

# SUSTAINABILITY REPORT 2021

RaySearch's operations aim to continuously contribute to better cancer treatment to save and prolong lives, and to improve quality of life for patients. Our vision is a world where cancer is conquered.

We achieve this by developing innovative, safe and effective software solutions that are used by cancer clinics all over the world. RaySearch's software is now used by 820 clinics in 42 countries. Together with our customers, we are striving to steadily optimize resources and streamline workflows in clinical environments, in order to improve treatment outcomes for cancer patients. This contributes to greater well-being for people and substantial economic benefits to society, which constitutes our most important contribution to global sustainable development. In parallel, this creates business opportunities for RaySearch.

## FIGHT CANCER WITH INNOVATIVE SOFTWARE SOLUTIONS



### Sustainable Development Goal 3, Target 3.4

*By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and well-being.*

To achieve our aim and our vision, sustainability is naturally integrated into our business model (read more on page 7) and strategy. Our focus is particularly on the following areas:

- High level of patient and product safety
- Optimized resources and efficiency enhancements for the highest quality and reduced environmental impact
- Attractive employer with an innovative culture and committed employees
- High ethical standards

## HIGH LEVEL OF PATIENT AND PRODUCT SAFETY

RaySearch's entire business is permeated by patient and product safety. Ensuring that patients are not injured when our software is used in the provision of medical care is key to us. It is also a prerequisite if we are to be a leading medical software manufacturer and to broaden our product portfolio.

A robust quality management system ensures RaySearch's commitment to patient and product safety. This is audited annually, both internally and externally, and the system is certified according to ISO 13485 – the internationally agreed quality management standard for the medical devices industry. The quality management system is certified by external regulators, for example every year in all markets affiliated with the MDSAP (Medical Device Single Audit Program) framework. Our software complies with relevant ISO and IEC standards, and several industry protocols for communication between medical devices. This contributes to our high level of patient safety, while also facilitating collaboration with new and existing partners by simplifying integration with their systems.

This enables us to comply with the rigorous regulatory requirements in all markets. One example is the new EU Medical Device Regulation (MDR), where we are fully certified. The US, Chinese and Japanese quality system regulations and regulatory frameworks for medical devices are other examples. The regulatory frameworks for products using machine learning are new in all markets. We have made considerable progress in collaboration with the authorities regarding how these should be interpreted.

Together with other relevant departments, our Quality Department is responsible for ensuring that the company's operations comply with applicable product and patient safety regulations. The Quality and Regulatory Affairs Director is responsible for ensuring that the quality management system meets requirements.

### Few incidents

RaySearch monitors the number of patient safety incidents. We send safety announcements to the market when needed and these are also reported to the databases of all relevant authorities. Our approach to patient safety is proactive and we would rather provide too much information for our customers than too little. The number of incidents is low and does not rise with a higher number of customers, which is the result of our proactive approach to patient safety and something we are proud of.

The data is summarized in our Periodic Safety Update Report (PSUR) and the area is presented at Management Reviews, which took place once in 2021. Our Medical Device Safety Officer from the Development department compiles and monitors handling.

## SUMMARY OF MOST IMPORTANT KPI:S

Area	Why it is important	How we follow up	Target	Outcome 2021
High level of patient and product safety	To ensure that patients are not injured when our software is used in the provision of medical care	Number of patient safety incidents	0	1
Optimized resources and efficiency enhancements for the highest quality and reduced environmental impact	More efficient work flows at cancer clinics will mean that more patient lives can be saved and improved, while environmental impacts are reduced	The number of new product/version releases that will make it easier for clinics to streamline and improve their treatments	10	8
Attractive employer with an innovative culture and committed employees	To achieve our aim, we need to attract and retain committed employees with specialized skills	Employee Net Promoter Score (eNPS), or the number of employees who would recommend RaySearch as an employer	>+20	+33
High ethical standards	To achieve our aim, and because high ethical standards and a transparent approach is fundamental to a growing company with profitability	Number of confirmed incidents of corruption and actions taken	0	0

#### OPTIMIZED RESOURCES AND EFFICIENCY ENHANCEMENTS FOR THE HIGHEST QUALITY AND REDUCED ENVIRONMENTAL IMPACT

For RaySearch, constant innovation is a prerequisite if we are to be successful. About half of our employees works in R&D. A key component in the development of new RaySearch software is to consistently contribute to higher resource efficiency in cancer care in regard to time, quality, costs and materials. Environmental impacts can also be reduced.

