

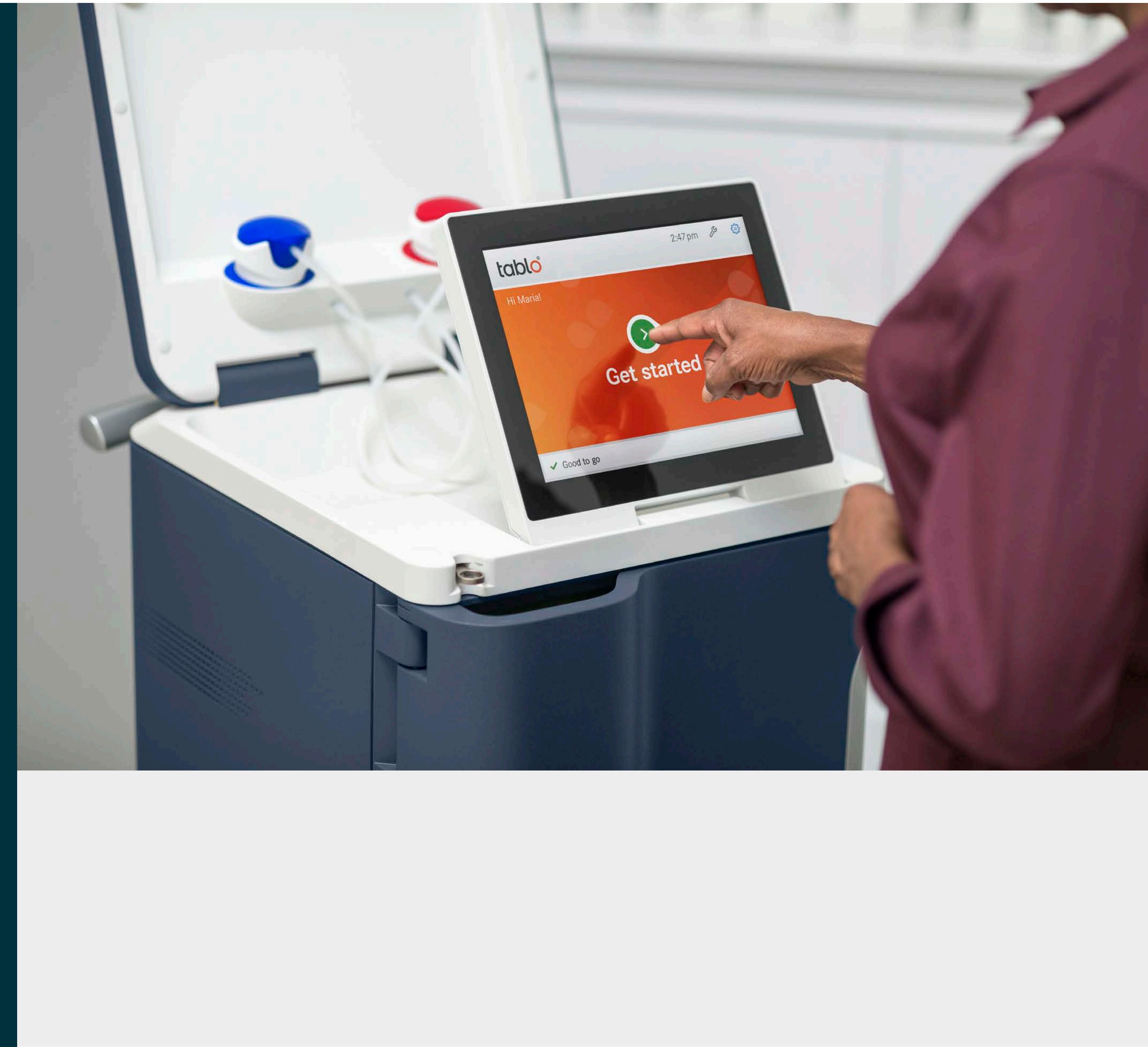
.Outset

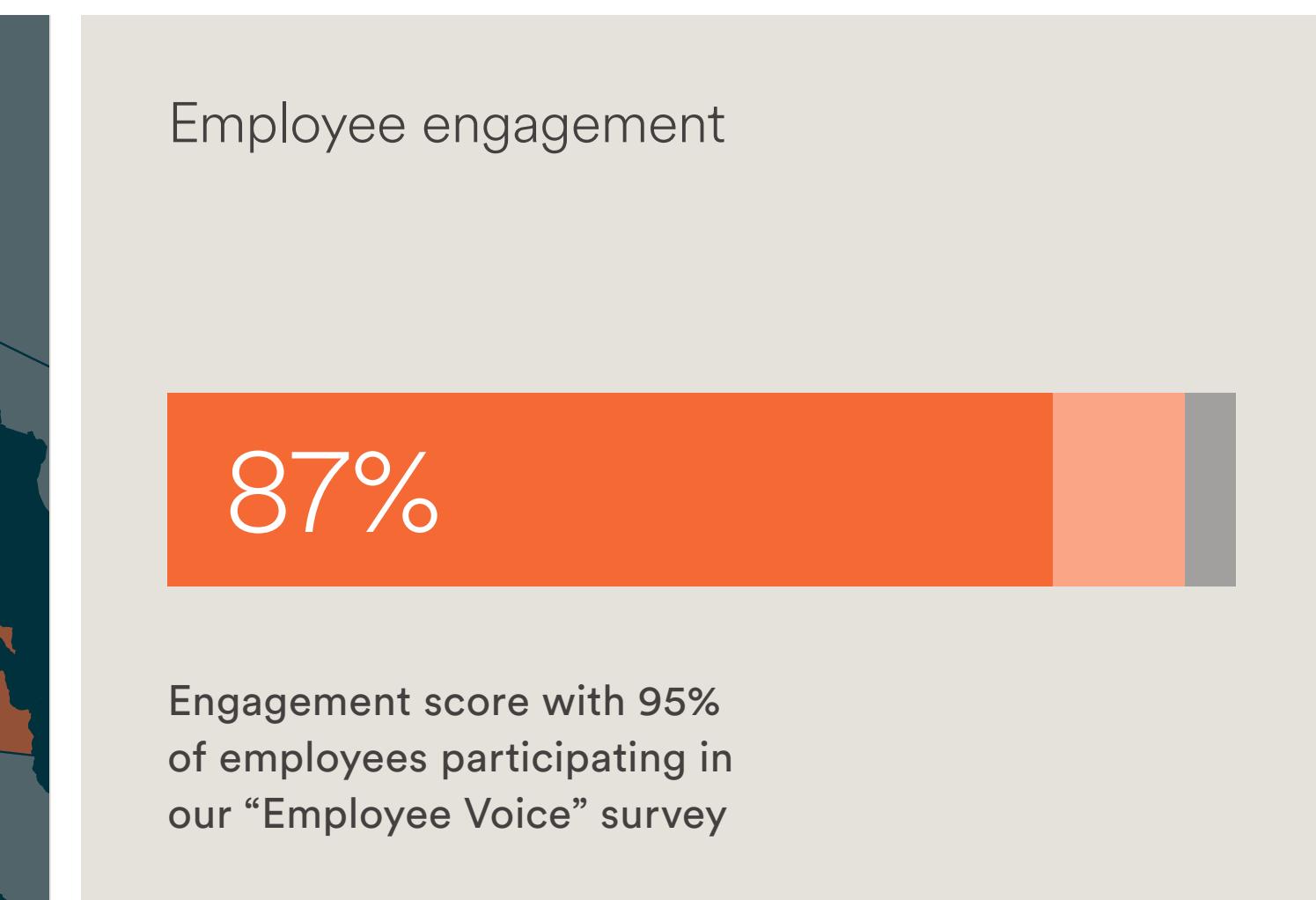
