

SUSTAINABILITY REPORT 2019

SUSTAINABLE STRATEGY

OUR VISION IS 'A WORLD WHERE CANCER IS CONQUERED.'

Our **mission** is to contribute to the continued advancement of cancer care by developing innovative software solutions that improve quality of life for cancer patients and save lives.



STRATEGY

SOFTWARE DEVELOPMENT AND R&D

- Product and patient safety
- Leading functionality for improved treatment outcomes
- Resource efficiency to reduce environmental impact

STRATEGIC PARTNERSHIPS

- Customers – cancer centers
- Research institutions
- Medical device suppliers

PROFITABLE AND SUSTAINABLE GROWTH

- Long-term profitability
- High ethical standards

ATTRACTIVE EMPLOYER

- Committed employees with a high level of expertise in an innovative culture
- Social sustainability (work environment, gender equality, etc.)

INNOVATIVE CULTURE

HIGH ETHICAL STANDARDS INCLUDING ANTI-CORRUPTION

RaySearch's operations aim to help cancer centers improve, extend and save the lives of cancer patients. Our vision is 'a world where cancer is conquered.' By developing innovative software solutions, which are used by cancer centers worldwide, we strive to continuously help streamline workflows in clinical environments and to improve treatment outcomes for cancer patients. RaySearch's software is currently used by over 2,600 centers in more than 65 countries. This contributes to major social benefits and economic gains, while also creating business opportunities for RaySearch.

Sustainability is fully integrated with our mission and strategy. Our operations must also be pursued in a manner that meets the high demands and expectations of our stakeholders. RaySearch should be characterized by responsible business conduct, with high ethical standards. Unethical business culture may pose a risk for our customers, patients, employees,

business partners, for society at large, and for us as a company. To succeed with our vision, skilled and committed employees, trusting collaboration with strategic partners, and corporate responsibility are critical. Read more about RaySearch's business model on page 1.

GREATEST INFLUENCE IN FIVE AREAS

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 (cancer centers and hospitals that treat patients), employees, investors and shareholders, business partners, distributors, suppliers, regulators, policy makers and industry organizations.

The assessment was presented to management and resulted in five strategic material topics, all within the framework of RaySearch's core business:

- Fight cancer with innovative software solutions
- Patient and product safety
- Business ethics and anti-corruption
- Resource efficiency to reduce environmental impact
- Attractive employer – committed employees in an innovative culture

Work to define levels of ambition, targets and metrics linked to the identified sustainability topics continued in 2019. As part of the materiality assessment, RaySearch also assessed the company's risks and opportunities across the entire value chain. A description of the primary risks and how RaySearch manages these risks can be found in "Risks and risk management" on pages 9–10.

FIGHT CANCER WITH INNOVATIVE SOFTWARE SOLUTIONS

The aim of RaySearch's operations is to work together with our customers to improve, extend and save the lives of more cancer patients. We are thereby making a direct contribution to the achievement of 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. We are continuously striving to improve cancer care with innovative, safe and efficient software solutions, which also considerably reduce the global cost of cancer.



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.

COLLABORATION FOR CONSTANT INNOVATION

For RaySearch, constant innovation is a prerequisite if we are to be successful. More than half of our employees are engaged in research and development. More effective work flows and better appliances for treatment at cancer centers will mean the lives of more patients can be saved and improved. It is also a prerequisite for us to be commercially successful and to create value for our shareholders.

Working together with strategic partners is another basic prerequisite. To develop the best, safest and most efficient software solutions, we collaborate with both leading medical device suppliers and the most eminent cancer centers. Our entire development model is based on these partnerships, which provide us with extensive clinical knowledge and resources. It is crucial that we understand and meet the real needs of these clinics. Our development work is conducted in close collaboration with the Royal Institute of Technology in Stockholm, 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 Center in the US.

MACHINE LEARNING FOR BETTER TREATMENTS

Our machine learning department has grown rapidly since the start in 2017. 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. In 2020, the department will develop RayIntelligence, a series of new products that will make it easier for cancer centers to use their data to streamline, improve and personalize future treatments.