More efficient work flows and better tools for treatment at the cancer clinics will save and improve the lives of more patients. Clinics that want to improve their treatments are not dependent on changing to the latest hardware. They can achieve similar positive outcomes by choosing RayStation for their treatment planning, since our software can optimize the performance and life of radiation therapy machines. The productivity increase could amount to 25–40 percent, which leads to higher quality care, greater capacity to treat more patients and lower environmental impact. Our oncology information system, RayCare, also offers powerful tools for automating and streamlining workflows, and for optimizing resource utilization for cancer clinics. This has proved particularly important during the current COVID-19 pandemic, when efficiency enhancements have saved valuable time and resources.

#### Machine learning continues to grow

Our machine learning department was started in 2017 and has since grown rapidly. The focus is on developing machine learning applications for RaySearch's products. Since 2018, machine learning applications have been available in RayStation to automate organ segmentation and treatment plan generation. Substantial time savings in patient treatment have been achieved through the use of automated organ segmentation. The time saving is in the region of 30–45 minutes per patient. This has helped to compensate for the shortage of physicians who are specialized in radiation therapy, which has been particularly valuable during the COVID-19 pandemic. In December 2020, the first version of RayIntelligence was released, a suite of new products based on new technology that can make it easier for clinics to use their data to streamline, improve and personalize future treatments. New versions of these products were released continuously in 2021.

#### Strategic partnerships crucial

Collaborating with strategic partners is a key prerequisite. To develop the best, safest and most efficient software solutions, we collaborate with both leading medical device suppliers and the most advanced cancer clinics.

It is crucial that we understand and meet the real needs of these clinics. Our development is conducted in close collaboration with the Royal Institute of Technology in Stockholm, the Princess Margaret Cancer Centre (PMCC) in Canada, UMCG in the Netherlands, Heidelberg University Hospital in Germany, and Massachusetts General Hospital and the MD Anderson cancer clinic in the US.

#### Digital technologies reduce our own environmental impact

RaySearch's own activities are not assessed to cause any significant environmental risks due to limited environmental impacts and GHG emissions. The main source of our emissions is the electricity we use for our computers and to heat our premises, as well as transport and business travel. Most of RaySearch's employees work in environmentally certified premises located centrally in Stockholm, that are easy to reach by public transport or other sustainable means of transport. We also use modern communication devices to reduce the need for business travel.

RaySearch is very well-adapted to digital collaboration. When COVID-19 broke out, the company quickly switched over to working remotely. Training sessions that were previously held on site are now held very successfully remotely, and many internal and external meetings are also held effectively using digital tools. In other words, the company's delivery capacity has remained relatively unchanged with a lower environmental impact.

#### ATTRACTIVE EMPLOYER – PIONEERS WITH A CLEAR MISSION

In order to accomplish our mission to conquer the enormous challenge that cancer now poses for people all over the world, we must attract and retain committed and motivated employees with specialized skills in a number of different fields. We must also create a culture characterized by a pioneering spirit. Having the courage to challenge ourselves and think innovatively, without losing our customer and patient focus, is a prerequisite for remaining successful. This places high demands on us as an employer and on our employees.

RaySearch's employees have a very high level of education – 96 percent have a university or college education. In the R&D departments, which account for half of RaySearch's employees, more than 16.7 percent also held a PhD in a wide range of disciplines at year-end.

