

Atos Medical  
Your voice

**Atos**

# A Voice for Sustainability

Atos Medical  
Sustainability Report 2017



At Atos Medical, we are committed to giving a voice to people who breathe through a stoma, with design solutions and technologies built on decades of experience and a deep understanding of our users.

[www.atosmedical.com](http://www.atosmedical.com)

Lary 1 AB



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# Introduction

Atos Medical is committed to giving a voice to people who breathe through a stoma, with design solutions and technologies built on decades of experience and a deep understanding of our users. We always live our values: **we listen – we focus – we engage – we inspire.**

I am proud of the big progress we have made against our strategy, and the financial results we have delivered for 2017. Once again, this positions Atos Medical as one of the world's fastest growing MedTech companies. Importantly, what makes me just as proud as our financial results is our deep commitment to sustainability, and to ethical and compliant behavior in everything we do.

Through our Strategy "Empowering our End-Users" we are putting the end-user at the center of everything we do. It starts with our deep social commitment to the end-user: We will leave no patient behind! Research shows that our patient population is underserved, and that many patients do not receive the care and attention that they require. As a result, we have defined an end-user commitment to serve all patients in the market, and arrange community events where we engage directly with the many end-users that we serve. This commitment has made it necessary to grow our staff significantly, engaging more than 125 new employees world-wide in 2017 – now approaching a total number of 700 people. These new, dedicated colleagues have allowed us to significantly increase our activities to the benefit of our end-users.

Serving thousands of end-users that are deeply dependent on our products and services to preserve their health and their quality of life comes with a huge responsibility; not only to serve them in the best possible way, but also to protect their rights and live up to the trust they show us.

Rapidly expanding our staff also comes with significant responsibility to ensure that they are properly dressed to serve our end-users, and to ensure that their work is inspiring and engaging as well as healthy and safe.



Fortunately, we have a strong leadership team in place, where everyone is committed to our strategy as well as to a responsible and sustainable execution. In 2017, we have worked to structure and strengthen our Environmental, Social, and Governance activities, and we will continue to strengthen our efforts going forward.

A handwritten signature in red ink, which appears to read "Claus Bjerre". The signature is fluid and cursive.

Claus Bjerre  
CEO Atos Medical

# Atos Medical's Business Model and Strategy

Atos Medical's Business Model builds on the basis of being a fully integrated, high-quality, original manufacturer while having a strong presence in all sales channels – whether direct-to-consumer, through health care providers, or via distributors.

Atos Medical's strategic focus, however, is to deliver on the commitment end-users, connecting with them to drive innovation and making sure that Atos Medical staff engage directly with end-users, with the overall aspiration to be able to serve all end-users directly; an aspiration that is clearly reflected in the Group's revenue split, where more than forty per cent of total revenue 2017 comes from the Direct-to-Consumer business.

This clear and focused business strategy also determines Atos Medical's Environmental, Social and Governance priorities, which reflect that the most material ESG issues relate to the

end-users with Product Quality and Safety, and Personal Data Protection being key risks (cf. 2017 Annual Report p. 22). A third prioritized area is the employees, as the high-growth agenda makes it imperative to focus on employee wellbeing and retention, thus protecting Atos Medical's brand as an employer.

By aligning the ESG risk assessment with the strategic planning and the overall Enterprise Risk Management processes Atos Medical ensures that their Environmental, Social and Governance activities make sense not only in an isolated sustainability perspective, but also as supporting activities for their business priorities.

**Deliver on our end-user commitment in core market**

**Connect with our end-users to drive innovation**



**Enable sales force to serve all end-users directly**

**Inspire our people to engage with our end-users**

# Executive Summary: 2017 ESG Performance at a glance

2017 marked the re-organization and strengthening of Atos Medical's Environmental, Social, and Governance work, anchoring responsibilities in management and securing a robust reporting process.

Atos Medical clearly anchors operational Environmental, Social and Governance (ESG) responsibility in the hands of management:

- Environment: SVP Operations
- Social factors: SVP HR
- Governance: VP Legal Affairs & Compliance

The Risk ESG and Compliance Committee is responsible for monitoring and directing the ESG efforts. ESG performance is reported quarterly to the Audit Committee, and the Board of Directors assesses the strategic ESG priorities at least once per year.

