

Life enhancing
renal care



This Sustainability Report 2019 has been approved by the Diaverum Board of Directors and contains all essential information regarding the ESG initiatives within Diaverum AB. This report is Diaverum AB's statutory sustainability report for fiscal year 2019 and it covers Diaverum AB, and its subsidiaries, according to the same principles as for the financial statements.

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CEO Letter

Dear patients, caregivers and members of our communities,

With the COVID-19 outbreak affecting millions of people globally, our thoughts are with our clinical staff, our valued doctors and nurses who work hard to establish all the new protocols and keep our patients safe from the pandemic, while offering our patients the same compassionate service. Diaverum is navigating the COVID-19 outbreak with strength, determination and, most importantly, with a thorough plan. We have already mobilised our global organisation to roll out contingency plans focusing on three outcomes: Safeguarding the health and safety of our patients and staff, ensuring operational continuity, and supporting our clinical staff.

In parallel, we are collaborating with different national healthcare authorities to provide support and develop joint contingency plans for the management of renal patients who will contract the disease. That said, I am proud to share our 2019 Sustainability Report, which sets out how Diaverum strives to meet our obligations to society and the environment as we provide life-enhancing renal care.

Our patients are at the heart of everything we do and every decision we make. Our unique approach to patient care is underpinned by a core belief that everyone deserves to live a fulfilling life – even in the most trying medical circumstances. At Diaverum, we continuously strive to make the patient's experience as positive as possible. At 404 clinics in 22 countries, we care for over 39,000 patients and provide approximately 6 million treatments to patients with late stage Chronic Kidney Disease (CKD 5).

Patients with chronic kidney disease have complex needs, often coupled with comorbidities including diabetes and cardiovascular disease. Patients with CKD Stage 5 come to our clinics every second day for four hours, which can result in isolation from their communities. It is often the case that patients meet our nurses more than their family or relatives, and by prioritising empathic care and a human touch, we become like family. Our patient care protocol encourages the patient to participate in decisions about treatment, and our caregivers devote time helping patients and their families understand the treatment process. By putting the patient at the center of everything we do, we improve medical outcomes, lower mortality rates and decrease hospitalisation days per patient.

In many developing countries, patients with CKD 5 die because they lack access to effective treatment. We want to bring high-quality renal care to patients who live in countries where such treatment is unavailable. Our rigorous market entry process ensures that Diaverum operates only where we can be sure that local practices enable us to maintain our standards. We work with local health authorities to define their national renal strategy, allowing for new paradigms of care. When we enter a new country or acquire a new clinic, we must bring the highest standards of care to improve the medical outcomes for the patients. To ensure that we meet our own standards, we carry out pre-integration audits, evaluate results after the first 100 days and then again after one year. When measuring outcomes carefully, we have always seen improvements in the standard of care and the experience in the clinics.

With our patient-centred approach, Diaverum is driving innovation in patient care and through digitalisation we can significantly enhance medical outcomes and transform our sector. We have revolutionised clinics by automating data capture and minimising human errors in reporting, thereby improving standardisation, ensuring patient safety, and reducing our environmental impact. In addition, our digital twin programme will change current access to care and eventually allow our specialists to provide the basics for dialysis treatment in remote locations. Our vision is a world where a skilled nephrologist sitting in Sweden or Portugal can support nurses providing care in Central Africa.

Clean water is crucial to safe dialysis and we continue to look for new ways to minimise our impact without compromising our standards or putting our patients at risk. We are actively collaborating with manufacturers of dialysis units to decrease water and energy consumption and are standardising clinic construction to ensure the lowest possible rates of water consumption.

I am proud of the progress we have made in the past year. There is still a lot more for us to do, and we will use 2020 to reaffirm and reassess the targets we have with respect to society and the environment. In all this, one theme will remain essential to the way Diaverum operates. That is care. We continue to put care at the heart of our approach, as we navigate through the changes to come.

**Best wishes,
Dimitris Moulavasilis**



Executive Summary

Our mission is to enable patients with Chronic Kidney Disease to live fulfilling lives, and this patient-centric approach is also the cornerstone of our sustainability work. It's about empowering patients to take control over their medical journey and well-being.

Our vision is to transform renal care, and one of our most important work streams of 2019 has been the acceleration of our digital strategy. By investing in digitalisation, we continue to improve medical outcomes through standardisation and predictability.

We approach our biggest environmental impact, water consumption, also through the lens of the patient, first and foremost to ensure water quality. We are still working hard to reduce water consumption. We also aim to reduce our resource consumption in our top five highest resource-consuming markets, to bring them in line with the best in class in every country where we operate.

We apply a holistic approach to involve patients and their families in the decision-making around their condition. By increasing the health literacy among our patients and their families and friends, we use our expertise to advance the prevention of kidney disease within these communities. We have zero tolerance for unfair trade practices, compliance breaches and un-ethical behaviour. We have a rigorous market entry process and extensive internal governance frameworks to ensure that we uphold our values, wherever we operate around the world. We use these processes and frameworks as tools to know what indicators to look for that may adversely affect and put our business at risk; and to conduct our business in a compliant and ethical way.



Diaverum is a leading global provider in renal care services and the largest independent provider in Europe

We are passionate about:

- Delivering the highest standards of renal care to our patients around the world
- Operating responsibly in all of our markets, adhering to rigorous compliance and governance standards
- Applying the same dedicated focus on the wellbeing of our patients to our employees and communities

<p>TREATING </p> <p>over 39,000 patients</p>	<p>OPERATING </p> <p>404 dialysis clinics</p>	<p>GEOGRAPHICALLY DIVERSIFIED</p> <p>Europe 60% International 40%</p>
<p>PRESENT IN </p> <p>22 countries across 4 continents</p>	<p>EMPLOYING </p> <p>c. 12,600 healthcare professionals</p>	



*Differentiated
business model*

28 years in operation

Broad renal care service offering
HD¹ PD¹ Transplants Other

Multiple levers of growth

Organic
Tenders
Greenfields
Acquisitions
New markets



Digitally enabled business

TGS



iRIMS



d.CARE



Note: ¹HD (haemodialysis) and PD (peritoneal dialysis). All numbers as of 31 December 2019 unless stated otherwise.

This is Diaverum

WE ARE CARING



We provide a wide range of renal care services to patients with chronic kidney disease, ranging from preventive care to transplantation, with the main focus on haemodialysis

WE ARE GLOBAL



We are present in 22 countries, with 404 clinics globally, and approximately 6 million treatments delivered annually to c. 39,000 patients, by over 12,000 healthcare professionals

WE ARE PROVEN



We have a proven track record of 28 years of excellence in renal care, and sustainable growth driven by organic initiatives, as well as acquisitions in existing and new markets

WE ARE EVOLVING



Our unique care delivery model is continuously evolving and is undergoing a digital transformation with tools including centralised renal management information system, pharma prescription algorithms, and a comprehensive educational platform

WE ARE VALUABLE



For our patients, we have further improved our already industry-leading standards to achieve better medical outcomes across the board, while minimising costs and optimising renal care delivery for national healthcare systems. For our shareholders, our focus on exceptional care has delivered impressive financial results

WE WILL BECOME THE DIGITALLY ENABLED RENAL CARE PROVIDER OF THE FUTURE



Our exceptional operating model, digitally enhanced with a continuously evolving toolbox, will allow us to achieve our mission – to enable universal access to dialysis – and to care, truly care for our patients

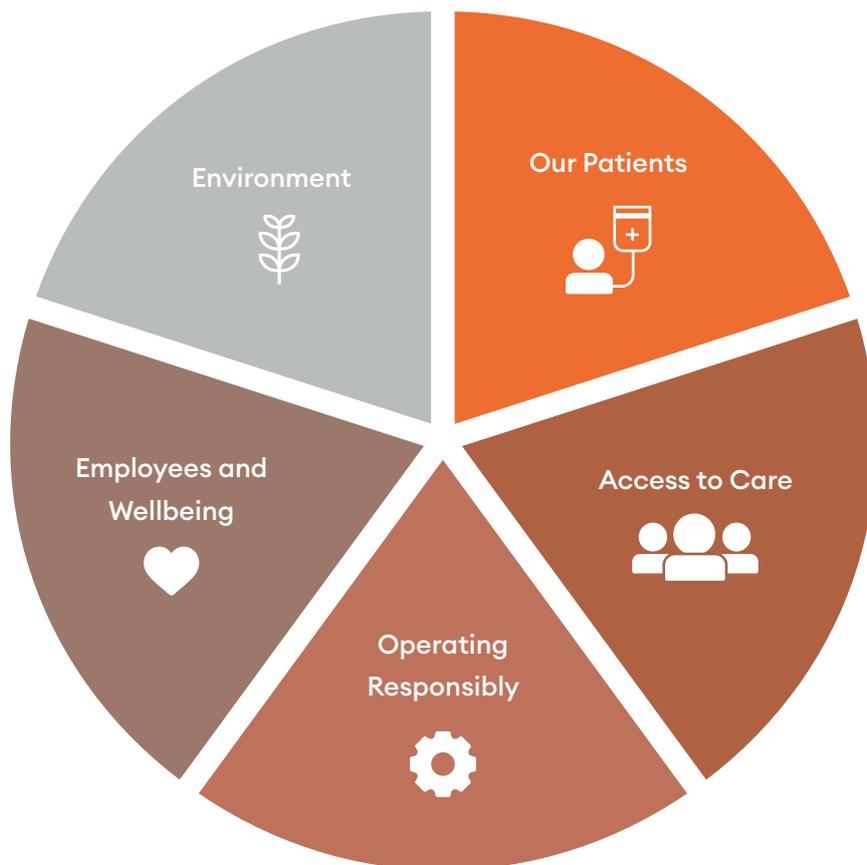
Our Approach to Sustainability

At Diaverum, we know that sustainability and business success are inextricably linked. Sustainable value creation is a core component of the company strategy, which focuses on delivering life-enhancing renal care to patients while reducing the cost for national health care systems. We develop innovative solutions that improve standardisation of care, enhance medical outcomes and provide a better control and perception of care on the part of patients.

As a signatory of the UN Global Compact, we know growth is only possible if we respect the needs of our patients, suppliers, employees and local communities. Our commitment to responsible business practices permeates our day-to-day operations and is grouped into five key areas of activity: **Our Patients, Access to Care, Operating Responsibly, Employees and Wellbeing and Environment.**

Diaverum’s Code of Conduct, lays out binding principles that guide employees and management in how to carry out daily activities in a responsible manner. The Code of Conduct covers topics such as the fair treatment of co-workers, product safety, environmental protection and fighting corruption.