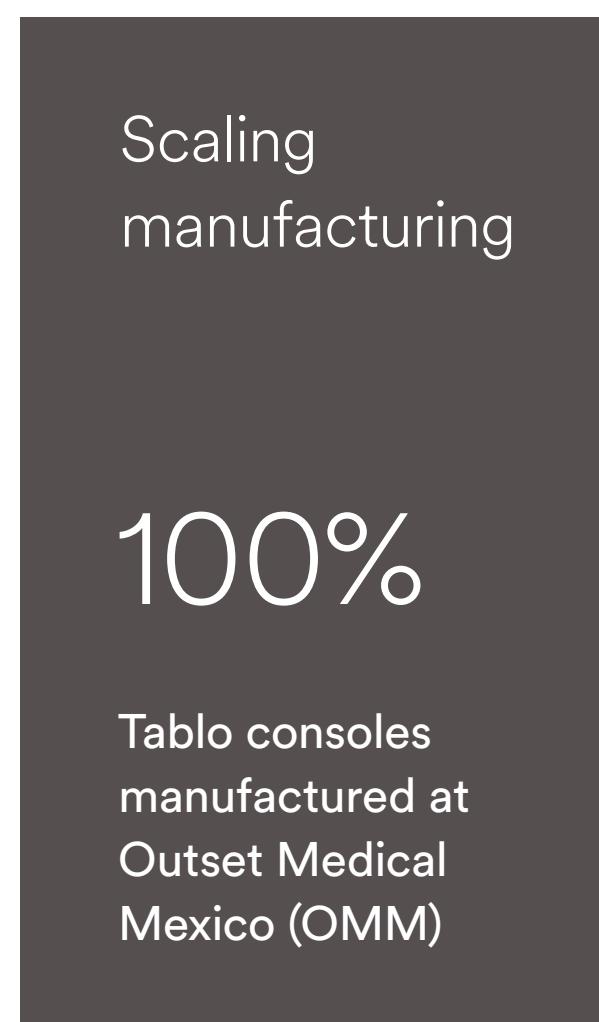
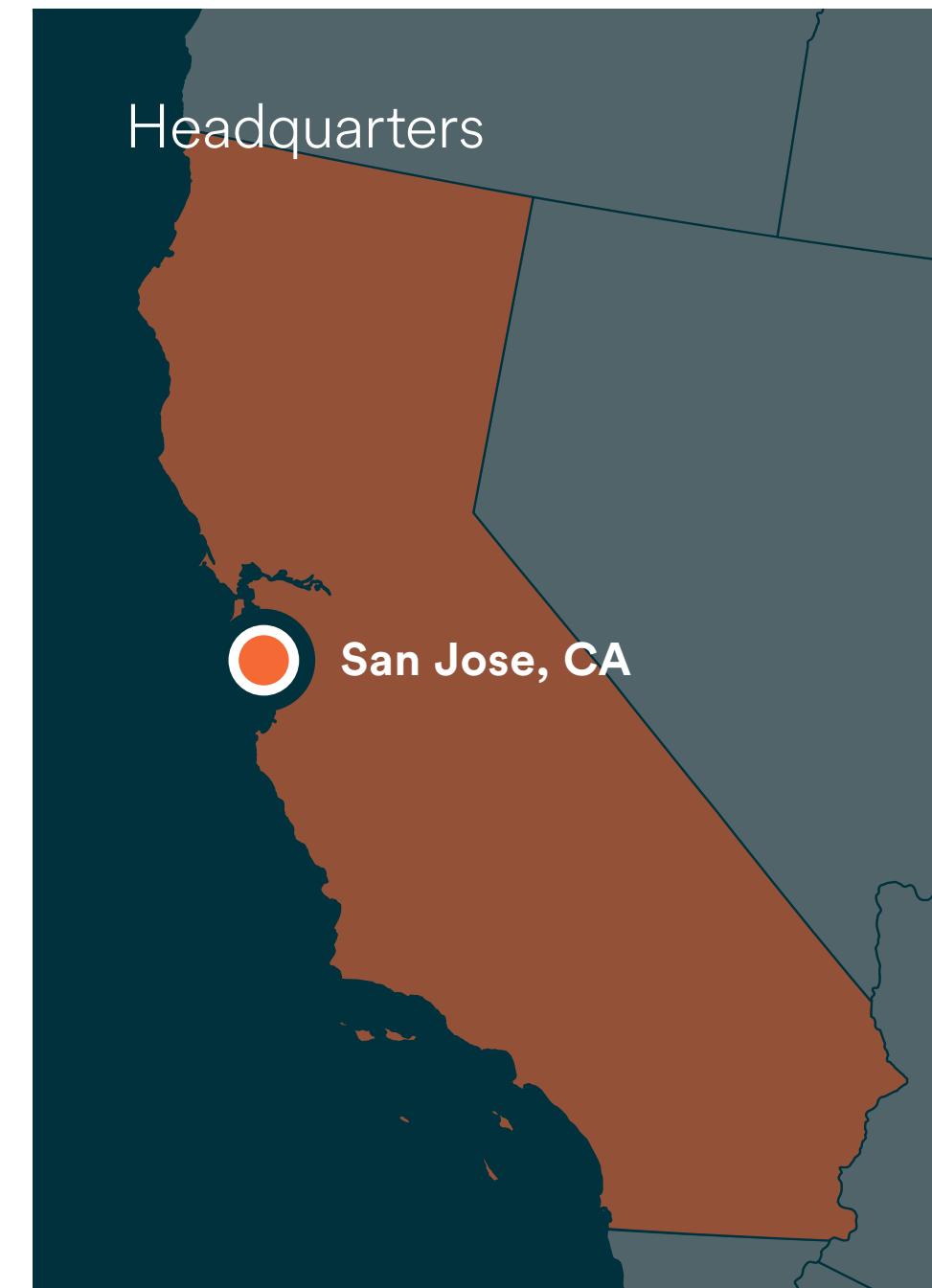
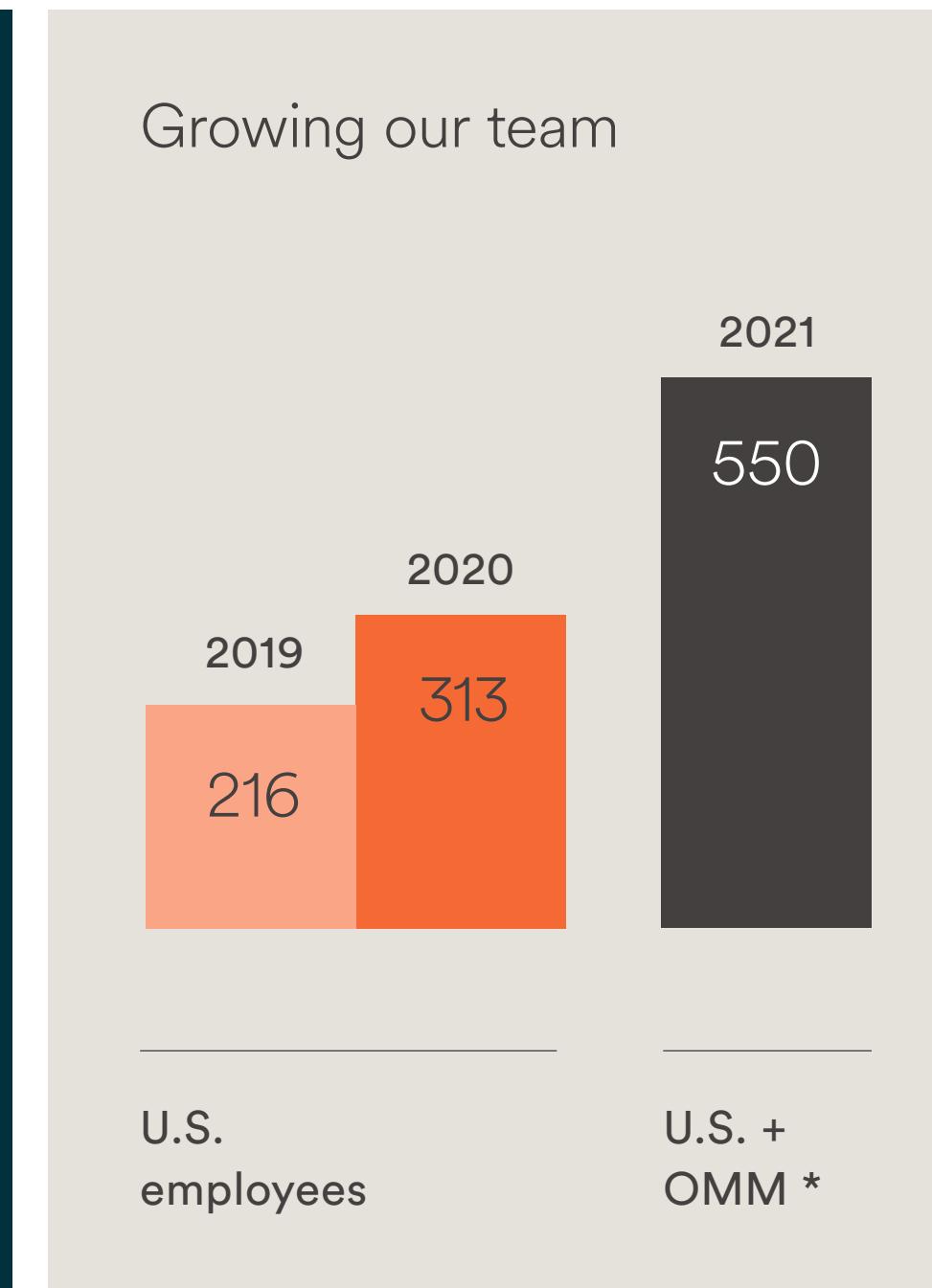
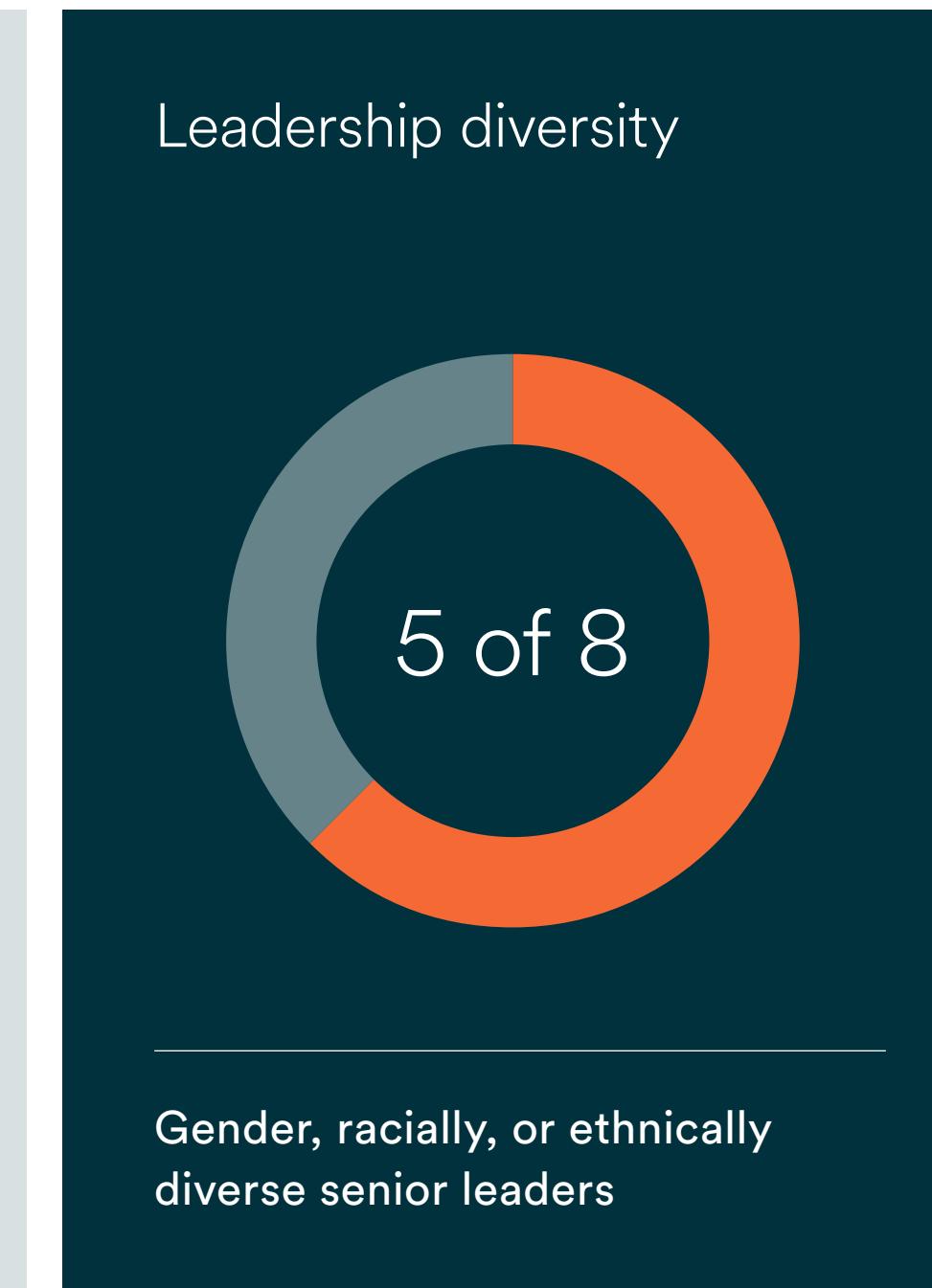
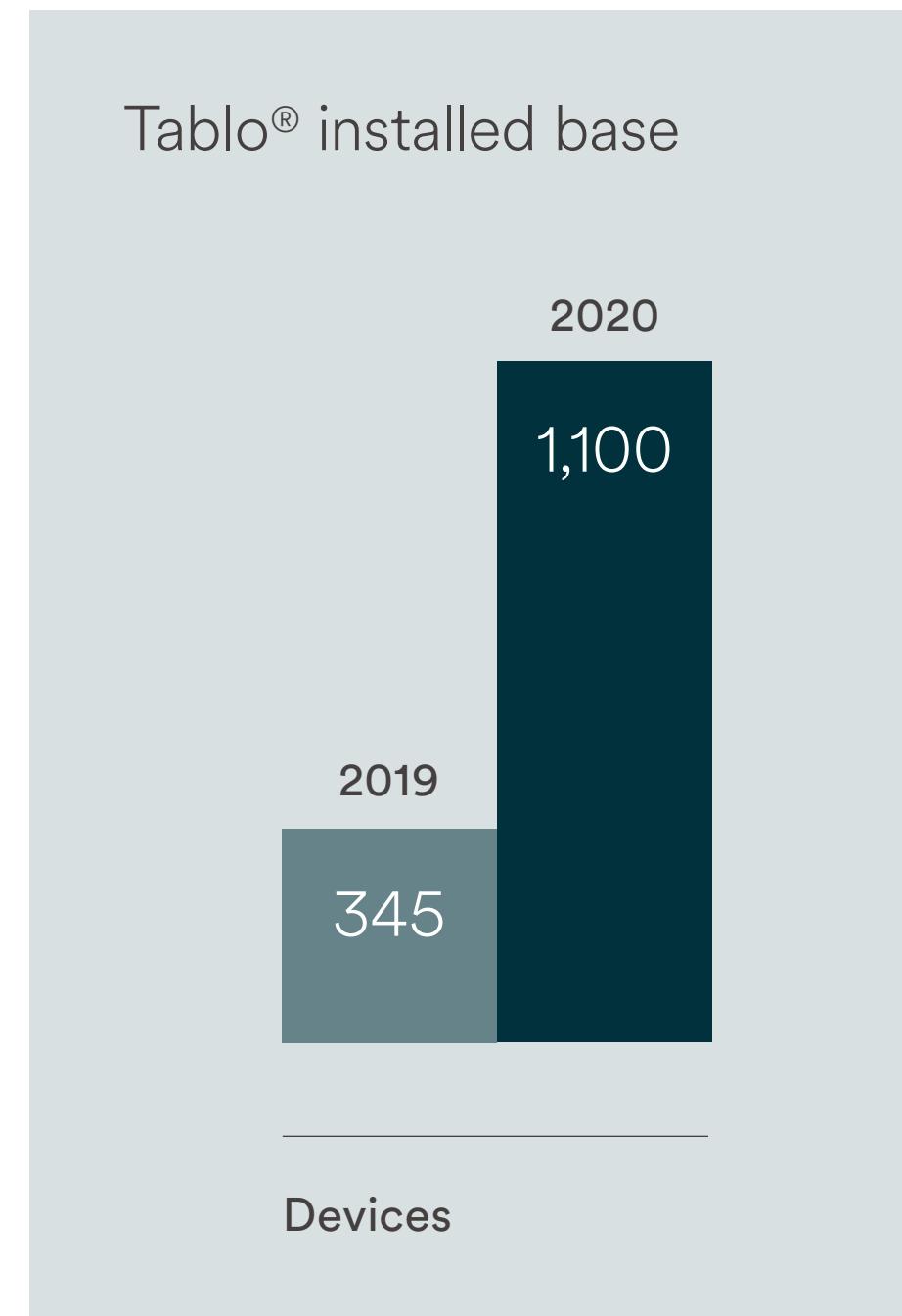
Reimagining the future of dialysis

Outset Medical
2021 ESG Report

Contents

- 3** Outset Medical at a Glance
- 4** A Message from Our CEO
- 9** Our Story
- 11** Simplicity, Savings, and Sustainability
- 19** Bringing Data to Dialysis
- 23** Market Opportunity
- 26** Our Approach to ESG Issues
- 28** Corporate Governance
- 32** Ethics and Compliance
- 37** Access, Advocacy, and Partnerships
- 42** Our People
- 60** Product Quality and Patient Safety
- 64** Supply Chain Management
- 68** Research and Development
- 70** Information Security and Privacy
- 74** Environmental Sustainability
- 81** Sustainability Accounting Standards Board (SASB) Index







A Message from Our CEO

At Outset, our mantra is **Better begins now**. Each part of that declaration says something important about our mission.

Better underscores our determination to radically elevate the dialysis experience for patients and reduce the total cost of care for providers. **Begins now** reveals our sense of urgency. After decades of receiving good enough, patients and providers deserve great. They deserve amazing. Not tomorrow, not next month, not next year. They deserve it now.

With structural market tailwinds at our back, a first-of-its-kind technology, and an aspirational, execution-focused team, we believe we are uniquely positioned to deliver on this very promise.

Better begins now also holds special meaning for our ESG (environmental, social, and governance) journey at Outset. Over the past year—our first as a public company—we have heightened our focus on ESG matters, recognizing that expectations have never been higher for companies to operate responsibly, sustainably, and with a deeper purpose than simply profit. Living up to those expectations is an important aspect of our culture, and it's one we take seriously. This inaugural ESG report represents the latest step in our ongoing ESG journey and showcases our commitment to transparency around the important topics covered in the pages that follow. We are excited to share our progress with you and look forward to continuing to build upon our ESG performance in the years ahead. Some ESG achievements from the past year that we are particularly proud of include:

Raising Awareness of Patient Disparities in Kidney Care

Improving dialysis care and the lives of dialysis patients requires progressive, patient-centric policies. Advocating for these policies has been and continues to be a key area of focus for Outset, particularly as COVID-19's disparate impact on people of color, and on people with end stage kidney disease, shined a light on the



compounding effects of underlying racial health disparities. We are committed to driving better patient outcomes by improving access to education about how home dialysis options can also advance goals of racial justice and health equity. To that end, we are working with leading patient-focused organizations to promote increased access to home healthcare, drive better outcomes for all kidney patients, and help erase racial disparities in home dialysis use.

Championing Gender Diversity at the Board Level

Outset's board is comprised of more women than men. We believe this composition places us among a select group of companies



that are leading the way in closing the gender gap in corporate boardrooms. That said, the work of closing corporate board diversity gaps is far from done. We intend to push further in setting a new standard for diversity, equity, inclusion, and belonging.

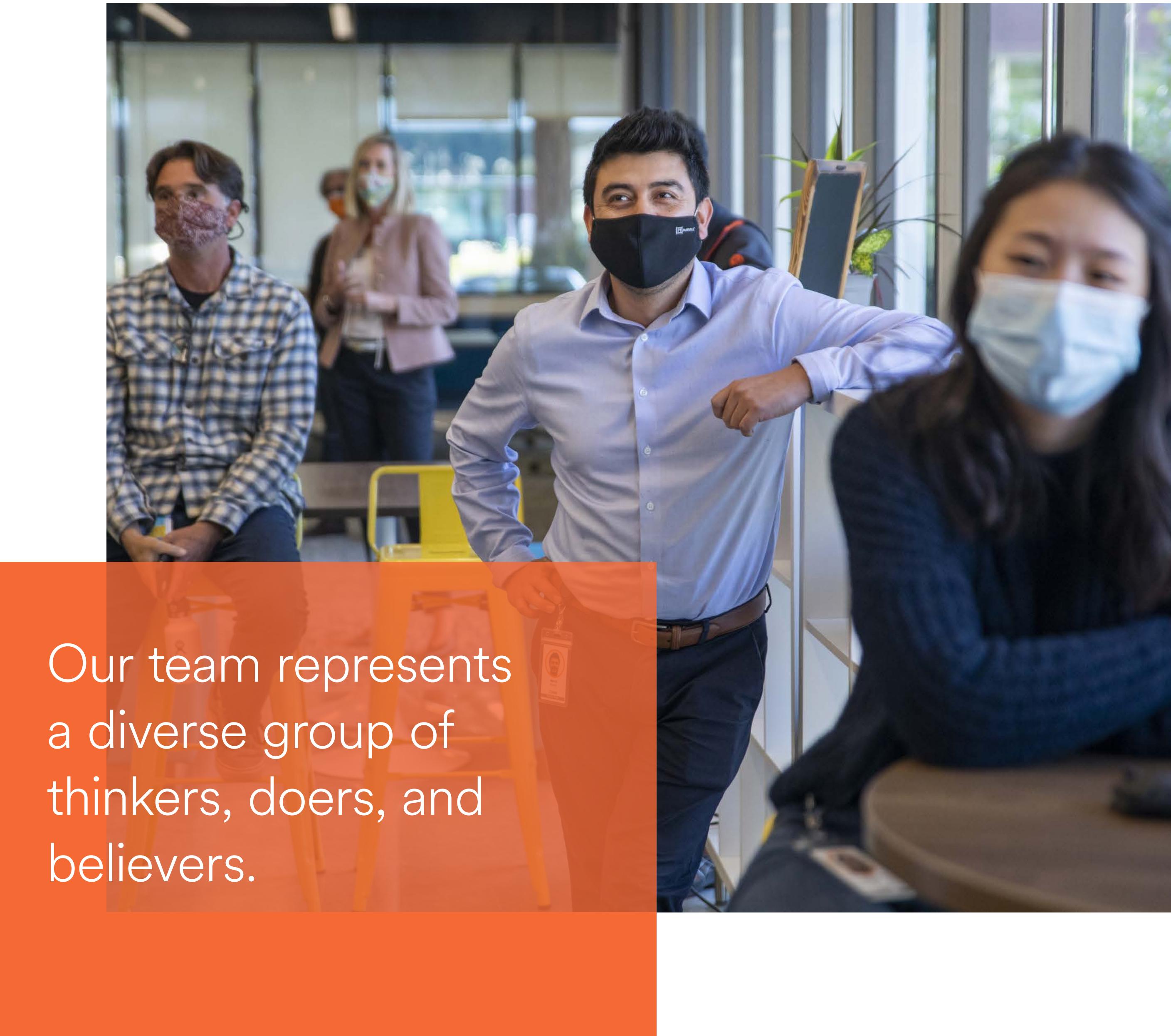
Focusing on Environmental Sustainability and Company Culture at Outset Medical Mexico (OMM)

During the site's development, we made environmental sustainability a key focus, particularly as it pertains to water conservation and recycling, energy efficiency, and waste management. We set very ambitious water recycling goals and exceeded them in our very first year of operation. What's next? Building on this initial success and inventing additional opportunities to drive sustainability in our manufacturing practices.

Alongside our environmental goals at OMM, we also established ambitious workplace goals by promoting an all-inclusive organization where respect, collaboration, and merit-based recognition are deeply embedded. As we've grown our workforce at OMM—where all Tablo consoles are now manufactured—our team member retention rate has consistently been among the highest

compared to similar companies in the area. This success is no accident. We built a culture and workplace policies based on the input of team members. As a result, we invested in a variety of unique wellness programs inclusive of on-site medical care, nutrition, exercise, and financial literacy. Additionally, through collaboration with the local government, we were able to achieve a COVID-19 vaccination rate of nearly 100% of the on-site workforce by the end of October 2021.

ESG reports are valuable in revealing a company's agility and willingness to embrace change and its action register toward creating a new future. With a history of challenging the status quo and persevering through challenges, not only are we capable of navigating change, we embrace and grow through it. The opportunity to catalyze truly transformative change, for patients and providers, is a privilege we recognize and regard with humility. Getting there inherently requires thinking differently and assembling a group of diverse thinkers, doers, and believers.





We are fueled ultimately by the chance to return dignity, identity, and self-worth to all the individuals who lost it the day they started dialysis. And to challenge antiquated assumptions around which patients are capable of self-directing their own care.

Reinventing a care delivery model, and equipment, that hasn't changed in 30 years requires ingenuity, fearlessness, and belief. When we succeed, patients will be able to fit dialysis into their life instead of fitting their life around dialysis. Patients will determine when, where, and how they dialyze... just as we all would want to.