PATIENT AND PRODUCT SAFETY

RaySearch's entire business is permeated by patient and product safety. It is a prerequisite if we are to be a leading medical software manufacturer. All markets have rigorous regulatory requirements with which we must comply. One example is the EU's current and future medical device regulation (MDR), where we are striving to become one of the first to be certified. The introduction of MDR was recently postponed by one year until May 2021. The FDA's quality system regulation and the new regulatory framework for medical devices in Japan are examples of other requirements. The regulatory frameworks for products using machine learning are completely new in all markets. We will need to cooperate with the authorities on how these should be interpreted.

OUR PRIORITY IS PATIENT AND PRODUCT SAFETY

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 13485:2016 – the internationally agreed standard that sets out the requirements for a quality management system specific to the medical devices industry. The quality management system is certified by external regulators for all markets affiliated with the MDSAP (Medical Device Single Audit Program) framework. The next MDSAP audit is scheduled for 2020.

All our software complies with the ISO 14971, IEC 61217, 62083, 62274, 62304 and 62366 standards, as well as multiple communication standards for interconnectivity 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.

RaySearch monitors the number of patient safety incidents every year, and sends safety announcements to the market when needed. These are also reported to the databases of all relevant authorities. The number of incidents is low and does not rise with a higher number of customers, due to a proactive approach to patient safety. This is summarized in our Periodic Safety Update Report (PSUR). The area is reported twice a year at Management Reviews. Together with relevant departments, the Quality Department is responsible for ensuring that the company's operations comply with applicable product and patient safety regulations. Our Medical Device Safety Officer from the Development department compiles and monitors handling. The Quality and Regulatory Affairs Director is responsible for ensuring that the quality management system meets requirements. We are proud of the low number of incidents. Our approach to patient safety is proactive and we would rather provide too much information for our customers than too little.

BUSINESS ETHICS AND ANTI-CORRUPTION

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 relationships with customers, business partners and other stakeholder groups should be characterized by responsible, ethical and sound business principles. RaySearch follow all applicable local and international laws and rules, and the company 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 performs regular audits 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 set up. The Board is regularly informed of matters concerning 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, and 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. Some changes were made in 2019 and the updated Code of Conduct was adopted by the Board in February 2020. One change involved a clarification that certain sections of RaySearch's Code of Conduct also apply to third parties. The Human Rights and Labor Conditions section was extended to include a section on Modern Slavery, stating that RaySearch has a zero tolerance policy, both internally and for suppliers. This also involves the preparation of a Modern Slavery Statement 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. During the year, we also launched a new, updated compliance text in our contracts, including supplier contracts, with an obligation for the counterparty to comply with applicable modern slavery laws and, when requested, to present their own Modern Slavery Statement. RaySearch's Modern Slavery Statement for the 2019 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 is included in the introductory manual that all employees are to read when their employment commences. The Code of Conduct is also a key component of RaySearch's Compliance Program Training (online) which all employees undergo every year. In 2019, 82 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 2019, there were no confirmed corruption incidents or legal disputes in regard 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 hinder 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 procedure and the certification process for customers and external partners, which has been in place since 2017, was updated and extended in 2019. Following the change, more countries are now considered covered by our process for end customers. 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. More than ten business partners signed the form in 2019. No breaches arose during the year.

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

DIGITALIZATION WITH REDUCED ENVIRONMENTAL IMPACT

RaySearch's own environmental and climate-change impacts are limited. The main impact is derived from electricity consumption for computers, the heating of premises, transportation 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. In conjunction with the COVID-19 outbreak, the company quickly switched to remote working. Training sessions that were previously held at the office are now held, very successfully, as webinars. Most internal and external meetings can be effectively held using digital tools. In other words, the company's delivery capacity has remained relatively unchanged, with a reduced environmental impact.

RaySearch's software contributes to higher resource efficiency in cancer care in terms of time, quality, costs and materials. Cancer centers 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, as our software can, for example, increase the performance and lifespan of radiation therapy devices. Our oncology information system, RayCare, also provides powerful tools for automating and creating more efficient workflows, as well as optimizing resource utilization for cancer centers. In 2019, we launched additional machine learning applications.

ATTRACTIVE EMPLOYER – PIONEERS WITH A CLEAR MISSION

RaySearch has the aim to conquer the enormous challenge that cancer now poses for people all over the world. To be successful, we need to attract committed and motivated employees with specialized skills in a number of different areas. 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 – 98 percent have university or college education. In the Research and Development Department, which accounts for about half of all employees, 16 percent also held a doctoral degree at the end of the year, majoring in various specialist fields.