In 2017, Atos Medical realized a number of important ESG milestones:

- First MDSAP Audit was passed
- Code of Conduct "Giving Voice to Our Values" was launched in 5 key languages
- Code of Conduct training campaign launched in new e-learning system

- HR manager positions established in the UK and US in addition the existing manager in Germany
- First ESG action plan (2017 – 18) established
- Enterprise Risk Management process established, incorporating ESG risk management,
- KPMG ESG review performed concluding that Atos Medical's ESG program is robust, and issuing three minor recommendations

Atos Medical's first consolidated ESG Action Plan was prepared, pivoting around the three highest priority ESG risks: Product Quality and Safety, Personal Data Protection, and Employee Retention; in addition to other important environment, social, and governance activities, tracked and reported quarterly:

Critical Success Factor	Timing	KPI	Target/threshold	Performance
<b>Ensure the highest product quality and safety</b>	Ongoing	Complaints vs. products sold	<80 PPM	15 PPM
	Q3 2017	Pass audits and certifications	ISO re-certification MDSAP recommendation KFDA audit	Passed Passed Passed
<b>Ensure employee retention</b>	Quarterly reporting	Total calculated annual employee turnover SE, DE, US, UK (last quarter, weighted)	12% (12 month)	14%
<b>Ensure a safe work place</b>	Quarterly reporting	Number of work injuries	0	0
<b>Safeguard the data privacy of our key stakeholders</b>	Q1 2018	EU GDPR Project Completion	Progress according to plan	On track
<b>Maintain a strong ethics and compliance culture</b>	Q2 2017	Implement policy and learning management system	System live and accepted	Completed
	Quarterly reporting	Employees trained	80%	82%
		Employees passing test	80%	100%
		New employees trained within 7 weeks	100%	100%
<b>Establish and maintain adequate governance processes</b>	Q4 2017	Establish Enterprise Risk Management process, incl ESG Risk Management	Risk management process approved by BoD	Completed
<b>Protect the external environment</b>	Q2 2017	Feasibility analysis of energy reduction proposals (cf. Energy Mapping Report)	Energy reduction plan prepared	Completed

# Sustainability Organization and Risk Management

## Tasks and Responsibilities

The overall responsibility for Environmental, Social, and Governance issues is anchored in the Board of Directors, who addresses ESG risks and organization annually, whereas the Audit Committee of the Board receives quarterly reports on ESG, incl. Compliance. At the Senior Leadership level, organizational sustainability (ESG) responsibilities are split between the SVP HR, SVP Operations, and the VP Legal Affairs and Compliance. The Quality Management System is managed by the QA & RA team under the VP QA & RA. Operational responsibilities rest on the individual managers.

## ESG Risk Management

Atos Medical has integrated their identification, assessment, and management of all ESG risks (environment, employee, social, human rights and anti-corruption risks) into their overall

Enterprise Risk Management system, which has the objective of identifying strategic risks that may threaten Atos Medical's long term ability to fulfill our strategy, operational risks that may impact short term targets, as well as financial risks that relate to exposures in our financial operations.

Risks are quantified and assessed, and for each risk an adequate response with concrete mitigating actions is defined and assigned to Risk Owners in the organization. Risks are monitored and regularly reported to the Audit Committee and the Board of Directors to provide them with a strategic tool for assessing whether target risks are at acceptable levels, and whether the defined responses are adequate. By year-end 2017, two ESG-related risks – one being Product Quality and Patient Safety, the other on being Personal Data Protection – are included in the group-level risk reporting (cf. Annual Report, pp. 22f):



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## Policies

Atos Medical consider integrity, ethics, and strong compliance fundamental to their business, and express this clearly in their Code of Conduct. The current Code of Conduct was launched early 2017, with the intention of both communicating clear policies on all key sustainability issues, and giving fundamental hands-on guidance to all Atos employees on a global level. The Code captures all material ESG areas in a single document, and while keeping it kept short and concise, still making it detailed enough to give our people real guidance in the form of clear dos and don'ts.

Code of Conduct training and test performance is tracked globally. English language training is available electronically, and online coverage will be extended during 2018.

While the Code of Conduct remains Atos Medical's top-level policy and guidance document, a number of SOPs and instructional documents exists, and specific training is offered based on functional or geographic needs.