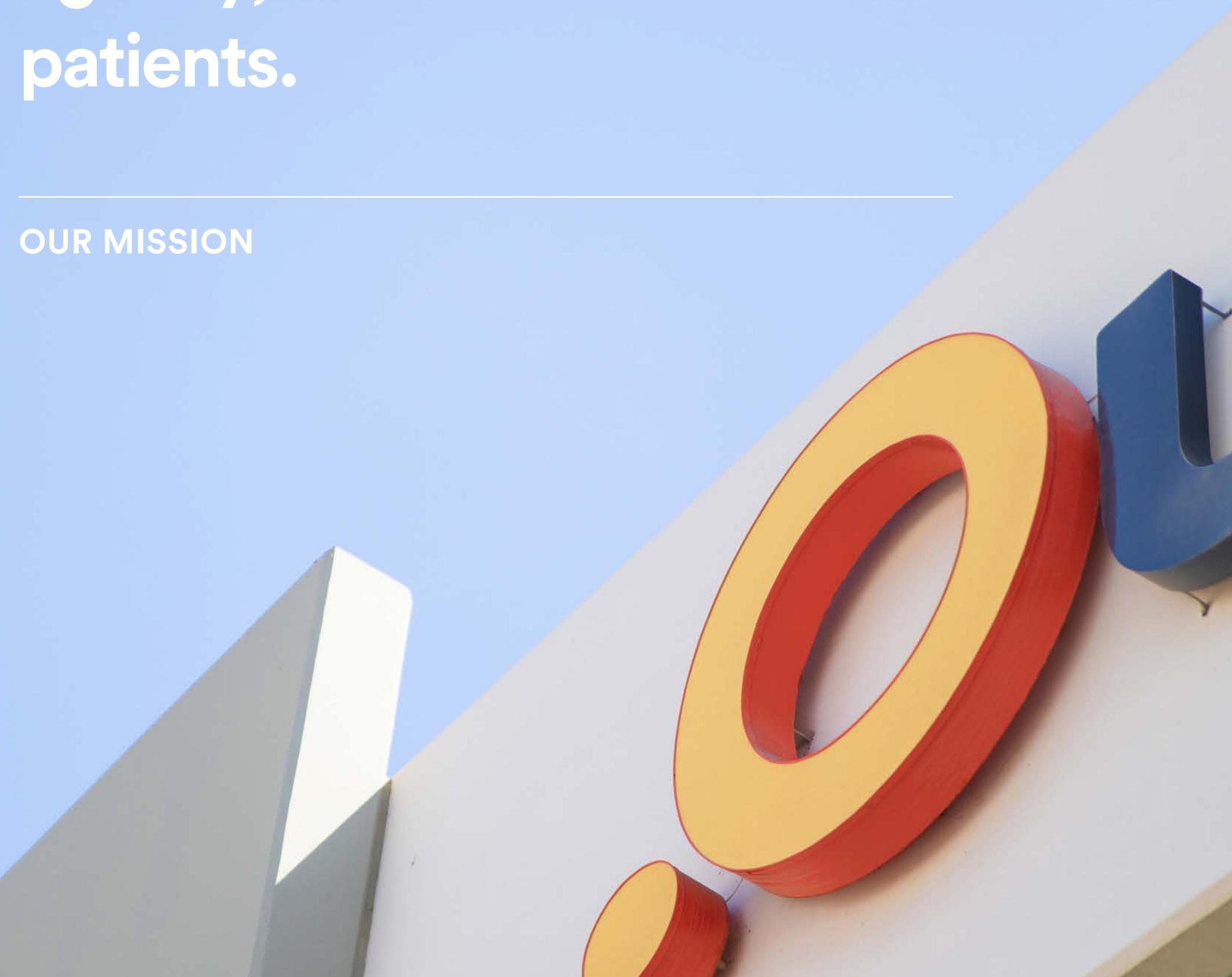
Through the support and confidence of our investors, customers, employees, and patients, we have a real opportunity to modernize and scale a patient-centric, sustainable model for dialysis delivery. Better begins now.

Leslie Trigg

President and Chief Executive Officer

To catalyze permanent and profound change in where, when, and how dialysis is delivered in order to lower costs and restore identity, agency, and self-worth to patients.

OUR MISSION



Our Story

Better begins now.

Outset is a medical technology company pioneering a first-of-its-kind technology to reduce the cost and complexity of dialysis. The Tablo® Hemodialysis System, FDA-cleared for use from the hospital to the home, represents a significant technological advancement that transforms the dialysis experience for patients and operationally simplifies it for providers. Tablo serves as a single enterprise solution that can be utilized across the continuum of care, allowing dialysis to be delivered anytime, anywhere and by anyone.

The integration of water purification and on-demand dialysate production enables Tablo to serve as a dialysis clinic on wheels, with 2-way wireless data transmission and a proprietary data analytics platform powering a new holistic approach to dialysis care.

Our culture of innovation and design permeates all aspects of our organization and informs our approach to transforming the experience of dialysis. We are focused on changing a historically stagnant space, driving widespread adoption of our new technology, and delivering on the promise of improved experience for patients while also delivering lower cost of care for healthcare providers.

Get to know **Tablo®**



WIRELESS CONNECTIVITY

Two-way data communication can automatically send treatment data to the cloud

TREATMENT MODALITIES

Flexible renal replacement therapy options

SENSOR-BASED AUTOMATION

Tablo sensors help to automate much of the set up, treatment management and maintenance

TABLO CARTRIDGE

Minimizes setup and takedown time by removing manual steps

DIALYSATE ON DEMAND

Purifies water and produces dialysate in real time

MOBILITY

All you need is an electrical outlet and tap water

Simplicity, Savings, and Sustainability

Tablo is an enterprise solution for dialysis that combines wireless connectivity, real-time integrated water purification, and on-demand dialysate production in a single compact 35-inch console. Tablo is the first “one stop shop” that can deliver dialysis in any setting from the Intensive Care Unit (ICU) to a patient’s home. This innovative device is specifically designed to deliver simplicity, versatility, efficiency, ease of use, cost savings, and sustainability.



The past

Unlike traditional hemodialysis machines (left), Tablo can be used seamlessly across multiple care settings and a wide range of clinical applications

The future



Acute Setting

Tablo enables health systems and sub-acute providers to do more with less, providing an enterprise solution for dialysis that combines the functionalities of multiple separate pieces of dialysis machinery *and* a water treatment room. In the hospital setting with Tablo, there is no need for a water room, reverse osmosis machines, or hauling bags of dialysis fluids to the machine during extended therapies.

Tablo comes with a suite of features designed to help care teams effectively address the dialysis needs of almost any patient in the hospital, including critical care treatments of up to 24 hours, with less labor intensiveness and fewer supplies.

Tablo in the acute setting:

- ✓ Increases hospital operating margins by lowering the overall cost of dialysis-related supplies, infrastructure, and labor by up to 80% in the ICU.
- ✓ Enables hospitals to take dialysis back in-house which, including supplies cost reduction, reduces the total cost per treatment by \$300 to \$500.

Home Setting

In the home setting, Tablo provides similar benefits from a simplicity and sustainability perspective. By enabling the treatment of patients in their homes, we believe Tablo is helping to build a more sustainable system for dialysis that provides improved outcomes at lower cost. Tablo also helps providers train and transition patients to home in more cost-effective ways that create greater accessibility for patients. For example, Tablo allows healthcare providers to quickly and efficiently establish small footprint Transitional Care Units (TCUs) with a “home first” orientation around training patients to go home. Tablo enables TCUs in a wide array of locations that are more convenient and accessible for patients because the device does not require any specialized infrastructure, such as centralized water treatment processing, to operate. In short, Tablo provides a modern, efficient, and easy-to-use system designed to significantly improve the experience for patients and providers.

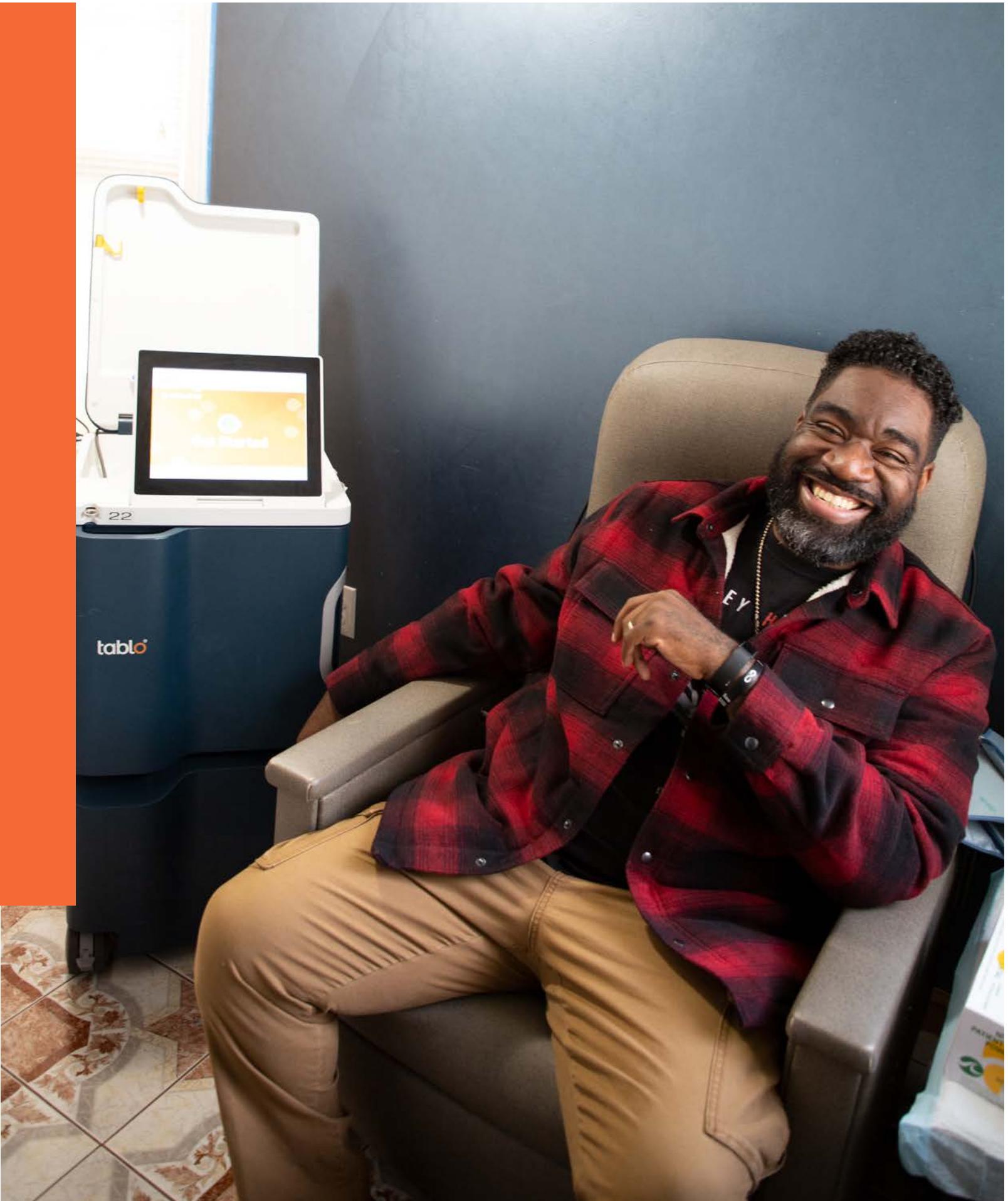
In the home setting, we believe Tablo offers these benefits:

- ✓ Tablo enables longer retention and higher treatment compliance by giving patients the option of flexible treatment frequency and potentially fewer treatments, as well as less burdensome setup and management. In studies and surveys we have conducted, patients have reported clinical and quality of life benefits with Tablo compared to other dialysis machines. In the home setting, for example, Tablo offers an improved treatment experience for patients, with fewer headaches, increased energy, less cramping, and a quieter, more relaxed experience contributing to improved quality of life.
- ✓ Tablo improves provider home dialysis economics. Tablo reduces home program staffing costs by reducing total training time and providing a novel learning curriculum that is largely patient managed. The result is increased patient adoption through a shorter, less burdensome training process.

I'm grateful for the technology of [Tablo]. And people taking the time to really put the small things into it. I feel like somebody did it for me to better myself.

DAVID RUSH,

professional musician and
Tablo home dialysis patient



Additionally, Tablo improves the accessibility and sustainability of home dialysis for patients. We believe Tablo's compact size, and its ability to operate with a standard electrical outlet, tap water, and less supplies storage, makes it an accessible option for patients regardless of the size of their living space. Further, we believe the reduced amount of consumable supplies shipped to the home results in a lower environmental impact compared to traditional dialysis systems.



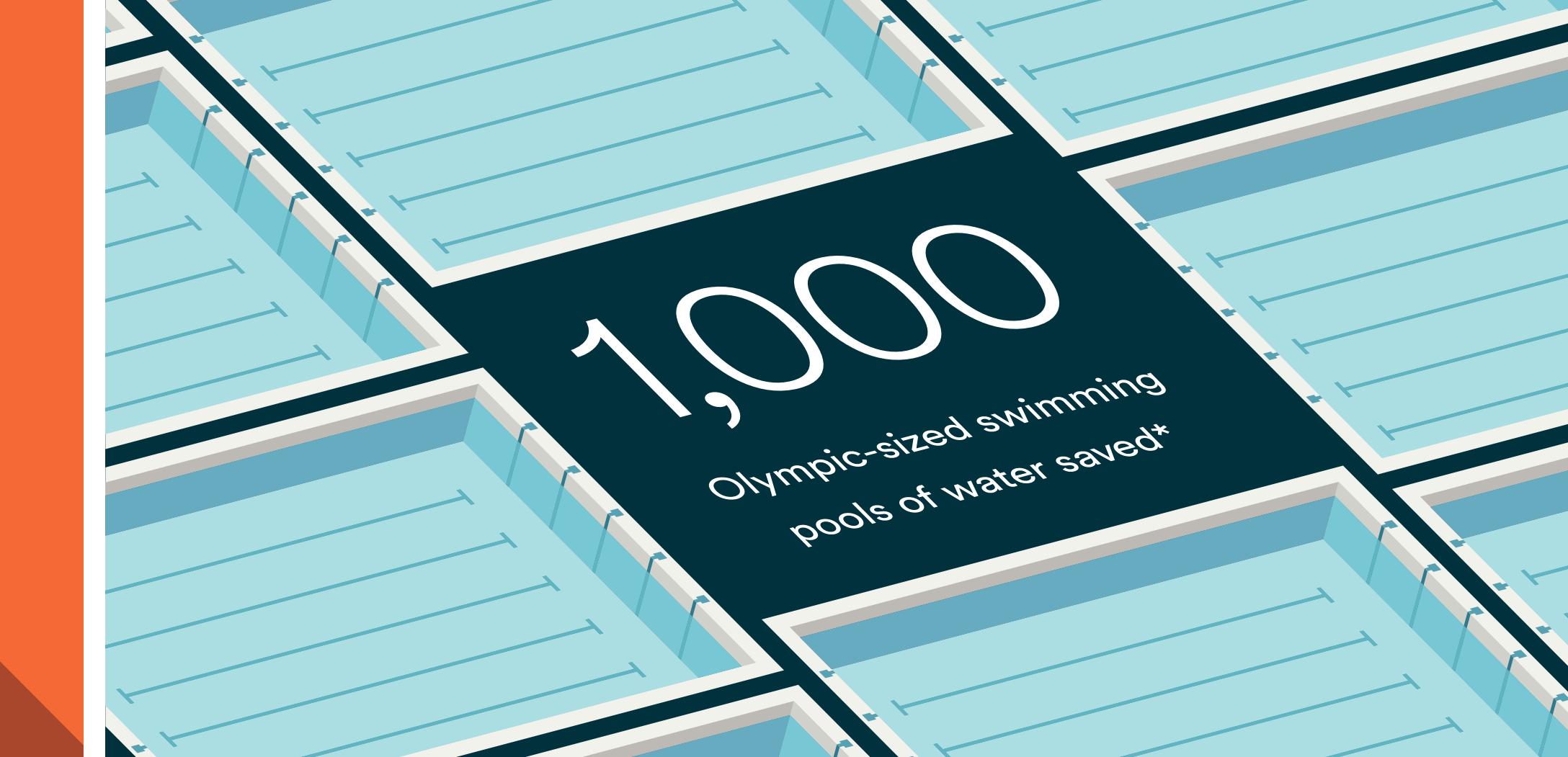
130

Gallons of water per treatment
used by a typical dialysis machine



33

Gallons of water per treatment
used by Tablo on average



Reduced Water Consumption

Traditional dialysis machines consume immense amounts of water, typically over 130 gallons per treatment. Assuming half a million patients in the United States receive hemodialysis 3 times per week, 52 weeks per year, we estimate around 10 billion gallons of water are required each year for hemodialysis in the U.S. Tablo is designed to reduce water consumption during dialysis in three ways:

* We estimate that Tablo's reduced water consumption, if applied to even just 10% of hemodialysis treatments per year, would equate to saving as much water each year as could fill more than 1,000 Olympic-sized swimming pools

- 1 Proprietary software elevates the water recovery rate of Tablo's reverse osmosis system to 50%. As a result, for every 1 mL of input water, 0.5 mL is used productively for the dialysis treatment.
- 2 Since Tablo produces dialysate on demand, no water is consumed during idle periods. By contrast, conventional dialysis machines continue to consume water even when not in treatment. And, all of that unused water is sent to the drain.
- 3 Tablo was designed to operate at a lower dialysate flowrate compared to traditional dialysis systems, while demonstrating comparable clinical results.

As a result of these technological advances, Tablo consumes approximately 33 gallons of water per treatment on average compared to over 130 gallons of water per treatment with a conventional machine. We estimate that this reduction, if applied to even just 10% of hemodialysis treatments per year, would equate to saving as much water each year as could fill more than 1,000 Olympic-sized swimming pools.

Another benefit of Tablo in the acute environment (and oftentimes in the home environment as well) is that it eliminates the cost, complexity, and environmental impact of pre-filled bags of dialysis solution. For example, we estimate that a patient doing peritoneal dialysis in the home typically uses over 700 bags of solution each year, all of which may end up in the landfill. By contrast, Tablo produces dialysate on demand without using bagged solutions. And, the concentrate containers that Tablo uses to make the dialysate are recyclable.



Dialysate on demand: Tablo is the only dialysis technology with a fully integrated water treatment system

Training and Ease of Use

Tablo simplifies training for new users. It is imperative to have very easy training tools to improve training efficiency, whether we're training a dialysis unit nurse or an ICU nurse managing treatments in the critical care setting.

We provide web-based and instructor-led training for all of our customers. Outset University, available through TabloHub (for providers) and MyTablo (for patients), allows new customers to complete online and instructor-led training as they prepare to use the Tablo System. Existing customers can browse the Course Catalog for on-demand learning and ongoing education courses. Clinic team members can also track patient training progress. Tablo Resources, available through Outset University, provides microlearning in the form of video tutorials and quick reference material. With Outset University's suite of guided learning plans and interactive resources including quizzes and hands-on workshops, training

TRACEY AMADI,
the first person in the world
to use our Tablo System at
home after it received FDA
clearance in March 2020



I am thrilled to be using this amazing system at home. I started dialysis in 2008 and briefly had another system at home. Tablo has been so easy to learn and use. It gives me a lot more control over my life and time, which saves my family and me many hours each week.



is streamlined and available remotely, supporting user competency and confidence.

We designed Tablo with the home in mind by delivering a user experience comparable to a consumer product. Tablo's touch screen is intuitive, simple, and appealing. Patients are guided through the treatment with 3D animations illustrating each step. Patients can also train with their care partners on a tablet, using a simulated version of the user interface. This tool strengthens the patient's confidence and accelerates their readiness to start self-care at home. Tablo's simplicity has reduced patient training time consistently to two weeks or less, compared to the four to six weeks it typically takes patients to learn the incumbent device.

Learn more about the Tablo data ecosystem in the following section.



Tablo's touch screen guides patients through setup and treatment with 3D animations illustrating each step

Tablo is a powerful data engine supported by an ecosystem that uses data and analytics to improve the provider and patient experience.

Bringing Data to Dialysis

Tablo Data Ecosystem

Tablo is the first hemodialysis system on the market with FDA clearance for two-way wireless data transmission. Tablo's connectedness helps reduce maintenance costs and enables ongoing

system improvements. While these features are already industry leading, we are just getting started. This is all made possible by our growing team of experienced software, data science, and machine learning engineers.

Tablo leverages the cloud to make it possible for providers to monitor devices and treatments remotely, perform patient and population analytics, and automate clinical recordkeeping. Due to Tablo's wireless connectivity, we can release new features and enhancements through over-the-air (OTA) updates, without requiring hardware changes or interventions from field service engineers (FSEs). We also release user trainings this way, which means that customers can train and upgrade their device on their own schedule. Over the past two years, we have used these OTA updates to add important new features that extend Tablo's clinical applicability in addition to updates that enhance device uptime by enabling remote diagnostics and support. These OTA updates help Tablo get smarter over time.

Tablo's connectedness also allows it to continually stream to the cloud over 500,000 device performance data points after every

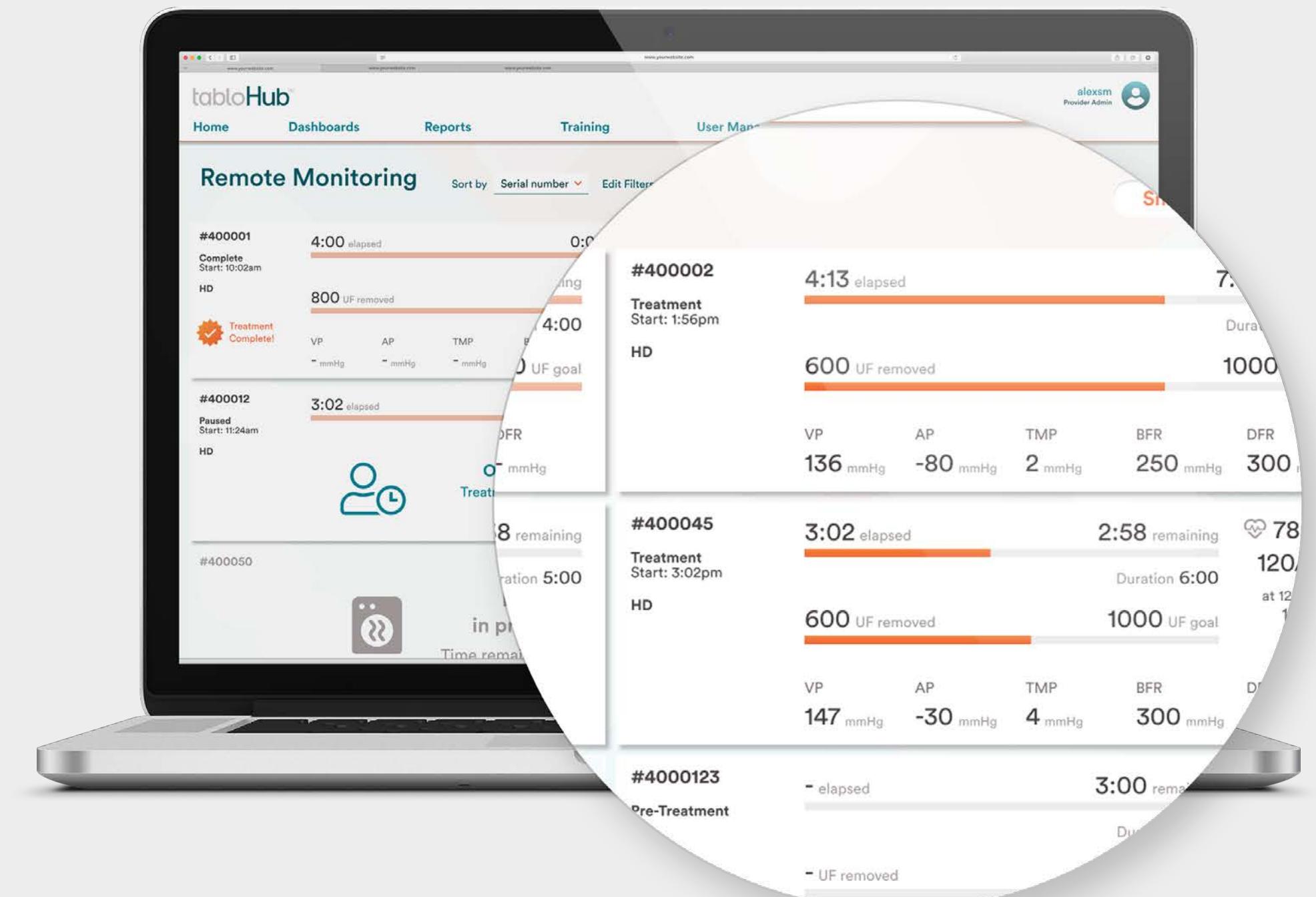
treatment. We use this data, in conjunction with our diagnostic and predictive algorithms, to root cause failure types and, in some instances, predict failures before they occur. Equipped with this information, our FSEs can confidently visit sites knowing they have the correct parts and consumables to address the issues reported, and those that are yet to come. In effect, this contributes to a reduction in service hours and an increase in device uptime.

The above functionality is enabled through two key platforms: TabloHub, a customer-facing portal; and TabloDash, an internal data analytics platform.

TabloHub is designed to be a one-stop shop for providers that allows customers to monitor treatments in real-time across their fleet, visualize historical treatment records and statistics, see system disinfection and service records, search documentation, read news about Tablo, and perform various trainings. It is accessible from virtually anywhere, using a phone, tablet, or a web browser.