INNOVATIVE COMPANY CULTURE WITH STRONG FOCUS ON QUALITY

Our shared values help us to focus on what makes a real difference for cancer patients in our day-to-day work. We endeavor to uphold an innovative culture without losing focus on high quality and a long-term approach, which should permeate everything that we do. In RaySearch's Code of

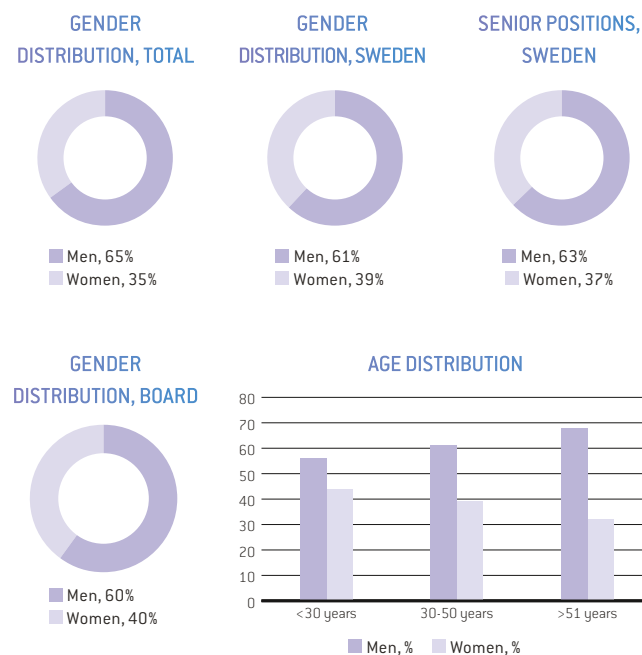
Conduct, we have compiled the most important factors for us. All employees become acquainted with these guidelines through both introductory seminars and regular training.

RaySearch also 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 employees with a high level of expertise, and who match current and future needs for competence, is essential if we are 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 2019, RaySearch's employees represented 23 different nationalities. This is a strength, also in contacts with customers in the global market.

Treating each other with respect is a basic premise of our operations. Every individual is to be encouraged to reach 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 is conducting continuous preventive work. In 2019, eight new managers were appointed who were all trained in the anti-discrimination and harassment policy and in how a non-discriminatory recruitment process should be conducted. This was particularly important as we recruited many new employees in 2019. In 2020, we will again review our policy and hold in-depth training sessions in the area, designed for both managers and employees.



One important element in creating a workplace where all employees have the same conditions and opportunities is purposeful work toward gender equality. In Sweden, where RaySearch employs most people, 40 percent of the employees were women. Worldwide, 35 percent were women. The proportion of women in senior positions corresponds to the general composition of the organization. One positive sign during the year from a gender equality perspective, was that men and women in the Parent Company took an equal amount of parental leave.

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. It is clear from the salary survey conducted every year that RaySearch has been successful in offering equal pay to women and men. The few cases of unequal pay that were noted have been continuously monitored through action plans, which have led to a gradual decrease in unjustified pay differentials between men and women over the past three years. A special 'Womenhack' was held in October. Our female workers were given the 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.

INNOVATIVE CULTURE NEEDS CONSTANT COMPETENCE DEVELOPMENT

Competence development and performance monitoring are key to a company like RaySearch, where innovation and development are vital. 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. Our employees are encouraged to take part in international exchanges by participating in various training courses, both internal and external, and attending trade fairs and other external events. Competence development is also achieved by, together with colleagues, taking on new roles and challenging assignments with opportunities to use the latest software development technologies.

INSPIRING LEADERSHIP AT ALL LEVELS

In order to create the open and innovative culture we aspire to, we focus on leadership. Strong and inspirational leadership will become increasingly important for creating commitment and results, and making full use of the organization's competence, not least in our current highly expansive phase. In 2019, we continued to regroup large departments into small subdepartments. One goal is to further increase points of contact between employees and managers. Another is to create better opportunities for sustainable leadership.