## Due Diligence

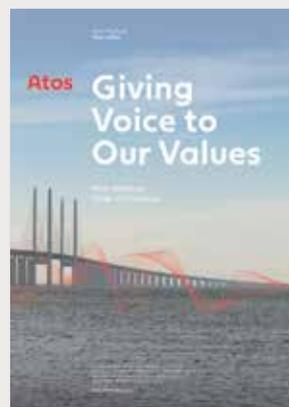
Atos Medical maintains due diligence processes for upstream suppliers as well as for down-stream third parties. 3 Supplier audits performed in 2017 at Asian suppliers. All suppliers that operate in high risk jurisdictions (China, Malaysia) undergo audits that monitor the suppliers' quality system, their social and ethical commitment, as well as their working environment. All suppliers sign Atos Medical's Supplier Code of Conduct, which contains provisions on Human Rights (forced labor, child labor, discrimination, wages, working hours, and freedom of association) Environmental Protection, and Health and Safety.

Atos Medical has implemented standard compliance undertakings in templates for down-stream third parties, and their distributor contracts comply with traceability, recall, and non-conformity reporting requirements. In 2017, Atos Medical introduced a vetting process for third parties, screening against sanctions databases and adverse media, and performing due diligence based on risk criteria. During 2018, Atos Medical will be working on covering legacy third parties and implementing an electronic due diligence management software platform.

## “Giving Voice to Our Values”

The Atos Medical Code of Conduct – is available on the corporate website in five languages, and contains policy-level positions on all material sustainability matters:

- **Environment:**  
Protecting the Environment;
- **Employees:**  
Diversity Health and Safety;
- **Social matters:**  
User Safety and Product Quality;  
In-teraction with End-users;  
Communicating about our Products
- **Human rights:**  
Non-discrimination and Non-harassment;  
Human and Labor Rights;  
Personal Data Protection;
- **Anti-corruption:**  
Bribery and Extortion; Gifts, hospitality and other advantages to outside parties; Receiving gifts, hospitality, and other advantages from outside parties; Conflicts of Interest; Sponsorships, Grants and Donations; Interaction with HCPs; Competition Law Compliance;



Performance:

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## Environment

Atos Medical operates a single manufacturing site in Hörby, Sweden, which is the hub of Atos Medical fully integrated business system – from R&D and manufacturing, supply chain and quality management, to sales, marketing and customer service and business support. The vast majority of Atos Medical's laryngectomy products are produced in-house at the manufacturing facilities, which leave a comparatively small environmental footprint.

Basic indicators	Value
Electricity consumption, Sweden	1,769 MWh
Water consumption, Sweden	1,350 m <sup>3</sup>
Hazardous waste (all waste is recovered)	1.85t
Non-hazardous waste (all waste is recovered)	1.74t

Atos Medical has its environmental work firmly anchored with the SVP Operations, and maintains an Environmental Program. Based on an energy mapping report prepared by external advisors, Atos Medical have been focusing their environmental activities on relevant energy reduction initiatives at the manufacturing site in Hörby, where target reduction activities will have the most impact.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
Protect the external environment	Q2 2017	Analyze feasibility of proposals in Energy Mapping Report	Energy reduction plan prepared	Completed
Protect the external environment	Q4 2017	Separation of process cooling and heating systems	Systems separate	Completed
Protect the external environment	Q2 2018	Assess the effects of variable flow ventilation, implement feasible changes	Progress according to plan	On track
Protect the external environment	Q4 2018	Map compressed air system, implement feasible changes	Progress according to plan	On track

## Social Matters

For Atos Medical the rehabilitation and quality of life of the end-users, most of who are patients with a chronic condition, are deep commitments. With the strategic imperative "Empowering our End-Users" Atos Medical puts the end-user at the center of their activities, to secure higher awareness, and more compliant product use. Research shows that this particular patient population is underserved, and that many patients do not receive the care and attention that they require, which is why Atos Medical work to engage with end-users not only through calls but also through face-to-face contact at community events to inform about rehabilitation and quality of life issues.