The ultimate responsibility for sustainability lies with the Diaverum Board of Directors, while the operational responsibility lies with Diaverum Group Compliance.



Our Patients

Patient-centred Approach

At Diaverum, we empower patients by involving them and their families in the decision-making process, educating them about their condition and medical treatments available to ensure that they can take an active role in their care.

Our holistic approach to patient care is underpinned by the belief that everyone deserves to live a fulfilling life. This is why we will always put the patient experience at the centre of all our decisions - we want our patients to experience the best standard of care at all of our clinics.

Living with a chronic disease can be challenging, often impacting entire families. Our d.HOLIDAY programme, offering holiday dialysis, enables our patients to continue to live active and fulfilling lives.



“The future in dialysis is a more holistic view of the patient’s needs and addressing these needs, rather than just their kidney failure.”

– Cesar Silva, Head of Iberia

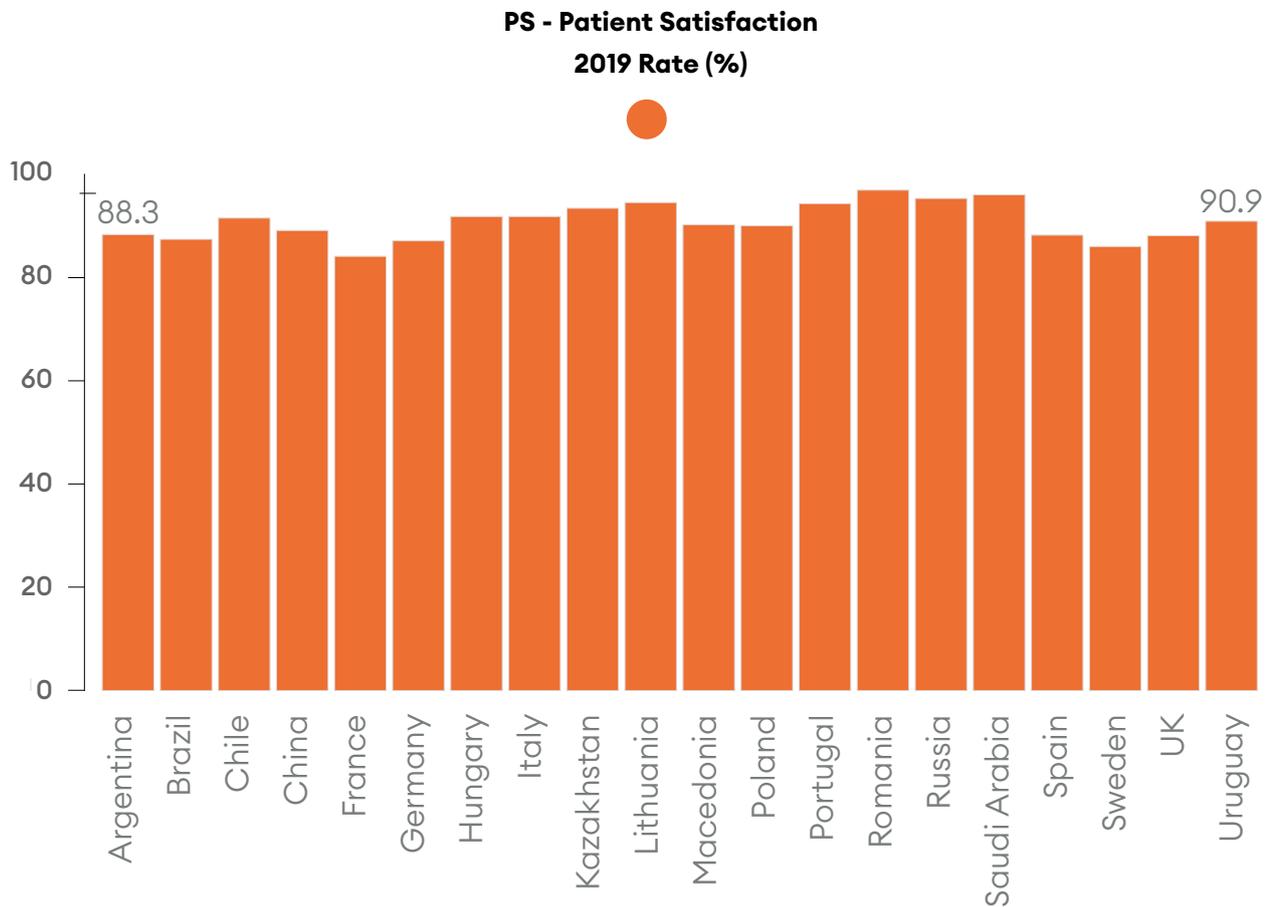
Patient Satisfaction Response rates

Diaverum measures patient satisfaction through an annual survey to harness detailed patient experience in a way that transforms the quality and outcomes of our treatments.

Patients are asked to what extent they agree with statements relating to trust, involvement, diet, waiting time, care improvements and recommending Diaverum to other CKD patients. In 2019, we achieved an average 92.6% global satisfaction score in our patient survey.

In 2019, 14 countries out of 18 showed a positive trend in the numbers of patients participating in our annual surveys¹.

We celebrate the clinics that champion the Diaverum patient-centric approach with our Kaizen award, which rewards the human touch - a key to our patients' satisfaction with the care they receive.



Note: ¹Clinics in China and North Macedonia are not part of this trend, as the 2019 survey was the first study these two markets participated in.

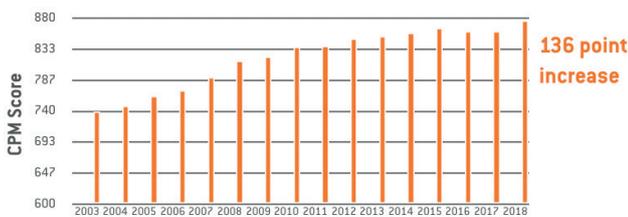
Enhancing medical outcomes through digitalisation

At the heart of our Care Delivery Model is a digital infrastructure that upholds high standards of clinical governance through regular clinical auditing, clinical support, and incident and data management. Through digitalization we can significantly enhance our medical outcomes and transform the healthcare sector.

We have revolutionised our clinics by automating data capture and minimizing human errors in reporting, thereby improving standardisation and ensuring patient safety. Data collection also empowers our medical staff to tailor medical recommendation to patients,

STRONG MEDICAL OUTCOMES

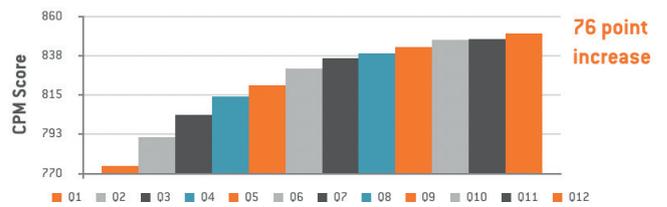
Progressive improvement in Clinical Performance Measurement (CPM), a proprietary metric (KPI) established by Diaverum to evaluate clinical performance within its own clinics.



delivering a customised treatment adjusted to each patient’s needs. By standardising Diaverum’s practice, we build our know-how and our procedures into a digital platform, enabling us to treat patients in a consistent and standardised way. We have a strong track record of reducing hospitalisation and mortality rates. Between 2011 and 2018, hospitalisation days per patients declined by 18.4%. In the same time frame, mortality rate decreased from 14.9% to 13%. The ambition with our digital twin strategy, detailed under the section on driving innovation, is to support further improvements.

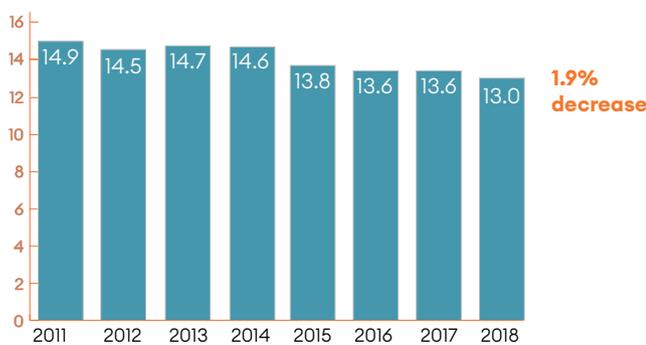
PROVEN INTEGRATION CAPABILITY

Rapid improvement of CPM scores in new clinics (quarters after acquisition).

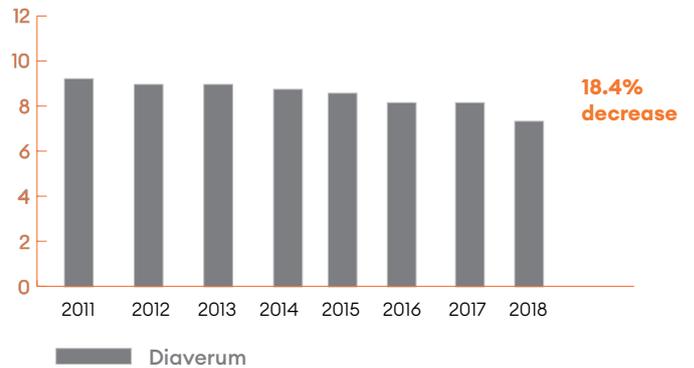


PROGRESSIVE IMPROVEMENT OF MORTALITY AND HOSPITALISATION RATES

Crude mortality rate (%)



Hospitalisation days per patiente (%)



“I see a huge opportunity to make an amazing impact and disrupt the industry.”

– Dimitris Moulavasilis, CEO

Driving innovation

Diaverum is well under way to implementing a digital twin strategy. This includes the deployment of AI-based systems intended to optimise and standardise care for patients and further centralise digital resources and back-office operations. It also encompasses predictive analytics to prevent certain comorbidities and conditions causing CKD from occurring and provides improved decision-making support to physicians.

Diaverum has developed a number of proprietary digital tools which will aid in overall clinical operations, from suggesting prescriptions with our Pharma Guidance System to standardising individual treatment plans with our Treatment Guidance System. We will continue to drive innovation in this space as it limits human errors and medical malpractice but also greatly improve patients' perception of care.

As a core deliverable of our digitalisation strategy, we foresee our specialists being able to provide the basics for dialysis treatment in remote locations. For example, in the future we hope to utilise our skilled nephrologists to support nurses providing renal care to patients in different parts of the world from their offices, for example in Saudi Arabia or Portugal.

KEY DIGITAL TOOLS:

Digital tools underpin and drive the Care Delivery Model.