During the year, we continue to train employees in various forms of leadership, not only managers. RaySearch has a high level of ambition, with the target that 100 percent of our managers and employees in senior roles will have undergone leadership training. At the end of the year, 43 percent of managers and others in senior roles had completed leadership training. The leadership initiatives will continue in 2020 since RaySearch has appointed many new managers and a number of senior roles as project managers and team leaders during the year. New managers at RaySearch undergo both internal and external management training.

WELLNESS THROUGH EXERCISE AND SOCIAL ACTIVITIES

We want to offer all of our employees a positive physical and psychosocial work environment, and a healthy work-life balance. We also work actively with workplace ergonomics and offer flextime. All employees at the head office in Stockholm are covered by a private preventive health insurance and occupational health care.

We also want to make it easy for our employees to include exercise and physical activity in their daily routines and RaySearch offers a generous wellness subsidy, which was used by 83 percent of employees during the year. The Stockholm office, where most of our employees are based, is centrally located, which provides access to a wide range of activities. The office also has several locker rooms with showers, washing and drying facilities. Social contact is important for us. We therefore invest a lot in activities where we meet and have fun together. All employees are offered breakfast, and we regularly hold various joint activities, in particular different sporting activities, such as running and floorball matches.

ROBUST GROWTH WITH A FOCUS ON JUNIOR EMPLOYEES

RaySearch continues to grow. In 2019, 105 new employees joined the company, which means an increase of about 20 percent in the number of employees. At year-end, the total number of employees in the RaySearch Group was 377, of whom 279 were based at the head office in Stockholm, and 98 in the international subsidiaries across ten countries in Europe, the US and Asia.

The large number of new employees also imposed demands on a good introduction at the commencement of employment. During the year, RaySearch continued to recruit junior employees, something we began the previous year to increase diversity and contribute to new perspectives in the company. To make the introduction to the company as quick and smooth as possible, we created RayAcademy, where teams of juniors are introduced together.

Employees at our subsidiaries in Europe and Asia always travel to Stockholm for an introduction to enable faster integration with the company and our culture, and we arrange a global conference every year for all employees from all companies in Stockholm.

FOLLOW-UP FOR CONTINUOUS IMPROVEMENTS

RaySearch conducts regular employee satisfaction surveys of the entire company in order to measure and monitor the results of implemented activities, to identify improvement areas and to give employees an opportunity to present their views. All employees are asked questions about their workplace, leadership, remuneration, ability to influence, work environment, opportunities for development, health and so forth. The 2019 employee survey also delivered a strong result, with scores above 4 in all areas on a 6-point scale, and above 5 in half of these. It is very pleasing that 94 percent (97) of our employees feel proud to be working at RaySearch, and that 86 percent (87) would recommend the company as an employer.

The annual employee survey is also a key tool for monitoring the effects of our leadership efforts. The most recent survey also showed that leadership initiatives have led to positive outcomes. In the 2019 survey, leadership received a score of 5.1 (5) from a possible 6. Given RaySearch's growth

in 2019, with many new employees and new managers, it is extremely gratifying that we have maintained such a high score year after year. We are very proud of our managers and leaders and their pro-active efforts to prevent ill health in the organization.

Sickness absence at RaySearch remained low in 2019 at 2.16 percent. Long-term sick leave rose slightly in 2019 and accounted for 26 percent (17) of total sickness absence. It is important for us to follow up the reasons

for sickness absence, and we can see that the increase in this case is not work-related. Employee turnover also remained low. While average employee turnover for high-tech companies in Sweden was about 15 percent, RaySearch, through the active use of various measures, achieved turnover of 6.6 percent for permanent employees in 2019. Our focus on a work-life balance, together with pride in being able to contribute to a greater good, is a recipe for a healthy organization.

ABOUT RAYSEARCH'S SUSTAINABILITY REPORT

RaySearch's sustainability report has been prepared in accordance with the Swedish Annual Accounts Act. The report and its contents have not been reviewed externally. The sustainability report relates to the 2019 fiscal year and comprises RaySearch's operations as they appeared at the beginning of 2019. This is the third year that RaySearch has published a sustainability report. RaySearch intends to publish a sustainability report on an annual basis.

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Stockholm, April 29, 2020

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, CORPORATE IDENTITY NUMBER 556322-6157

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement on pages 64–69 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 sustainability

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, April 29, 2020

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant