

Atos Medical  
Your voice

**Atos**

# A Voice for Sustainability

Atos Medical  
Sustainability Report 2018



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



3. Introduction

- 4. Atos Medical's Business Model and Strategy
- 5. Executive Summary: 2018 ESG Performance at a glance
- 6. Sustainability Organization and Risk Management
- 8. Performance: Activities – Indicators – Outcomes

# 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.**

We are proud of the progress we have made in 2018, following through on our strategy and delivering financial results that are stronger than ever. Once more Atos Medical is positioned as one of the world's fastest growing MedTech companies. Importantly, our sustained commitment to sustainability, and to ethical and compliant behavior in everything we do, has continued to go hand-in-hand with our focused business performance.

In 2018 we reconfirmed our commitment to the 'Empowering our End-users' Strategy, because we strongly believe in constantly improving the patients' ability to manage their lives. We are increasing our focus on helping patients right after surgery, and we will be increasing our investments in building even stronger global and local communities with our end-users.

Our strategy puts the end-user at the center of everything we do, starting with our deep social commitment to the end-user. We realize that our patient population is underserved, and that many patients do not receive the care and attention that they require. That is why we have committed to serve all patients in the market, and engage directly with the many end-users that we serve, in calls, at events, in their homes or online. This global commitment has made it necessary to expand significantly, engaging more than 140 new employees world-wide in 2018 – now approaching a total number of 800 people. We want to create an inspiring place to work for all these dedicated new colleagues, because we know that it is our people that make it possible to constantly increase and improve our activities to the benefit of our end-users.



Being the key provider for thousands of end-users world-wide comes with a great responsibility: we must serve them in the best possible way to improve their lives, and we must also protect their rights and live up to the trust they show us and maintaining high ethical standards.

Our ESG activities contained in this report reflect our commitment to live up to this responsibility to society in general and our end-users in particular.

  
**Britt Meelby Jensen**  
CEO

# Atos Medical's Business Model and Strategy

Atos Medical's Business Model is built 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 to 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 of them directly; an aspiration that is clearly reflected in the Group's revenue split, where more than 50 per cent of total revenue 2018 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. 2018 Annual Report p. 20f). 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.

**Establish contact with all recently operated laryngectomy patients**

**Build the Atos community through new channels of engagement**



**Deliver innovations that enables end-users to master their lives**

**Create an inspiring place to work**

# Executive Summary: 2018 ESG Performance at a glance

In 2018 Atos Medical followed through on a number of prioritized Environmental, Social, and Governance activities supporting the strategy “Empowering our End Users”.

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 2018, Atos Medical realized a number of important ESG milestones:

- MDSAP Audit and ISO 13485:2016 certification was passed
- GDPR project rolled out
- Employee Engagement Survey conducted world-wide

Atos Medical updates the ESG Action Plan annually, 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	<25 PPM	15 PPM
	Q4 2018	Pass audits and certifications	ISO re-certification MDSAP audit	Passed Passed
<b>Ensure employee retention</b>	Quarterly reporting	Total annual group voluntary employee turnover	12%	15% <sup>(1)</sup>
<b>Ensure a safe work place</b>	Quarterly reporting	Number of work injuries	0	0 <sup>(2)</sup>
<b>Safeguard the data privacy of our key stakeholders</b>	Q1 2018	EU GDPR Project Completion	Progress according to plan	Project implemented
<b>Maintain a strong ethics and compliance culture</b>	Quarterly reporting	Employees trained and passing test timely	100%	100%
<b>Establish and maintain adequate governance processes</b>	Q4 2018	New and renegotiated 3 <sup>rd</sup> party contracts going through due diligence	100%	100%
<b>Protect the external environment</b>	Q2 2017	Assess the effects of variable flow ventilation, implement feasible changes	Progress according to plan	Completed
	Q4 2018	Map compressed air system, implement feasible changes	Progress according to plan	Completed
	Q4 2018	Recycle all paper based packaging materials in production	100%	100%

# 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. At the time of reporting, Atos includes two ESG related risks - Product Quality and Safety and Personal Data Protection - in the group level risk reporting (cf. Annual Report pp. 20f).