 <p>iRIMS</p>	<p>International Renal Management System (iRIMS) is the Diaverum medical management system</p>	 <p>d.connect</p>	<p>Unique IoT hub that interfaces with the majority of Diaverum's dialysis machines to extract data every minute</p>
 <p>Treatment Guidance System (TGS)</p>	<p>Diaverum's system to intuitively guide the caregiver, with built-in standardised treatment delivery process</p>	 <p>Pharma Guidance System (PGS)</p>	<p>PGS is an evidence based set of algorithms which will automatically suggest prescriptions</p> <p>Ongoing testing:  3  2  2</p>
 <p>d.CARE App</p>	<p>Means of communication between the patient and nurse (new version launch in Sep-19)</p> <p>Pilot countries:    </p>	 <p>Staff Scheduling Tool</p>	<p>Custom-developed global system for staff scheduling</p>



“We don’t build a digital platform around dialysis machines, we build a digital platform around our patients.”

– Karla Salt, VP Operational Excellence

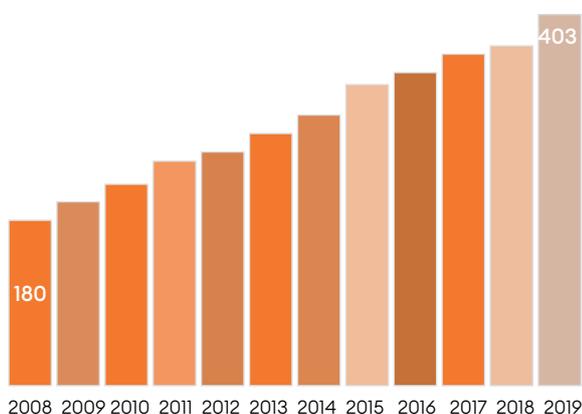
Access to Care

Diaverum is passionate about providing excellent renal care to patients around the world, and we often operate in regions where we are able to truly support the national health-care system.

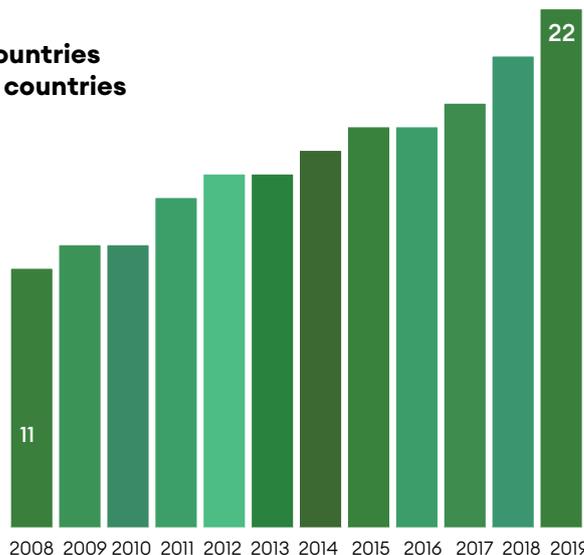
Since our acquisition by Bridgepoint in 2007, Diaverum has been on a trajectory of growth and transformation. We have added an average of 20 clinics per year and have expanded to 9 new countries.

This fast pace of change is guided by a rigorous market entry processes, thorough codes of conduct and regular audits, to ensure that the business continues to operate at the highest ethical standards.

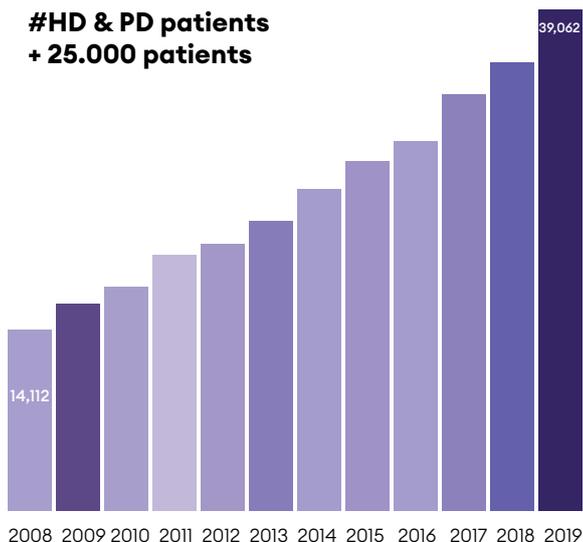
#clinics
+ 223 clinics



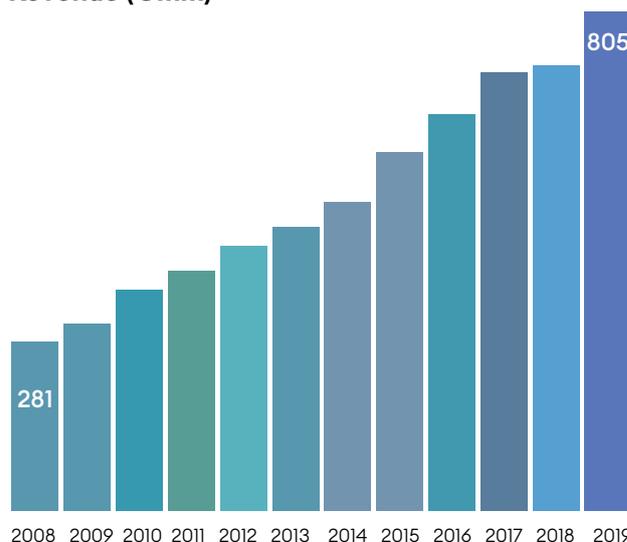
#countries
+ 11 countries



#HD & PD patients
+ 25.000 patients



Revenue (€mm)



Entering new markets

As part of an initial market evaluation, Diaverum conducts a thorough analysis to assess local practices, potential corruption, legal/regulatory frameworks, etc. The goal is to establish whether Diaverum can enter and operate in the country while upholding our values.

For this, Diaverum has developed a proven, rigorous market entry screening and assessment strategy, which includes the following key steps:

- **Strategic fit.** Top-down analysis of impact on long-term growth, market consolidation opportunity and ability to leverage existing structures to explore adjacent markets.
- **Hurdle criteria.** A market must clear basic hurdle criteria relating to market conditions and appear positive in a high-level assessment in order to be considered for in-depth analysis for market entry.
- **High-level assessment.** Evaluate macroeconomic factors, renal care opportunity, ability to exploit the market, and the participation model.
- **In-depth market analysis.** Further analysis conducted both in-house and with external advisors to gain in-depth understanding of the market entry opportunity.
- **Investment returns.** Constant performance and returns monitoring.



“We assess markets to see whether we have the ability to exceed the local standards.”

– Boris Zjacic, COO

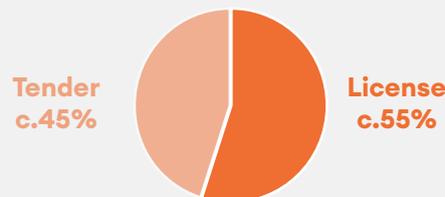
Delivering care in our regions

Outside attracting new patients to existing clinics and greenfields, there are two ways that Diaverum can enter a new market or expand its operations in a current market:

- 1. Winning a tender.** Diaverum only participates in tender processes when we can verify that a tender contract is awarded on transparent and objective evaluation criteria, such as quality and price parameters. Typically, the selected provider is required to treat a certain number of patients for a fixed time period within the scope of the tendered area.
- 2. Acquiring an existing local company or clinical operation.** Diaverum always conducts a due diligence investigation of the counter party in a transaction. In most cases, Diaverum uses external legal and financial expertise to assist with the due diligence, for example to establish how patients have been referred or acquired to the company and how a license to operate was granted. When relevant, we use external forensic experts to identify the ultimate beneficial owner of a business.

DIAVERUM REVENUE SPLIT BY MARKET TYPE (2019 E)

- License markets regulated by strict licensing processes. No new licenses granted unless a clear unmet demand.
- Tenders are typically awarded by public authorities/MoH, and run for multiple years. Contracts signed typically have a term of 5-10 years. Public authorities/MoH demanding quality and efficiency expectations, which can only be delivered by providers capable of scaling up.



We generally do not rely on any third-party intermediaries, such as finders or agents, to obtain or retain business; neither do we source any of our revenue through any third party integrity management, such as finders or agents.

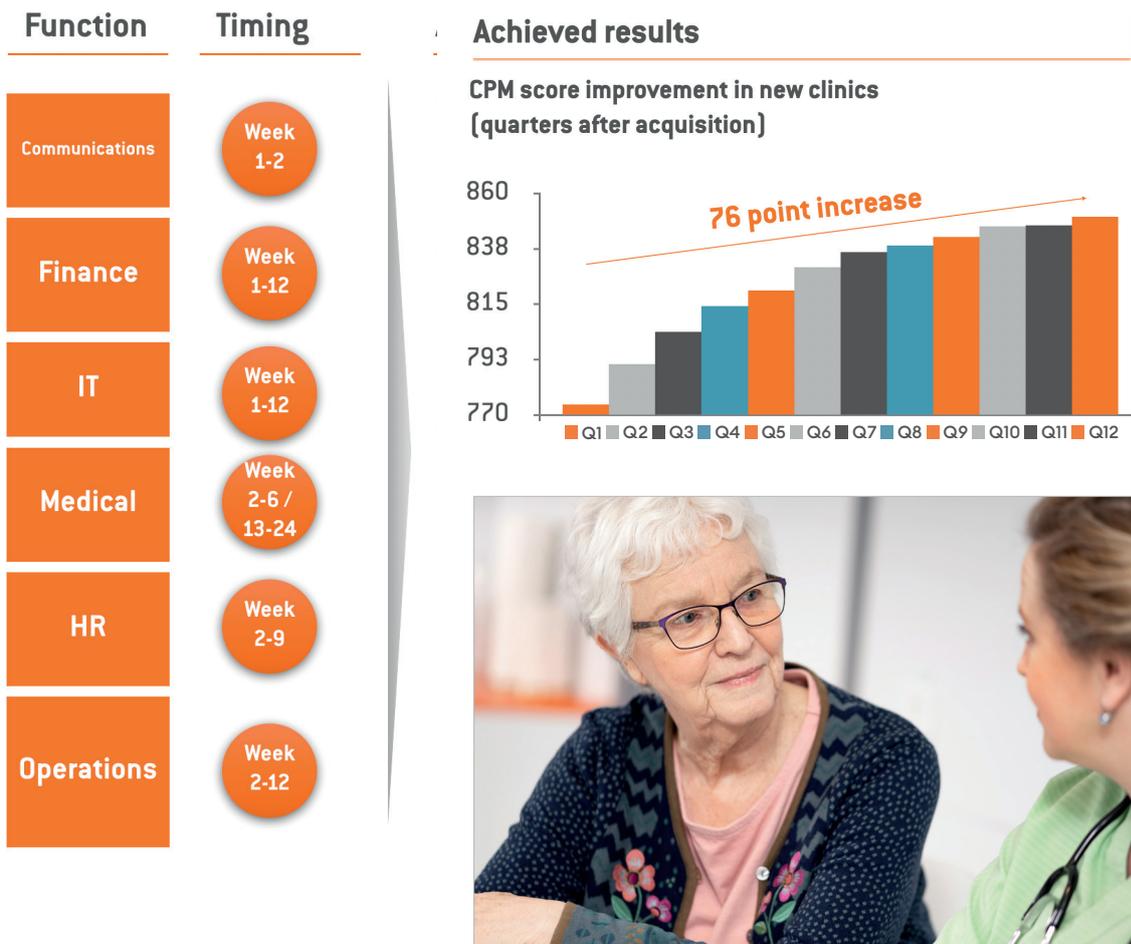
On occasion, Diaverum will use local consultants/advisors when entering/expanding in new markets, for example to identify potential target assets and suitable areas to operate in. Generally, new business acquisition is done in accordance with, among other things, our Third Party Integrity Management policy. This calls for mandatory integrity checks of all new business partners connected to Diaverum business development and merger and acquisition activities, as well as on potential joint venture partners and other consultants, who help Diaverum win new business.

Integration of new clinics

Well-established and detailed integration plan

Once Diaverum has established a new clinic, whether through new market entry or general new business acquisition, Diaverum employs a standardised and detailed integration programme to ensure that the clinic adopts Diaverum’s way of operating. The integration programme includes Diaverum’s various function areas and runs over the first 100 operating days of the clinic.

Clinical integration is an important part of the 100 days’ integration programme as is implementing the fundamentals of our internal governance framework.



Our robust integration process brings newly acquired clinics to 90% of Diaverum standards within a year from acquisition.

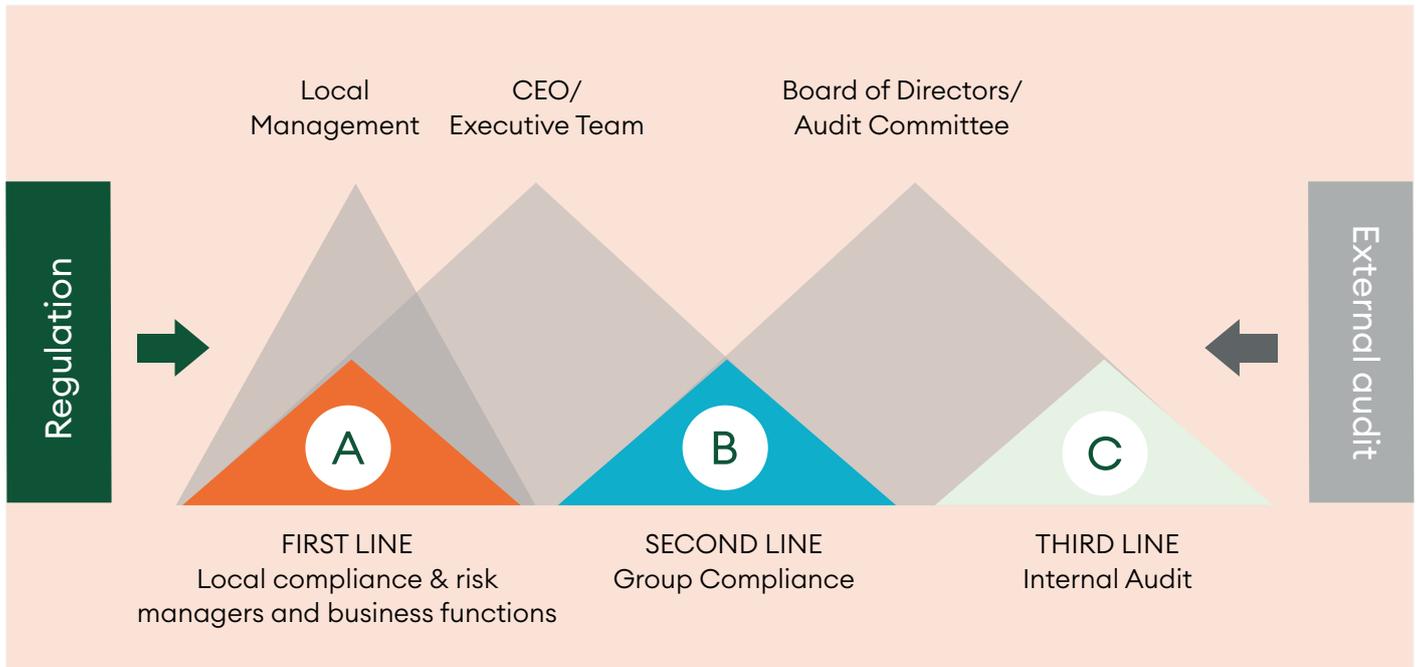
Diaverum has a Clinical Performance Measurement (CPM), which is a proprietary metric (KPI) established by Diaverum to evaluate clinical performance within its own clinics. Based on a combination of 11 established international standard measurements, such as kt/v, albumin, haemoglobin, etc. CPM is an effective tool to benchmark care. We use it to drive improvement of medical and clinical outcomes.

Indicators are reviewed annually and can be modified by the Medical Advisory Board to reflect latest evidence.

Operating Responsibly

Internal governance frameworks

In order to ensure adequate compliance and compliance risk management, Diaverum has established a control governance model with three lines of defense.



Diaverum largely manages governance and compliance through three global frameworks:

- the Diaverum compliance management system (the “Diaverum CMS”)
- the Diaverum framework for clinical governance
- the Diaverum framework for internal control

To cover relevant compliance and other risks related to Diaverum’s operations, Diaverum has a Group framework for managing risk (the “Diaverum Risk Framework”). In addition, Diaverum has an internal audit function that independently audits the above frameworks.

Our rigorous governance framework includes, among other things, control measures in the form of policies and procedures developed at group level and supported by well-defined protocols. These are augmented by procedures that reflect local regulations and requirements at the country level. More often than not, our standards are higher than local requirements. Policies are integrated into the on boarding of new employees, and existing employees receive regular refresher trainings.

The Diaverum CMS

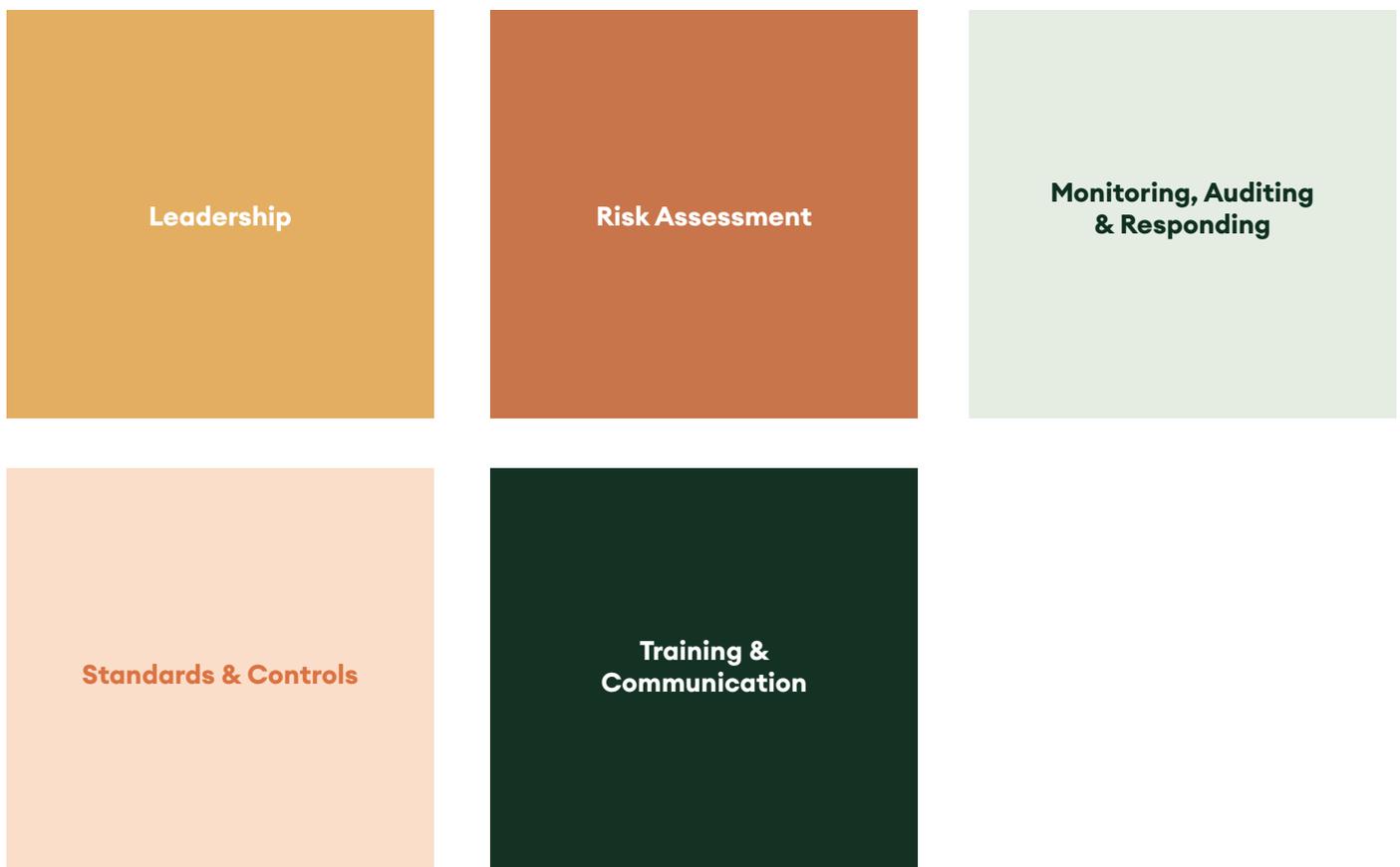
Diaverum manages its programme and processes for upholding general legal compliance and ethics through the Diaverum CMS. The Diaverum CMS is governed by the Diaverum Compliance policy.

The Diaverum CMS is embedded across the three lines of defense and the control governance model, with the overall objective of providing a structured way of managing compliance and compliance risks through a number of control measures within leadership; risk assessment; standards and controls; training and communication; and monitoring, auditing and responding to compliance issues.

Important standards and controls of the Diaverum CMS are the Code of Conduct and related Group policies, such as the Anti-Corruption Policy and, the Patient Referral Management policy. These policies were created and adopted based on risk assessment (for more information about Diaverum’s risk management, see below under “Diaverum risk framework”), with the ambition of effectively aligning Diaverum’s operations with relevant laws, regulations, and ethical standards. Diaverum raises awareness about these policies through training, e-learning and workshops for its employees. In 2017, Diaverum introduced a Code of Conduct e-learning class which has been completed by most of its corporate employees and country management members (see ‘In Focus: Anti-Corruption’ for details). All new employees take part in a mandatory introduction training on corporate ethics and principles. Furthermore, through the SpeakUP! policy, Diaverum actively promotes a culture of openness. Diaverum provides a compliance-reporting online platform which enables employees to inform Diaverum Group Compliance, anonymously if desired, about potential compliance breaches, in any of 15 different languages.

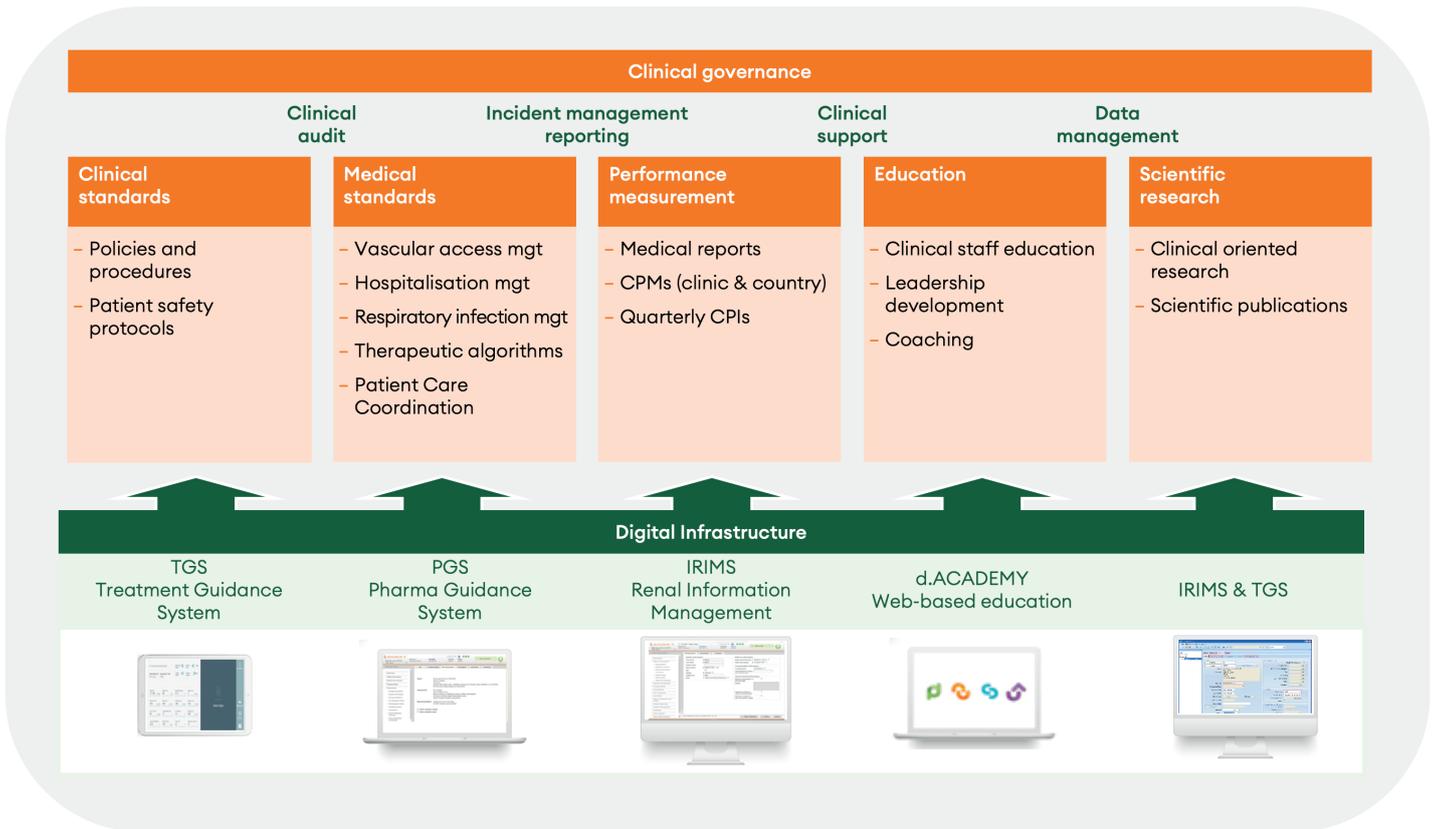
Implementation of control measures within the elements of the Diaverum CMS is regularly monitored and measured by Group Compliance.

Elements of the CMS



Clinical governance framework

Due to the high level of complexity and country-specific requirements, management of compliance directly related to clinical operations is the responsibility of the designated Diaverum medical functions. At a high level, this is governed by the Compliance with Healthcare Laws and Regulations policy, while the detailed governance is set out in a vast number of specific medical/clinical policies/procedures. As an intrinsic part of its Care Delivery Model, Diaverum has a dedicated clinical governance framework for managing compliance related to clinical operations, including, among other things, the following elements.



Internal control framework

Diaverum’s internal control framework is governed by the Swedish Companies Act and the Code and the Diaverum Internal Control policy. Utilising control activities, such as separation of duties, reconciliations, approvals, safeguarding of assets and control over information systems, Diaverum’s internal control framework focuses largely on detecting and preventing financial fraud within the organisation. It is intended to provide a reasonable assurance that Diaverum’s objectives are met in respect to effective and efficient operations, reliable and timely internal and external reporting and compliance with applicable laws and regulations.

More specifically, Diaverum manages internal control through the COSO (the Committee of Sponsoring Organisations of the Treadway Commission 2013) framework, which consists of five components and 17 principles.

The Board of Directors has the overall responsibility for Diaverum’s internal control. The control is formally executed through written rules of procedure which define the responsibilities of the Board of Directors and the division of these responsibilities between the board members, the board committees and the CEO. The Audit Committee is responsible for the quality, supervision and review of Diaverum’s internal control and risk management on matters regarding compliance and financial reporting.

Control environment	<ol style="list-style-type: none"> 1. Demonstrates commitment to integrity and ethical values 2. Independent Board of Directors exercises oversight responsibility 3. Structures, reporting lines, appropriate authorities and responsibilities 4. Demonstrates commitment to competence 5. Enforces accountability
Risk assessment	<ol style="list-style-type: none"> 6. Specifies suitable and clear objectives 7. Identifies and analyses risk 8. Potential for fraud considered 9. Identifies and analyses significant changes
Control activities	<ol style="list-style-type: none"> 10. Selects and develops control activities 11. Select and develops general controls over technology (i.e, IT)
Information and communication	<ol style="list-style-type: none"> 12. Deploys control activities through policies and procedures 13. Obtains, generates and uses relevant information 14. Communicates internal control information internally
Monitoring activities	<ol style="list-style-type: none"> 15. Communicates internal control information externally 16. Conducts ongoing and/or separated evaluations 17. Evaluates and communicates deficiencies

Diaverum risk framework

Effective risk management underpins the delivery of Diaverum's strategic objectives and is essential in protecting reputation, maintaining regulatory requirements and generating customer value. Diaverum defines its key risks as risks which have the potential to substantially impact Diaverum's ability to deliver on its objectives in an adverse way (Diaverum Risks).

The Diaverum Risk policy, as approved by the Diaverum Board of Directors, sets out instructions across Diaverum regarding how to identify, assess, manage, report and monitor Diaverum Risks (the Diaverum Risk Framework). Diaverum Group Compliance maintains and develops the Diaverum Risk Framework, which is an integral element of the Diaverum CMS and runs on an annual cycle. Through the Diaverum Risk Framework, Diaverum seeks to identify Diaverum Risks and develop response strategies to mitigate, avoid or control (treat) their impact/probability to an acceptable level, in order to reduce the level of uncertainty with regard to Diaverum's delivery on its objectives and to ensure business continuity and protect the reputational integrity of the organisation.

The scope of the Diaverum Risk Framework includes key parts of risk governance appropriate to Diaverum, based on the context of the organisation, including its risk appetite, economic situation and information that the business functions make available. The Diaverum Risk Framework is governed in accordance with the compliance governance model set out in the Diaverum Compliance policy, as approved by the Diaverum Board of Directors. Diaverum assesses Diaverum Risks based on impact and the effectiveness of the controls in place. To assess Diaverum Risks from both a Diaverum Group (corporate) perspective ("top down") and a Diaverum Country level perspective ("bottom up"), Diaverum applies, executes and performs the Diaverum Risk Framework with all its elements at all levels of the Group.

An important element of the Diaverum Risk Framework is to populate and maintain an updated risk register. Based on the risk register, Diaverum then creates and maintains an updated profile of the top Diaverum Risks, including a related Diaverum risk controls overview (Diaverum risk profile). Measures to treat (e.g., mitigate, avoid or control) Diaverum Risks can include any policy, procedure or process that could reduce the impact and/or probability and increase control effectiveness of a Diaverum Risk. A risk owner with the overall responsibility for putting relevant and adequate risk controls in place is appointed for each Diaverum Risk. Risk reporting is done in accordance with the Risk policy.

An overview of selected Diaverum risks relating to the topics of this report and the measures being taken to mitigate them are summarized in the table on the next page.