#### Continued growth despite global pandemic

Despite the pandemic in 2021, RaySearch continued its global growth. We feel highly privileged to have welcomed 70 new employees during the year, which increased the number of employees by about 4 percent. At year-end, the RaySearch Group had a total of 412 employees, of whom 303 were based at the head office in Stockholm and 109 in the international subsidiaries. Continuous growth places high demands on a good introduction for new employees. Due to the restrictions on face-to-face interactions during the pandemic and the recommendations by authorities to work from home, we worked even harder to adjust our induction program and increase opportunities for social interaction. For example, we arranged global social activities both virtually and in our new office during the year so that we could get to know our new colleagues.

GENDER DISTRIBUTION, TOTAL



Men, 66%  
Women, 34%

GENDER DISTRIBUTION, SWEDEN



Men, 64%  
Women, 36%

SENIOR POSITIONS, SWEDEN



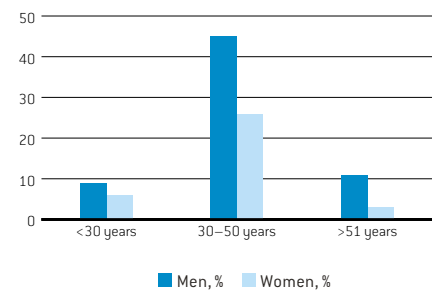
Men, 70%  
Women, 30%

GENDER DISTRIBUTION, BOARD



Men, 60%  
Women, 40%

AGE DISTRIBUTION



#### Company culture with a clear focus on innovation and quality

Our shared values help us to focus on what makes a real difference for cancer patients. We strive to maintain a culture of innovative thinking without losing focus on high quality and a long-term approach, which permeates everything that we do. We have gathered the values that are most important to us in RaySearch's Code of Conduct. All employees become acquainted with these guidelines through both introductory seminars and regular training.

RaySearch strives to create a workplace that supports both professional and personal development for employees and that promotes health and well-being. Retaining and attracting new and talented employees who match our existing and future needs for talent is essential if we want to remain successful.

#### Strength through diversity

We are all different, and our differences are needed if we are to succeed with our joint mission. In 2021, the number of nationalities among our employees increased from 31 to 35, which we consider positive in terms of diversity. Having employees with a range of cultural backgrounds and linguistic skills is a strength for RaySearch, particularly in contacts with customers all over the world.

Treating each other with respect is a basic premise of our operations. Every individual is encouraged to contribute to their full potential. Everyone's knowledge, skills and abilities should be respected and valued regardless of sex, gender identity, ethnicity, religion, disability, sexual orientation or age. No form of discrimination, bullying or harassment is tolerated. Our anti-discrimination and harassment policy contains clear guidelines for preventing, managing and monitoring such situations. RaySearch engages in continuous and preventive equal opportunity

work, which was put to the test during the COVID-19 pandemic when RaySearch as a company managed the special needs that arose in relation to the living situation of employees. Many employees have had to deal with far from perfect conditions for working undisturbed from home, and many of our employees, especially in the subsidiaries, and alongside of their employment at RaySearch, have had to share working hours and space at home with their partner while taking care of sick children and home schooling.

Responsive leadership, adapting the working situation and demands on employees to suit each individual's specific situation were crucial in enabling employees to continue to reach their full potential.

At the end of 2021, a global review and in-depth training were carried out in the area of discrimination and harassment. Creating a workplace where all employees are given the same conditions and opportunities is important, and the company has worked purposefully with a focus on equal treatment and gender equality. RaySearch has maintained a high percentage of women compared with the industry average and in 2021, women accounted for 34 percent of the company's global workforce. The proportion of women in senior positions corresponds to the general composition of the organization.

Work continued during the year towards non-discriminatory recruitment within the framework of our competence-based recruitment process. This is to intensify the focus on an objective evaluation of competence. As part of its work for equal rights and opportunities, RaySearch also prepared new procedures for internal recruitment aimed at promoting opportunities for career development and fair selection based on qualifications. The annual salary survey indicates that RaySearch's efforts to achieve equal pay have been successful. Despite continued growth in 2021, RaySearch still has few cases of unequal pay and since this is continuously followed up with action plans, any unjustified pay differentials between men and women have gradually decreased, which we have also seen over the past five years.

