Women's Services.
- Our Sheffield, UK site collected £2,615 in donations for The Children's Hospital Charity.



SUSTAINABILITY PERFORMANCE 2023 HIGHLIGHTS



Employee Safety and Wellbeing

- Together we achieved a 26% Reduction in Recordable Incident Rate
- Our employees proactively identified 9,132 hazards through our workforce reporting tools
- 4 of our locations were Recordable Incident free in 2023



Investing in our Teams

- We worked together to achieve a 12.9 % Reduction in Labor Turnover
- The Implant Academy Team has visited all sites
- Women In Manufacturing launched, and project team assembled
- All employees enjoying access to our e-learning platform (Compliance Wire)



Product Quality

- We improved our customers experience with a 64 % improvement in our Customer Quality Metric
- We exceeded our target for our First Pass Yield target which was launched in 2023
- We closed 2023 with no open regulatory agency warning letters

SUSTAINABILITY PERFORMANCE 2023 HIGHLIGHTS



Environment and Communities

- We continue to make voluntary disclosures to the CDP (Carbon Disclosure Project)
- Orchid's volunteering and fundraising has benefited our communities, and we were able to support at least eight different charities and community organizations through these efforts
- The Sheffield location celebrated its 50th year anniversary



Governance

- Continue to maintain processes for managing Bribery and Corruption, and Human Rights risks within our business and supply chains.
- Continue to make our Ethics Point service available to our employees and stakeholders as an independently hosted reporting service
- Cybersecurity strategy in place, with roadmap of further enhancements through 2024

SUSTAINABILITY PERFORMANCE DISCLOSURES

- *All performance disclosures reflect a consolidated performance across all Orchid sites which operated in Jan-Dec 2023.*
- *In cases where a percentage change is expressed (either as a reduction, increase, improvement), this based on comparing the Jan-Dec 2022 value against the Jan-Dec 2023 and determining a percentage movement between the two values. In all cases, the comparison reflects data which has been reported consistently between the two periods being compared.*
- *Recordable Incident Rates are calculated based on the definition provided by OSHA. This calculation is used across all Orchid sites to ensure a common method of reporting. The same applies to the classification of recordable incidents, which is based on definitions provided by OSHA.*
- *The reported hazards in Employee Safety and Well-being section are based upon hazards which have been reported and logged into Orchid's collective Hazard reporting systems.*
- *The labor turnover figure is based upon data reported by each Orchid site and tracked monthly and reported in Orchid's monthly reporting cycles.*
- *The Customer Quality Metric is "Defective Parts per Million," the formula is held in Orchid's quality system under document "Metrics Control Plan" to enable consistent reporting between sites.*
- *First Pass Yield was not measured in 2022. Therefore, the performance was assessed against 2023 targets. These were set in Orchid's targets for 2023, tracked monthly and reported in Orchid's monthly reporting cycles. The conclusion was derived by comparing actual to target.*
- *Open Regulatory Agency warning letters is publicly accessible information.*