Selected Diaverum risks relating to the topics of this report (presented in no particular order)

Risk	Risk area	Mitigating measures
Any significant failure or interruption to Diaverum’s IT systems could adversely affect its business.	Cyber threat	Centralisation to increase the level of control at Corporate level as well as continued cyber training and proactive cyber communication across the organization reduce the Cyber threat risk to Diaverum.
Diaverum’s growth strategy is partly based on its ability to find suitable acquisition or expansion opportunities and the successful integration of new businesses and, from time to time, successfully divesting non-core businesses or assets.	Mergers & acquisitions	There are clear and aligned definitions of criteria to be used when making strategic decisions relating to Mergers & Acquisitions. For further details, please refer to the section on “Access to care” starting on pg. 13 of this report.
Diaverum operates in a heavily regulated industry and is subject to changes in laws or regulations.	Regulatory Compliance	Group level compliance with Healthcare laws and regulations and other related policies is primarily ensured through the Diaverum framework for clinical governance but to some extent also through the Diaverum CMS. Related personnel are regularly trained and implementation is audited both internally and externally.
The internal governing documents, procedures, processes and evaluation methods used by Diaverum to manage its operations and to assess and manage risk may be insufficient to cover risks, and Diaverum’s internal governance and control may not be able to prevent fraud. Diaverum’s facilities are exposed to outbreaks of communicable diseases and infections.	Direct clinic operational risk	Due to the overall complexity of operations across a multitude of sites in various countries there is the potential for clinics related operational risks (such as infection, water quality/supply etc.) leading to patient safety, financial and reputational impacts. We are actively working to ensure that our clinical audits capture the demand for appropriate equipment for on-time availability. We have equipment and technology support which reduces operational downtime and policies in place for the management and repair of water treatment plants and dialysis equipment (cf. Diaverum framework for clinical governance).
	Medical malpractice	Due to the complexity of the overall services being provided and the broad geographic footprint of the organization, there is the risk of medical malpractice (unintentional or intentional) which could lead to direct financial impact (in the form of penalties) and reputational impact. Diaverum has medical policies and procedures in place with trainings for relevant personnel. The use of incident management system and clinical auditing further reduces the probability of malpractice incidents in Diaverum (cf. Diaverum framework for clinical governance).
Failure to comply with anti-bribery and anti-corruption laws and regulations by Diaverum, its employees or third parties could subject Diaverum to penalties and other adverse consequences.	Bribery & corruption	Given the broad footprint and high partner dependency of the company there is the potential for bribery and corruption which could have direct financial and reputational impact on Diaverum. For further details, please refer to “In focus: Anti-corruption” on pg. 23 of this report.
	Non-compliant patient referral	Due to local behaviours and customs, there may be a risk in some jurisdictions that patient referrals are not done in compliance with local regulations leading to compliance related penalties with a direct financial impact and indirect reputational impact. For further details, please refer to “In focus: Patient referral” on pg. 24 of this report.
Diaverum may be adversely affected by its suppliers facing financial or operational problems, increasing prices or being unable to make deliveries as agreed.	Supplier dependence & supply chain management	Diaverum has implemented a multi-sourcing strategy for all critical strategic supplies with pre-qualified suppliers. Strong contractual agreements with suppliers, reallocation of pharma stock ensure reduced impact in case of disruption or shortage. For further details, please refer to “In focus: Supply Chain” on pg. 25 of this report.
Diaverum may not be in compliance with applicable data protection laws and regulations.	GDPR non-compliance	Due to the increased scrutiny from regulators and the sensitive nature of the data (patient data) being managed by Diaverum there is an ever-present potential of GDPR compliance breaches leading to financial and reputational impacts. For further details, please refer to “In focus: Data protection and privacy” on pg. 25 of this report.
Diaverum is dependent on hiring and retaining qualified medical staff on competitive terms.	Inadequate availability of skilled resources	A sourcing strategy has been implemented to improve the level of staffing per country. We are also actively working mobility plans for the transition of Diaverum personnel from well-staffed countries to those with staffing deficiencies.

In focus: Anti-corruption

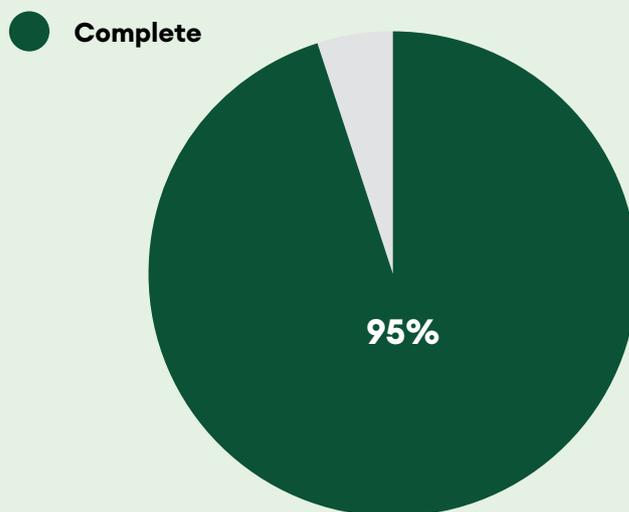
The Diaverum Code of Conduct is a product of Group policies that discourage practices such as, among other things, corruption and bribery. The Code of Conduct is deeply rooted in the organisational culture and employees are made aware of the implications of breaches of the Code when they begin their employment.

Diaverum ensures its stand against bribery and corruption through the Diaverum CMS and the control measures it implements, most notably the Code of Conduct and other specific ABC policies, such as the Anti-Corruption policy, the compliant Patient Referral Management policy, the Third Party Integrity Management policy (see more about third party integrity management above under "Delivering care in our regions"), the Gifts policy and the Conflicts of Interests policy. These policies apply to all Diaverum employees, but also to many third parties who perform services for or on behalf of Diaverum.

All employees have to acknowledge by signature that they have read and understood the Code of Conduct and several of our ABC policies. Diaverum also provides mandatory training on these policies (d.ACADEMY).

In addition, the Diaverum Code of Conduct for Suppliers includes obligations on Suppliers with regard to, among other things, anti-corruption. See more about the Diaverum Code of Conduct for Suppliers below in the report.

Code of Conduct e-learning¹ – Top Management* & Corporate Employees



*Top management: local Country Managers, finance directors, operations directors, HR directors, medical directors, nursing directors and, in some cases, executive assistants.

Corporate employees: all employees employed in a corporate function.

Note: ¹Completion rates take into account staff turnover and newly hired employees.

In focus: Patient referral

Diaverum only accepts patients referred to our clinics in accordance with fair and transparent practices. We do not tolerate practices where patients are referred to clinics on illegitimate subjective criteria, as that inherently increases the risk of non-compliant and unfair patient referral practices.

In so-called **tender markets**, dialysis providers participate in a competitive tender process, after which the selected provider is typically awarded a tender contract for treating a certain number of patients for a fixed time period within the scope of the tendered area. The risk of patients being referred based on illegitimate criteria is typically low or non-existing in these markets, as the referral mechanism is objective.

In so-called **licensed markets**, dialysis providers typically obtain a licence to provide services within a certain area, and then treat the referred patients. In the license markets where Diaverum operates, there are mainly three typical referral models:

Location-based

Patients are referred to dialysis clinics largely based on location.



Employed physician-led

Nephrologists employed by dialysis clinics mostly refer patients to their centre of employment.



External physician-led

External nephrologists/hospitals refer patients to dialysis clinics in a competitive process.



Like in tender markets, the risk of patients being referred based on illegitimate criteria is typically low or non-existing in license markets with a location-based referral model, as the referral mechanism is objective. In licensed markets with physician-led referral models there is, however, a potential for an elevated risk of patients being referred on illegitimate criteria. This is due to the typically subjective nature of the referral mechanism. For example, a nephrologist could be offered a remuneration clause in their contract tied to the number of referred patients, which could give rise to unsound referral incentives potentially resulting in non-compliant and unfair practices.

Diaverum ensures its stand against non-compliant and unfair patient referral practices through the Diaverum CMS and the control measures it implements, such as the compliant Patient Referral Management policy, local procedures for compliant patient referral based on country-specific aspects such as local laws, regulations and practices, documentation of source of referred patients and mandatory training of employees (d.ACADEMY).

Diaverum also conducts regular assessment of patient referral related compliance risk. The results of such assessments provide us with valuable guidance on where to focus compliance efforts. For example, this analysis shows that the general corruption risk premium for a country (e.g., a low Corruption Perception Index score) affects patient referral compliance risk less than the referral mechanism utilised in that country.

In focus: Supply chain

It is core to our values as a company that our suppliers uphold the highest standards of compliance, human rights, working conditions and respect for the environment.

As service providers, we pay particular attention to our third party and external stakeholders, to ensure we do not do business with an entity/person that may act in breach of our Code of Conduct, other company policies or external regulations. All of our major suppliers are therefore required to adhere to and asked to sign our Code of Conduct for Suppliers.

This code defines the standards that Diaverum expects its suppliers to uphold with regard to environmental performance and sustainable resource consumption, relevant aspects of human rights, sanctions and export controls, and anti-corruption. We review our suppliers' compliance with the Code of Conduct for Suppliers on an annual basis.

In focus: Data protection and privacy

Diaverum has taken steps to ensure that the Group's Data Protection policy is aligned with the EU GDPR and implemented in all our countries of operation.

Diaverum has a Group data protection officer and has appointed local data protection officers in all Diaverum countries. The implementation is ensured through e-learning (d.ACADEMY) and training that are carried out by the Group data protection officer at the corporate level as well as at a local level in the Diaverum countries.

As a result, our employees understand the effects that the GDPR has on our daily business activities and the importance of complying with the GDPR.