Due to the continued restrictions on attending employer trade fairs in person in 2021, RaySearch decided not to participate in, for example, "Womenhack" which has previously offered our female employees an opportunity to engage in the issue of diversity by representing RaySearch as a company that promotes gender equality and supports the participation of women in a technology-intensive workplace. Equivalent virtual events were offered in 2021, but experience has shown that the same positive results are difficult to achieve. RaySearch has therefore made an active choice to postpone participation in these types of events until in-person attendance is possible.

#### **Continuous development is essential**

Competence development and performance monitoring are key to a company like RaySearch, where innovation and development are vital for continued success. We have a firmly established process in place to ensure that every employee has the best conditions for being able to contribute to the company's mission and targets. The foundation is provided by regular talks between managers and employees focusing on constructive feedback and positive reinforcement of desired behaviors. Competence



JOHANNA KILANDER | System Developer

**"At RaySearch, I can develop and use all of my skills."**

development at RaySearch is partly achieved by taking on new roles and challenging assignments together with colleagues, with opportunities to use the latest technologies for software development. Our employees are encouraged to take part in various training courses, both internal and external, and to attend trade fairs and other external events.

RaySearch has a long-term vision to concentrate its efforts more on learning and development. In 2021, a learning and training platform was introduced to increase the range and availability of competence development initiatives for our employees. This work will continue during both 2022 and 2023.

#### **Leadership more important than ever during the COVID-19 pandemic**

Leadership demands naturally change in a major crisis, which RaySearch has also experienced. Since the start of the pandemic, RaySearch's main priority has been the health and safety of the company's employees. In a team effort, the company also worked to ensure a continuous high level of productivity in all business functions to enable expected deliveries to customers. Like most organizations, the company has faced new challenges in terms of leadership. Our managers have needed to switch to a style of leadership with greater responsiveness and individual adjustments to manage the transition that all employees experienced in terms of changed work and living conditions. Some issues proved challenging, such as how to ensure a good working environment when employees are working from home, how we can ensure that our employees are safe when traveling for business and how managers can prevent and identify mental health problems in employees who are working remotely. One key success factor is that we, as a company, are very flexible and that the company worked actively with various technological solutions to handle the



PETER NORDSTRAND | Competence Group Manager (Development)

**“The leadership course that RaySearch offered made me a better manager.”**

transition to remote working. Nearly everyone in the company has established a new virtual meeting structure and digital channels to increase the flow of information and stimulate social interaction. The results of both customer deliveries and employee satisfaction surveys show that we handled the transition very well.

During the year, we continued to train employees who hold senior roles in addition to managers. RaySearch has a high level of ambition, with the target that all of our managers and employees in senior roles will complete leadership training. At the end of the year, 100 percent of managers had completed leadership training. Since RaySearch has appointed many senior roles during the year, such as project managers and team leaders, these leadership initiatives will also continue in 2022. New managers at RaySearch undergo both internal and external management training.

**Wellness and social activities – adjustments during the pandemic**

RaySearch wants to offer employees a good physical and psychosocial work environment and opportunities to achieve a healthy work-life balance. During the pandemic, we continued to work actively to optimize workplace ergonomics. Since 2021 largely involved remote working, in accordance with the authorities' recommendations, RaySearch continued to offer all employees the possibility of taking their office chairs and technical tools home to ensure good ergonomics at home as well. Via the company, employees could also rent height-adjustable desks for their home office.

RaySearch also continued to highlight the private health insurance and occupational health services that are available to all employees at the head office in Stockholm. In 2021, we noted a decline in the insurance

take-up rate compared with the preceding year. We also noted a decrease in our sickness rates compared with 2020. In 2021, sickness absence remained low in the Parent Company at 1.5 percent, which is below the national average.