3. Introduction
4. Atos Medical's Business Model and Strategy
5. Executive Summary: 2018 ESG Performance at a glance
6. Sustainability Organization and Risk Management
8. Performance: Activities – Indicators – Outcomes

## Policies

Atos Medical considers integrity, ethics, and strong compliance fundamental to their business, and expresses 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 an updated version of the Code of Conduct will be available for on-line training in multiple languages during 2019.

While the Code of Conduct remains Atos Medical's top-level policy and guidance document, a number of SOPs and instructional documents exist, 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 2018 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 has been working on due diligence of legacy third parties by implementing a software platform, and plans to cover the remaining legacy contracts by year end 2019.

## “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:

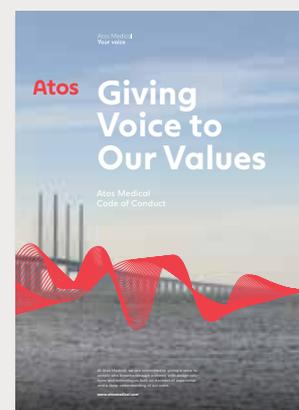
User Safety and Product Quality;  
Interaction with End-users;  
Communicating about our Products

### 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:

# Activities Indicators Outcomes

3. Introduction
4. Atos Medical's Business Model and Strategy
5. Executive Summary: 2018 ESG Performance at a glance
6. Sustainability Organization and Risk Management
8. Performance: Activities – Indicators – Outcomes

## Environment

Atos Medical operates a single manufacturing site in Hörby, Sweden, which is the hub of Atos Medical's 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	2,072 MWh
Water consumption, Sweden	1,082 m <sup>3</sup>
Hazardous waste (all waste is recovered)	1.92t
Non-hazardous waste (all waste is recovered)	59t

Atos Medical has its environmental work firmly anchored with the SVP Operations, and maintains an Environment 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. A number of initiatives will continue in 2019, incl. the recycling of plastic packaging materials, consolidation of product deliveries from air freight to bulk container shipments, and optimization of the warehouse replenishment processes to move from parcel to full pallet consignments.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
Protect the external environment	Q2 2018	Assess the effects of variable flow ventilation, implement feasible changes	Progress according to plan	Completed
Protect the external environment	Q4 2018	Map compressed air system, implement feasible changes	Progress according to plan	Completed
Protect the external environment	Q4 2018	Recycle all paper based packaging materials in production	100%	100%

## Social Matters

For Atos Medical the rehabilitation and quality of life of the end-users, most of whom 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 all activities, and three of four strategic cornerstones are built to support this commitment:

- Establish direct contact with all new users in the laryngectomy area
- Build the Atos community through new channels of engagement
- Deliver innovations that enables end-users to master their lives

Atos Medical realizes that engaging with end-users to inform them about rehabilitation and help them improve quality of life issues and in 2018 Atos Medical increased the efforts to interact with end-users in calls and in community events. 2019 will see an expansion of the Atos offerings through digital channels such as web and mobile applications while the investment in new and better products and accessories will continue.

Basic indicators	2017 Value	2018 Value
Avg. no. of end-user events per month YE	350 events	453 events
Avg. no. of outbound end-user calls per month YE	16,000 calls	19,000 calls

For a medical device manufacturer like Atos Medical the highest possible product quality and patient safety is key to maintaining the 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 (MDD), the Medical Device Single Audit Process (MDSAP), and ISO13485:2016 and operates a certified Quality Management System, incl. complaints handling. Top management conducts a Quality Management review at least biannually. In 2018, the complaints-to-products-sold ratio remained unchanged, and Atos Medical passed the ISO and MDSAP re-certifications. The fact that the 2020 deadline for complying with the new EU Medical Device Regulation (MDR) is approaching will be driving Atos Medical's 2019 high priorities: MDD certificate extension, adapting the Quality Management System and the product range to the MDR, and submitting an application for MDR certification in time for the first MDR audit (Q1 2020).