Employees and Wellbeing

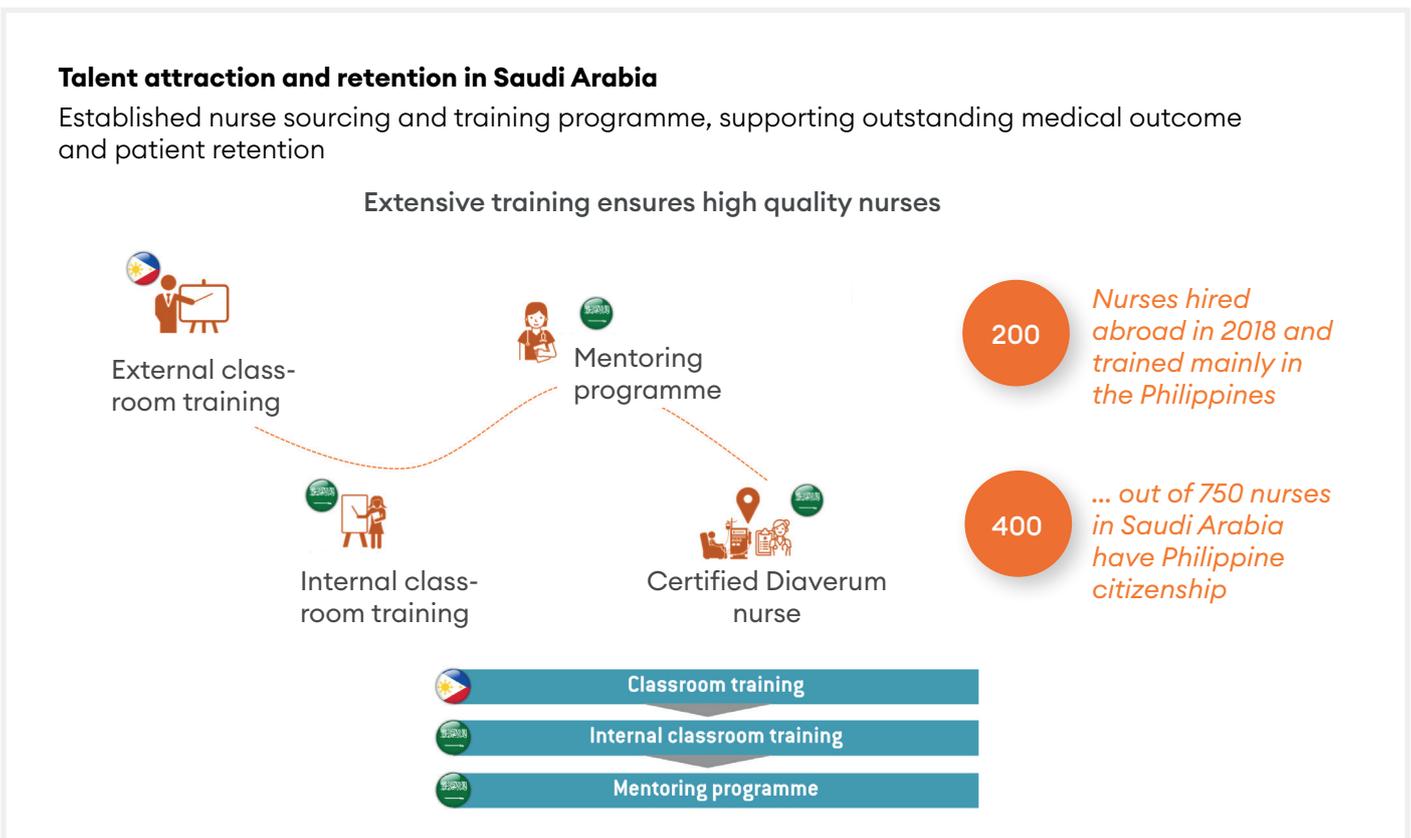
Caring for our employees

We regularly monitor levels of employee engagement, employee training and education. We believe that there is a strong correlation between engaged employees and satisfied patients, and therefore conduct 'My Opinion Counts' survey on an annual basis to measure employee engagement and identify further investment and development needs. We are proud of the high scores we have achieved in employee engagement and training in 2019 and are committed to maintaining these high levels of engagement by offering equal employment opportunities.

In order to conform with the EU directive 2014/95/EU on non-financial disclosure, Diaverum has initiated employee-specific data collection. Since 2018, the focus has been on collecting baseline data to get an accurate picture of employee-related affairs within Diaverum. The data collected as a baseline will be used to further improve employee-related disclosures at Diaverum.

While our core service is providing renal care, we understand our wider role in society includes contributing to gender equality and workforce development on the markets where we operate. We offer our employees high-quality skills training and equal career opportunities. Our nurses, the largest part of our workforce, receive world-class training and extensive support as soon as they enter our organisation. Furthermore, as part of our retention strategy, we offer our nurses a career path through high-quality training and opportunities to work abroad if they wish. Our talent attraction and retention in Saudi Arabia, elaborated below, is a prime example of such efforts.

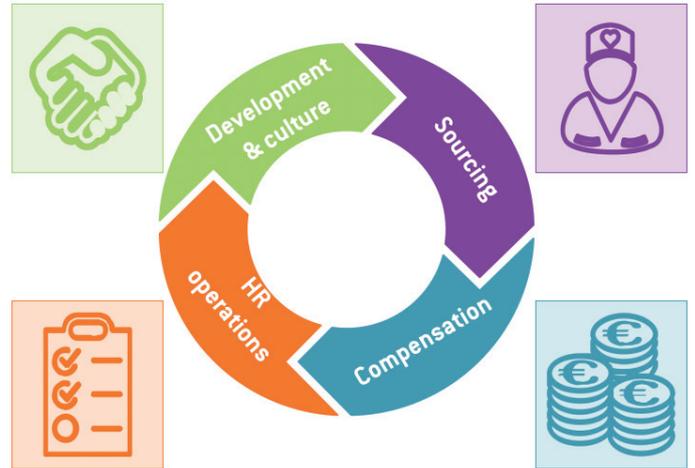
To safeguard the health and safety our employees, we have implemented the Work Health & Safety policy, the Anti-Harassment policy and the Violence at Work policy. Diaverum also has an Equality of Opportunity policy. In addition, these policies are referenced and communicated with the Diaverum Code of Conduct.



Human resources

HR IS AT THE CORE OF OPERATIONS BECAUSE OF THE CARE-FOCUSED NATURE OF THE BUSINESS

Overview of human resource strategy



CHALLENGES, MITIGANTS AND OPPORTUNITIES Scarce resource and sourcing strategies

Sourcing strategies

Global strategies



Local strategies



Shortage of health professionals

- c.4.3mm** Global shortage of nurses, physicians and other health professionals
- c.40%** Nurses expected to leave their job within 10 years
- c.13mm** Nursing deficit by 2035

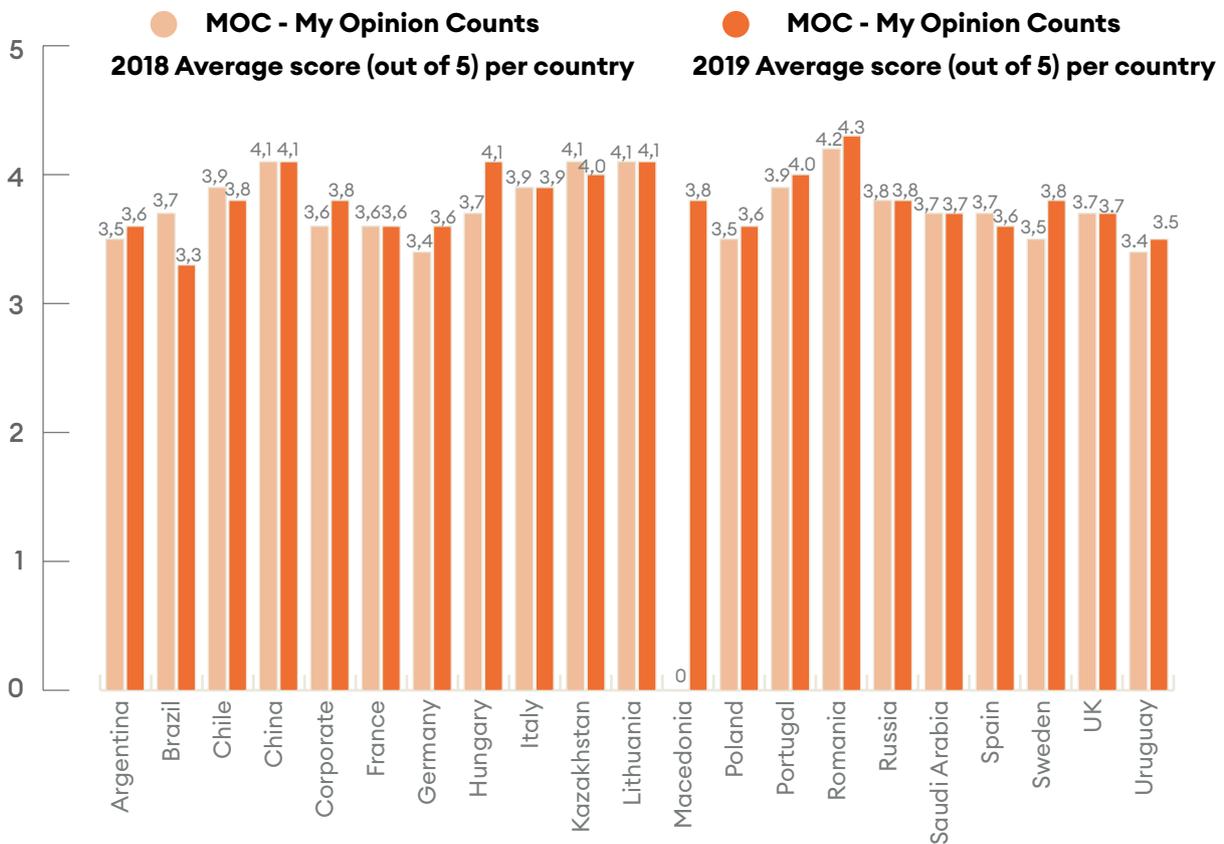


My Opinion Counts - Global score breakdown

Our employee survey, My Opinion Counts, runs concurrently with the Patient Satisfaction Survey on an annual basis. Through this survey, we collect employees' opinions on working life within Diaverum. We ask all employees to rate how much they agree with 12 statements covering various topics, including:

1. the opportunity for them to express their opinions;
2. knowledge regarding the company strategy;
3. the opportunity for them to improve in their work; and
4. willingness to recommend Diaverum as an employer.

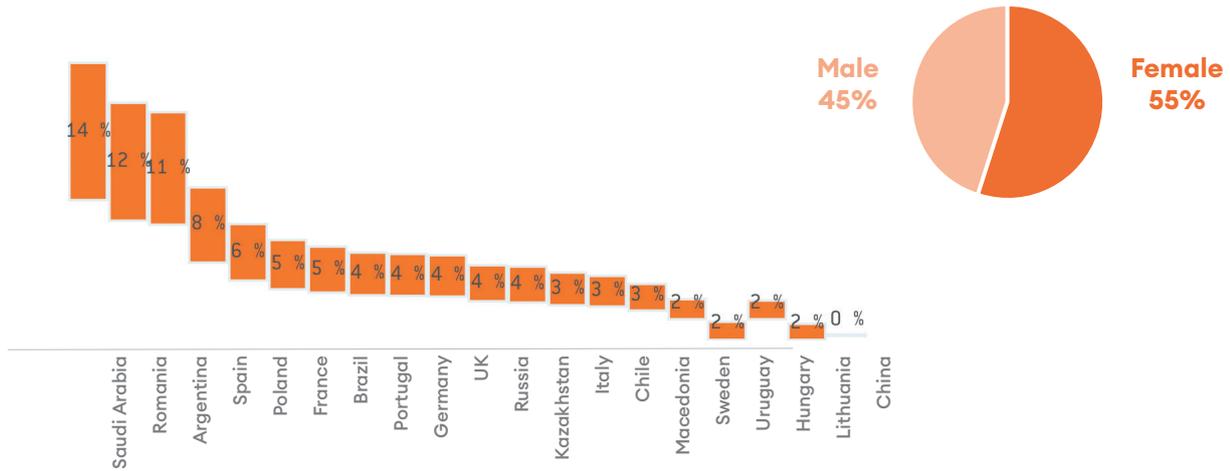
The scores from the My Opinion Counts employee survey are based on a scale of 0-5 where 5 denotes that the employees completely agree with a statement.



Gender ratios and workforce by country

Since 2018, we have been in the process of collecting baseline workforce data globally, which includes an overview of what percentage of our total workforce is employed in each country and a gender ratio breakdown as shown by the graphs below. The majority of our workforce consists of nursing staff, which is predominantly female. However, as an equal opportunity employer, we have the ambition to even out gaps wherever they exist. Our data collection highlights gender ratios in all our countries and will help us identify countries where we must work harder to promote equal opportunities for men and women.

Employees by country (2018)¹



Professional development

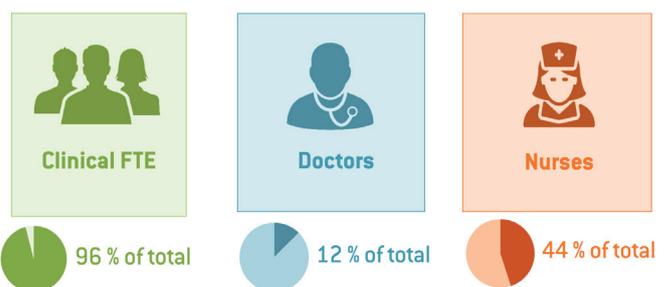
Clinical Full Time Employees, FTEs, make up 96% of our workforce, as shown in the figure below, and it is of utmost importance to us that these employees are offered avenues of professional development at Diaverum. We take pride in offering our employees international career opportunities to make sure that they stay part of the Diaverum family. To empower them with mobility and flexibility when making career choices, we offer a variety of career path pilot programmes that enable employees to continue their journey in other markets if they wish.

Our career path pilot programmes in North Macedonia allow local nurses to transfer to Germany after having completed an internal 10-month programme that includes language training, the visa process & initiation of degree accreditation. Similarly, we offer nephrologists in Lithuania a career path to Germany if they wish.

In Saudi Arabia, where many of our nurses are sourced from the Philippines, our pilot programme prepares them for later on moving to clinics in the United Kingdom if they wish. As part of developing high potential within the organisation, Diaverum has also awarded selected top talents scholarships to pursue post-graduate studies at globally renowned universities in Saudi Arabia and the United Kingdom.

By creating a global sourcing pool, we uphold Diaverum’s standard of excellence in all of our clinics and enhance the lives of our employees.

Clinical employees (2019)



Note: ¹Percentage based on 2018 year-end employee count of 9,335 (excluding contractors).

In focus: Human rights

At Diaverum, we fulfill our responsibility to the countries we operate in through upholding the highest standards on human rights. Our approach to human rights covers both our internal and our external environment. Our approach to human rights spans over all five key areas of sustainability; be it through our patient centered approach, monitoring our workforce gender ratios, our career path pilot programmes for clinical staff, holding our suppliers accountable, or our stance on modern slavery. In accordance with the Diaverum Code of Conduct, Diaverum supports and respects the protection of internationally proclaimed human rights and will not tolerate human rights abuses in any part of its business, taking robust action if any occur.

As documented in our Equality of Opportunity policy, we strive to promote diversity and do not discriminate based on ethnic, or national origin, caste, religion, sex, age, sexual orientation, physical disability, or political opinion. Diaverum also has a Modern Slavery Act Statement, adopted by the Diaverum Board of Directors. As a service provider, Diaverum has to source materials and machinery from external suppliers. The Diaverum Code of Conduct for Suppliers (see more about this code above under "In focus: Supply chain") is based on the Universal Declaration on Human Rights, the conventions of the ILO, the OECD's guidelines for Multinational enterprises, and the principles of the UN Global Compact. It sets out what Diaverum expects from its suppliers with regard to relevant human rights aspects such as "voluntary employment", "freedom of association and right to collective bargaining", "fair and equal treatment", "fair remuneration and benefits", "working hours", "safe and healthy workplace" and "child labour".

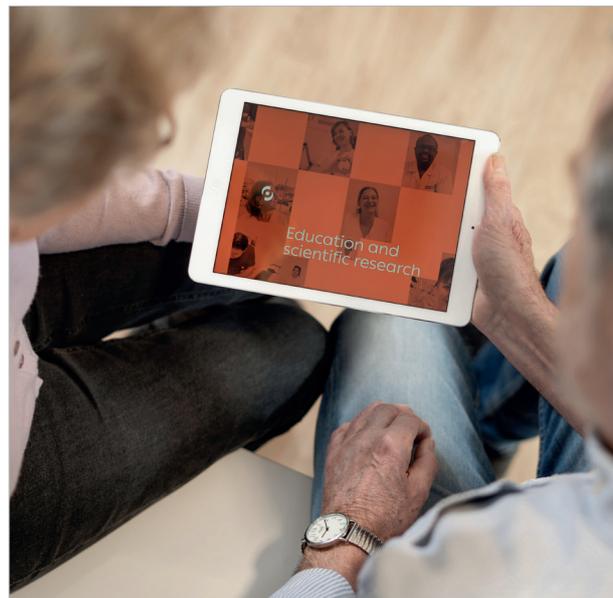
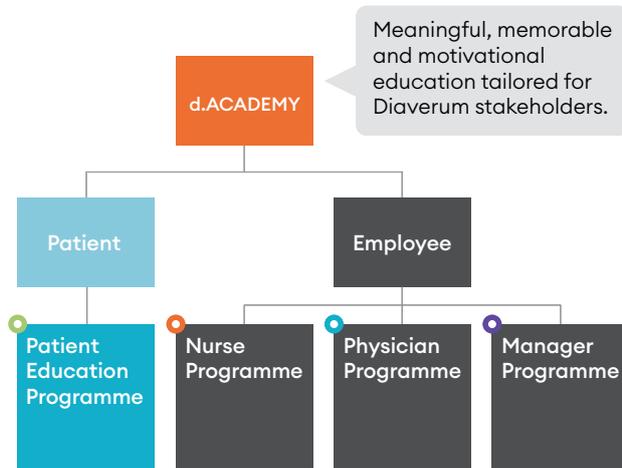


Our communities

Increasing health literacy

At Diaverum, we define social engagement as an important corporate responsibility. While our core service is providing renal care, our wider role in society is to educate our patients, their family members, friends, and caregivers about kidney disease. We are committed to improving the health of the local communities in which we operate and to using our expertise to advance prevention of kidney disease within these communities.

Our patient education programme is implemented through our digital tool d.ACADEMY. By educating the patient and their family about healthy activities, dietary recommendations, and disease prevention, we contribute to increasing health literacy in the local community. Educating families about dietary constraints and other treatment guidelines, enabling them to make educated choices, increases the chances of successful treatment and slowing disease progression. Furthermore, by educating the local community, we reduce costs and the financial burden on national health-care systems.



“Our role within communities is to promote healthcare activities and prevention of disease.”

– Cesar Silva, Head of Iberia

Environment

Diaverum's largest environmental impact concerns water and energy consumption. We approach this firstly through the lens of patient safety. The need to purify water for dialysis fluid is a key reason for the level of water consumption. If the water used for treatments is contaminated with chemicals or microbes, the patients treated could become severely or fatally ill. Patient safety is therefore our main priority.

However, we are continuously looking into initiatives that reduce water waste and increase water conservation without compromising on patient safety. We aim to reduce our resource consumption in our top 5 resource-consuming markets, to bring them in line with the best in class in every country where we operate.

Our Corporate Environmental Management policy outlines our extended responsibility to ensure that no harm comes to the natural environment because of our business activities. The basis of the policy and the related procedures are the ISO 9001:2015 and ISO 14001:2015 standards. As water is crucial to ensure patient safety, we regularly audit our suppliers in relation to the environmental aspect of our Code of Conduct, including sustainable resource consumption. This year, we have had active dialogue with the suppliers of our dialysers, pharmaceuticals, consumables such as filters, bloodlines and needles, and other supplies, as well as the systems used to purify the water used in dialysis services. As a result, we have been driving manufacturing changes to decrease water and energy consumption.

To lower our water consumption and increase water conservation further, we are in the process of standardising clinic design – from the design to the planning and materials – with the ambition to minimise environmental impact.

We continually regulate and monitor our resource consumption by maintaining minimum standards of resource consumption at clinics as well as all our offices. We have taken important steps in 2019, such as reducing energy consumption in the UK with the ESOS.

Water, energy and waste

Monitoring resource consumption and waste generation is a means for Diaverum to engage with its key suppliers and stakeholders with respect to improvements in machine design and standardisation of clinical processes.

An overview of water and energy consumption trends on country level is summarised in the table on the next page.

While we do not try manufacture or produce the machinery or materials required, we try to influence our key suppliers to help us achieve reductions in resource consumption and waste generation. All the while keeping in mind that we must not compromise on our standards of care.



Resource Consumption trends (2018-2019)

Country	Energy	Water
Argentina	↑	↑
Brazil ¹	●	●
Chile	↓	↓
France	↑	↓
Germany	↑	↓
Hungary	↓	↑
Italy	↓	↑
Kazakhstan	↓	↓
Lithuania	↑	↑
N.Macedonia	●	●
Poland	↑	↑
Portugal	↑	↑
Romania	↓	↑
Russia	↑	●
Saudi Arabia ²	↓	↓
Spain	↑	↑
Sweden	↑	↑
UK ³	↑	↑
Uruguay	↑	↑

Key

- ↑ Increased consumption
- ↓ Decreased consumption
- Data incomplete or baseline

Notes: ¹only 2018 data, ²energy only for denovo clinics, ³only clinics not in NHS building



Conclusion

At Diaverum, we are passionate about providing excellent access to care for patients with Chronic Kidney Disease. Our commitment to providing excellent care brings us to regions around the world where we can help raise the standards of renal care. Our focus on the wellbeing of our patients also applies to our commitment to the wellbeing of our employees and the communities in which we operate.

This sustainability report makes clear our belief that the the financial value we create as a business needs to go hand in hand with our social and environmental impact.

We are committed to reviewing our core KPI's annually and aligning them to our responsible, best practice, sustainability activities. Central to our sustainability efforts will be to provide consistent annual metrics regarding our Group activities. We will use 2020 to ensure that we build on the strong practices we have already established in our sustainability activities, to focus our efforts on showing improvement in our key KPIs, and to continue to help patients live fulfilling lives all over the world. We are currently in the process of evaluating the main reporting guidelines, such as SASB and GRI, with the goal of aligning our future ESG reporting to globally recognized standards.