RaySearch wants to make it easy for employees to include exercise and physical activity in their daily routines. RaySearch offers a generous wellness subsidy and the employee take-up rate was high in 2021 at 78.8 percent.

In this year's employee satisfaction survey, we identified an interest among employees for more physical activity and social interaction by arranging social activities and physical training online for the company.

Since working from home does not suit everyone, we decided that the Stockholm office would remain open for those employees who did not want to, or could not, work remotely.

**Follow-up for continuous improvements**

RaySearch conducts annual employee satisfaction surveys for the entire company in order to measure and monitor the results of implemented activities, to identify areas for improvement and to gather feedback from employees.

Overall, the 2021 survey delivered consistently high scores. Employees were very satisfied with collaboration with their colleagues and the company's leadership. Managers were perceived as accessible, good listeners and good at giving constructive feedback. The areas for improvement that were identified were the overall communication in the company and the periodically high workload, which are parameters that we are continuing to investigate in order to make the necessary improvements.

In addition, the results showed that employees were very likely to recommend RaySearch as an employer, an Employee Net Promotor Score (eNPS) of 33, where an eNPS ranging from +20–+30 is considered good while anything over that is excellent. We were not surprised by the slight increase in employee turnover in 2021. Turnover was 14,6 percent in the Parent Company during the year, which is still low compared with the industry average of about 16 percent for high-tech companies in Sweden. In 2021, our focus was to continue transitioning our working method and leadership, and ensure the health and safety of the company's employees, while also striving to maintain continued high levels of productivity in all business functions to enable expected deliveries to customers.

**HIGH ETHICAL STANDARDS**

RaySearch's operations shall be conducted in a way that meets the high demands and expectations of our stakeholders. Everything we do shall be characterized by responsibility and high ethical standards. An unethical business culture could pose a risk for our customers, patients, employees, business partners and society at large, as well as for us as a company. If RaySearch is to pursue a long-term sustainable and profitable business operation that can grow and develop, high ethical standards and a transparent and proactive approach are fundamental. This is a prerequisite for nurturing the RaySearch brand.

### Responsible business the key to success

All internal relationships as well as our relationships with customers, business partners and other stakeholder groups shall be characterized by responsible, ethical and sound business principles. RaySearch shall comply with all applicable local and international laws and rules, and does not tolerate any form of corruption, including bribery, fraud and anti-competitive practices, or violation of human rights.

The responsibility for business ethics lies with each respective department. The Legal Department has overall responsibility for the Code of Conduct and the company's anti-corruption policy and the guidelines for collaboration are based on the medtech industry's ethical codes (Global Policy on Interactions with Healthcare Professionals). The department is also responsible for training and informing all employees about these codes. The company's Quality Department conducts regular reviews of the company's policies and processes, while the responsibility for implementation and decision-making lies with each department. The Legal Department assists in drawing up contract templates and offers continuous advice in accordance with applicable laws, rules and ethical codes, such as when new research projects and contracts with healthcare and medical services are initiated. The Board is regularly informed about matters related to business ethics and compliance by the CEO and General Counsel.

### Code of Conduct for ethics at all stages

RaySearch's Code of Conduct provides a framework for what RaySearch considers responsible and sustainable behavior. The Code of Conduct defines the company's principles and policies for business ethics. The Code of Conduct was adopted by the Board at the end of 2017 and subsequently implemented in the quality management system in early 2018. The Code of Conduct has been adapted for RaySearch's operations and is based on the Universal Declaration of Human Rights, the ILO Conventions, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Part of the Code of Conduct describes RaySearch's zero tolerance of working conditions similar to modern slavery, internally and by suppliers. As part of these efforts, a Modern Slavery Statement is prepared every year, where the Board presents the measures taken to ensure that modern slavery and trafficking do not exist in any part of our supply chain. RaySearch's Modern Slavery Statement for the 2021 fiscal year is available on our external website.