Basic indicators	Value
Avg. no. of end-user events per month YE2017	350 events
Avg. no. of outbound end-user calls per month YE2017	16,000 calls

As a medical device manufacturer, Atos Medical is acutely aware that a constant focus on the highest possible product quality and patient safety is key to maintaining their license to operate. In Atos Medical, the VP QA & RA is overall responsible for the Quality Management System and manages a dedicated QA & RA team. Atos Medical is certified under the Medical Device Directive and ISO13485:2012 and operates a certified Quality Management System, incl. complaints handling. Top management conducts a Quality Management review at least biannually.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
Ensure the highest product quality and safety*	Ongoing	Complaints vs. products sold	<80 PPM	15 PPM
	Q3 2017	Pass audits and certifications	ISO re-certification MDSAP recommendation KFDA audit	Passed Passed Passed

## Employees

To fulfill Atos Medical's ambitious strategy, the staff has increased significantly, making Atos Medical a net provider of new positions, engaging more than 125 employees in new positions worldwide in 2017, now approaching a total number of 700 people.

Basic indicators	Value
Total workforce	628 FTE
Workforce Sweden	140 FTE
Total net job creation	125 FTE

This growth, along with acquisitions, re-organizations and strategic prioritizations, has made employee retention a major focus for Atos Medical as an indicator of their ability to achieve the business targets and secure employee satisfaction and employer brand value. Atos Medical reports performance quarterly in the largest markets, covering 437 FTEs (YE2017) in SE, GE, US, and UK.

Further, employee health and safety remains a priority. In Sweden, Atos Medical operates an OHS system in accordance with Swedish law SAM (Systematic OHS Work). The CEO is the process owner while the SVP Operations chairs the OHS Council, which convenes 3 to 4 times annually. Locally, Atos Medical operates according to applicable OHS regulations.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
Ensure employee retention	Quarterly reporting	Total calculated annual employee turnover SE, GE, US, UK (last quarter, weighted)	12% (12 month)	14%
Ensure a safe work place	Quarterly reporting	Number of work injuries	0	0

## Human Rights

Though Atos Medical has only a few suppliers in high risk countries, Atos Medical ensures that suppliers are audited and sign the Supplier Code of Conduct, which includes Human Rights provisions (forced labor, child labor, discrimination, wages, working hours, and freedom of association).

Basic indicators	Value
Percentage of suppliers in high risk countries who have signed the Atos Medical Code of Conduct	100%
Percentage of suppliers in high risk countries audited by Atos Medical	100%

The fact that Atos Medical serves thousands of end-users directly every single day makes Personal Data Protection a major Human Rights focus area. Serving patients directly implies that Atos Medical processes their personal data, including their sensitive health information, putting on Atos Medical a strong moral obligation towards end-users, as well as important legal obligations; most notably HIPAA-compliance in the US and GDPR-compliance in the EU/EEA. Atos maintains policies for compliance, and train their employees on data protection issues, and retain Data Protection Officers in countries where this is mandated. In 2017 Atos Medical, with external support, initiated a GDPR-compliance project focusing on data flow mapping and risk assessment, implementing new data processing agreements, protecting the rights of data subjects, and preventing, monitoring and following-up on breaches. The project will continue into 2018 with a view to bridging potential gaps prior to the GDPR's entry into force.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
Safeguard the data privacy of our key stakeholders	Q1 2018	EU GDPR Project Completion	Progress according to plan	On track

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## Anti-Corruption

In 2017, focus has been on rolling out “Giving Voice to Our Values” – the Atos Medical Code of Conduct, and on training – e-learning as well as face-to-face training – on key corruption risks areas such as bribery and extortion; gifts, hospitality and other advantages to or from outside parties; conflicts of interest; sponsorships, Grants and Donations; interaction with HCPs; competition law; and fair marketing.

Atos Medical is aware of the inherent risk in dealing with third parties, and has implemented standard compliance undertakings in contract templates. In 2017, they introduced a vetting process for third parties, screening against sanctions databases and adverse media, and performing due diligence based on risk criteria. Implementation will continue in 2018, focusing on legacy third parties and on the implementation of an electronic due diligence management software platform.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
<b>Maintain a strong ethics and compliance culture</b>	Q2 2017	Implement policy and learning management system	System live and accepted	Completed
	Quarterly reporting	Employees trained	80%	82%
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