Critical Success Factor	Timing	KPI	Target/threshold	Performance
<b>Ensure the highest product quality and safety</b>	Ongoing	Complaints vs. products sold	<25 PPM	15 PPM
	Q4 2018	Pass audits and certifications	ISO certification to 13845:2016 MDSAP re-certification	Passed Passed

## Employees

To deliver on the strategy, Atos Medical needs talented and dedicated employees that are inspired by the vision and values and stay committed for the long term. This acknowledgement means that "Create an inspiring place to work" is one of the four cornerstones carrying our strategy. It is critical for us to provide our people with an inspiring work environment, exciting roles, and opportunities to develop, both professionally and personally, especially when we expand our organization as much as we do.

To fulfill Atos Medical's ambitious strategy, the staff has increased significantly, making Atos Medical a net provider of new positions, engaging more than 141 employees in new positions worldwide in 2018, now approaching a total number of 800 people.

Basic indicators	2017 total YE headcount	2018 total YE headcount
<b>Total workforce</b>	628	769
<b>Workforce Sweden</b>	140	147
<b>Total net job creation</b>	125	141

This makes 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. To give all employees a voice and provide all managers with clear insights, Atos Medical conducted an employee engagement survey. In 2019, Sweden as well as all subsidiaries will implement actions based on the survey insights, and Atos Medical aspires to improve the global satisfaction and motivation score by YE 2019.

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 and timely reports and follows up on all work injuries to prevent and learn from incidents.

Critical Success Factor	Timing	KPI	Target/threshold	Performance
<b>Ensure employee retention</b>	Quarterly reporting	Total annual group voluntary annual employee turnover	12%	15% <sup>(1)</sup>
<b>Ensure a safe work place</b>	Quarterly reporting	Number of work injuries causing work absence	0	0 <sup>(2)</sup>

3. Introduction
4. Atos Medical's Business Model and Strategy
5. Executive Summary: 2018 ESG Performance at a glance
6. Sustainability Organization and Risk Management
8. Performance: Activities – Indicators – Outcomes

## Human Rights

Though Atos Medical only has very 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 General Data Protection Regulation (GDPR) compliance in the EU/EEA. Prior to the GDPR entering into force in May 2018 Atos Medical completed a GDPR-compliance project focusing on data flow mapping and risk assessment, data processing agreements, protection of the rights of data subjects, and preventing, monitoring and following-up on breaches.

Atos maintains policies for compliance, and train employees on data protection issues, and has appointed a global Data Protection Officer (DPO) in Sweden as well as in relevant subsidiaries. In 2019, Atos Medical will be focusing on strengthening its DPO organization as well as on increasing awareness through e-learning and other forms of training.

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	Project implemented

## Anti-Corruption

"Giving Voice to Our Values" – the Atos Medical Code of Conduct – is the centerpiece of Atos Medical's compliance training, rolled out in face-to-face training and e-learning covering a broad spectrum of ethical risks, including 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. In 2019, Atos Medical will reinforce its compliance program by moving its whistleblower hotline and case reporting to a new platform managed by an external supplier.

Atos Medical is aware of the inherent risk in dealing with third parties, and has implemented standard compliance undertakings in contract templates. In 2018, before entering into new 3rd party contracts, or renegotiating existing contracts, distributors went through the risk based vetting process introduced in 2017, screening against sanctions databases and adverse media. In 2019, Atos Medical will intensify the due diligence efforts to cover all legacy 3rd parties in the distribution chain.

Critical Success Factor	Timing	KPI	Target/threshold	2017 Performance	2018 Performance
Maintain a strong ethics and compliance culture	Quarterly reporting	Employees trained and passing test timely	100%	100%	100%
Maintain adequate governance processes	Quarterly reporting	New and renegotiated 3 <sup>rd</sup> party contracts going through due diligence	100%	N/a	100%

### Notes

- <sup>1</sup> Atos Medical focuses on reducing voluntary turnover. As this was not reported globally until 2018, the 2017 report showed data for total employee turnover for four key markets only.
- <sup>2</sup> Reporting for SE, incl. the production site in Hörby.



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