The Code of Conduct covers all employees, Board members, independent consultants and other people acting on behalf of RaySearch. It is available to all employees on the intranet and included in the introductory material that all employees receive at the beginning of their employment. The Code of Conduct is also a key component of RaySearch's Compliance Program Training, which all employees undergo every year. In 2021, 95 percent of employees completed this training. The Code of Conduct is also given prominence during the Legal Intro seminar, which is held for all new employees.

RaySearch monitors its business ethics measures by reporting the number of confirmed corruption incidents and actions taken during the year, as well as the number of legal disputes in regard to anti-competitive practices. In 2021, there were no confirmed corruption incidents or legal disputes in relation to anti-competitive practices.

### Screening of distributors and agents

In markets where RaySearch does not have its own sales organization, we work with external distributors and agents. This business model place high demands on internal strategies and processes to identify and prevent corruption risks. RaySearch conducts business activities in several geographic markets where corruption is both a risk and a real hindrance to development and growth. There is also a clear link between countries with widespread corruption and lack of respect for human rights.

RaySearch's Business Partner Background Check and Customer Screening Procedure ensures effective due diligence using internal and external tools. This screening procedure for customers and external partners has been in place since 2017. Our Code of Conduct is distributed to business partners in certain high-risk countries, especially distributors and agents, together with the requirement to sign our Code of Conduct Compliance Form. Ten business partners signed the form in 2021. There were no confirmed breaches during the year.

Responsibility for reviewing and monitoring suppliers lies with each respective department.



LAURA ANTONOVIC | Business Manager

**“A clear Code of Conduct reduces the risk of uncertainty.”**

### ABOUT RAYSEARCH'S SUSTAINABILITY REPORT

RaySearch's Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act. This Sustainability Report covers the 2021 fiscal year and comprises RaySearch's operations during the reporting period of January-December 2021. This is the fourth year that RaySearch has published a Sustainability Report. RaySearch intends to publish a Sustainability Report on an annual basis. The report and its contents have not been reviewed externally.

In 2017, RaySearch began to apply a more structured approach to sustainability and in 2018, conducted a materiality assessment to identify the most material topics for RaySearch. The materiality assessment was based on the Global Reporting Initiative's (GRI) guidelines to identify and prioritize the company's most important sustainability topics, and to validate the process and results. The identification of sustainability topics that can reasonably be considered material for RaySearch was based on the actual impact of our operations on the environment, people, society and the economy.

Ongoing dialog with the company's stakeholders is a key component of the materiality assessment and during this process, we approached a range of stakeholder groups, that in various ways are part of, or impacted by, our business in order to include their needs, wishes and expectations. The stakeholder dialog was conducted with customers (clinics and hospitals that treat patients), employees, investors and shareholders, business partners, distributors, suppliers, regulators, policy makers and industry associations.

The assessment was presented to management and resulted in five strategic material topics, including the overarching aim to fight cancer with innovative software solutions. All of the areas are within the framework of RaySearch's core business. Efforts to further develop levels of ambition, targets and metrics linked to the identified sustainability topics continued in 2021. It will also continue to develop as we move forward.

As part of the materiality assessment, RaySearch also assessed the company's risks and opportunities across the entire value chain. A description of the main risks and how RaySearch manages these risks can be found in "Risks and risk management" on pages 39–41.

Stockholm, April 28, 2022

Lars Wollung  
Chairman of the Board

Carl Filip Bergendal  
Board member

Johan Löf  
CEO and Board member

Britta Wallgren  
Board member

Hans Wigzell  
Board member

Johanna Öberg  
Board member



# AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF RAYSEARCH LABORATORIES AB (PUBL), CORPORATE IDENTITY NUMBER 556322-6157

## ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 on pages 22-28 and that it has been prepared in accordance with the Annual Accounts Act.

## THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustaina-

bility statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## OPINIONS

A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature

Ernst & Young AB

Anna Svanberg  
Authorized Public Accountant



JOHAN LÖF | CEO and founder

**“Despite a challenging business situation, we decided to forge ahead with the development of our existing, as well as our future, products. We now feel confident that market conditions will improve and that growth is set to resume.”**