Through the Tablo application programming interface (API), providers can integrate Tablo with their Electronic Medical Records (EMR) to receive treatment data and flowsheets automatically

TabloHub



TabloHub provides immediate access to treatment and machine information across an entire fleet of Tablo devices

to reduce manual record keeping, which in turn, helps reduce record-entry errors and auditing risks. Tablo's two-way wireless transmission delivers data intended to be compliant with the federal Health Insurance Portability and Accountability Act (HIPAA) to the provider without any need for additional equipment. It connects to the cloud using a standard Ethernet or Wi-Fi connection. TabloHub strengthens care, simplifies meeting documentation requirements, and makes system management easy.

TabloDash is a powerful data analytics platform used by Outset team members to analyze diagnostic data produced by connected devices across all fleets, data from our customer relationship management system, and various other sources. Tablo captures more than 500,000 machine performance data points during every treatment, which is then used to fuel data analytics and machine learning algorithms that drive our research and development pipeline.

Through TabloDash, data can be visualized, graphed, aggregated, and queried to answer complex business intelligence questions, and build performance monitoring dashboards. For example, our service team uses TabloDash to analyze field response times, categorize



TabloDash helps Outset optimize the cost of service while increasing the quality of service

TabloDash

failures by types, diagnose specific device issues, and monitor customer fleet performance.

The real-time nature of TabloDash allows our FSEs to troubleshoot and adjust a device remotely during a call with a customer and avoid the need to send FSEs to a site unnecessarily. If it is necessary to dispatch an FSE, we can use TabloDash to help ensure they arrive with the correct parts to complete the repair, and are also able to address any preventive maintenance predicted by our algorithms, all during the same visit.

TabloDash is the linchpin that helps us optimize the cost of service while increasing the quality of service by reducing unnecessary visits, time spent on-site, and device downtime.

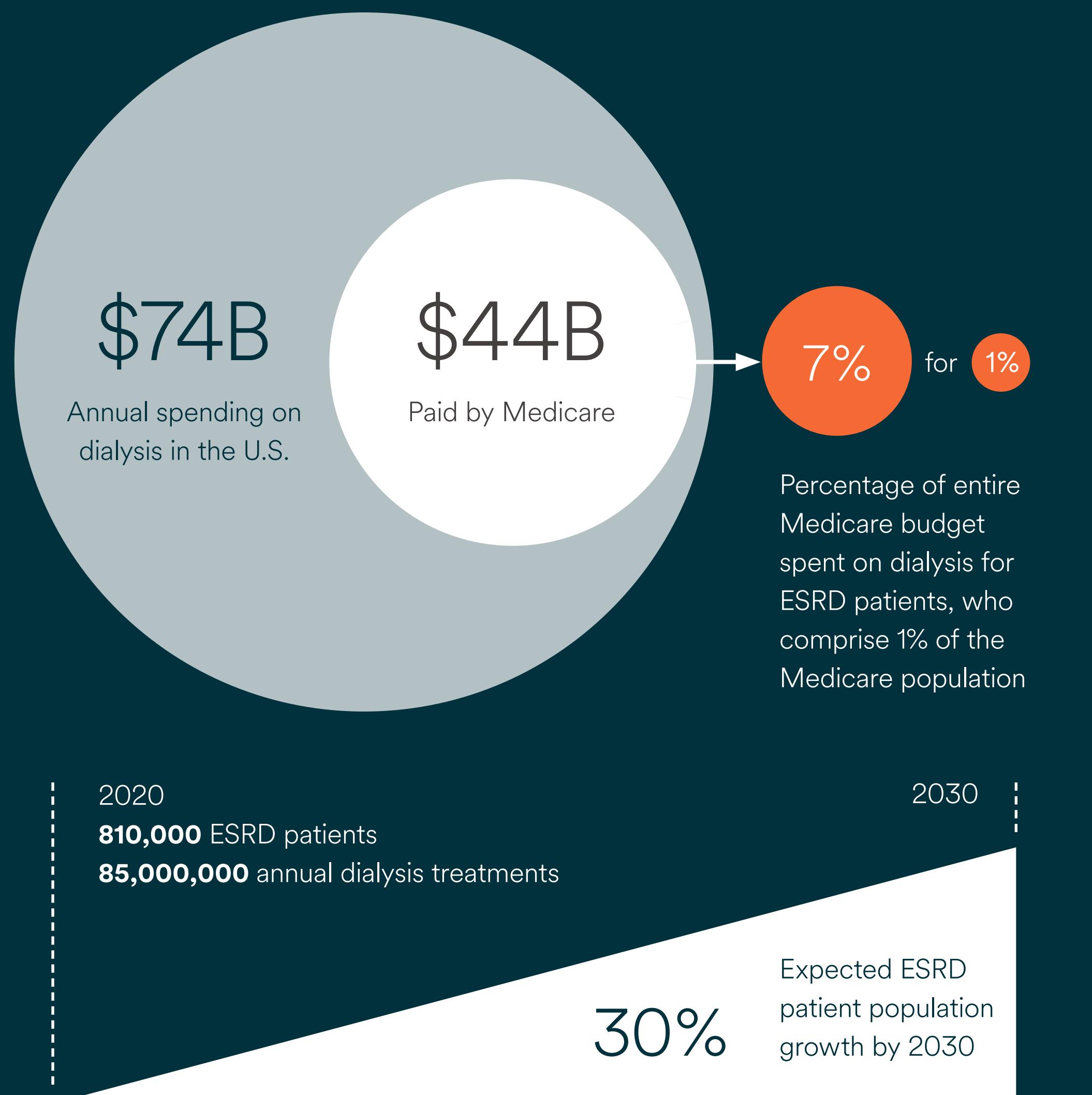
TABLO DATA ECOSYSTEM

Value to Outset

- ✓ Reinforces customer loyalty through access to a functionally-rich data ecosystem.
- ✓ Improves speed and cost efficiency of design and manufacturing.
- ✓ Increases efficiency through remote real-time system monitoring, diagnostics, and predictive analytics, lowering servicing costs.
- ✓ Accelerates delivery of new features and improvements to customers through continuous in-field data analytics.

Value to Our Providers

- ✓ Reduces cost and increases compliance by centralizing and automating documentation and all cloud-based medical record reporting from treatment flowsheets to machine management. Increases uptime through machine-learning algorithms that feed continuous software improvements and predictive analytics.
- ✓ Increases flexibility and efficiency through remote monitoring of patient treatment data.
- ✓ Reduces administrative time and cost through Electronic Medical Record integration.



Estimates based on data contained in U.S. Renal Data System's 2019 Annual Data Report

Market Opportunity

We estimate that annual spending on dialysis in the United States is approximately \$74 billion, of which an estimated \$44 billion is Medicare spending. In 2017, this represented 7% of the total Medicare budget despite end-stage renal disease (ESRD) patients only representing 1% of the Medicare population. Dialysis is performed in the acute care setting, outpatient dialysis clinics, and the patient's home based on the patient's condition and preference.

As a result of an aging population and the growing incidence of diabetes, hypertension, and obesity, based on historical rates of growth, we estimate the ESRD patient population will grow 30% over the next ten years in the United States, thereby increasing our opportunity in both the acute and home care markets. We estimate the total annual addressable market opportunity in the United States for Tablo is approximately \$2.2 billion in the acute care setting and approximately \$8.9 billion in the home setting.

Acute Care

The acute care market includes short-term acute care hospitals, sub-acute long-term acute care hospitals (LTACHs) and skilled nursing facilities (SNFs). As of 2019, there were approximately 4,500 acute care hospitals and approximately 17,000 LTACHs and SNFs in the United States, of which we believe 2,300 hospitals and 1,600 LTACHs and SNFs are included in our acute care addressable market. We expect acute care hospitals to support higher treatment volumes per facility than LTACHs and SNFs and thus represent a greater proportion of the total market opportunity. The cost of managing a dialysis program is high, typically requiring complex equipment, separate infrastructure, and specialized staff. Many hospitals outsource the management of their dialysis programs to a third party, which is costly and may limit their ability to control the quality of patient care. For hospitals that outsource dialysis, and for those that manage their own dialysis programs, we believe that aggressive cost containment measures are motivating administrators to assess technology alternatives in order to lower the overall cost of care. We estimate the acute care market to grow at an annual rate of approximately 7% over the next five years.

Tablo definitely made the COVID-19 pandemic much easier on us. It was the only option we had for fitting four dialysis machines at the same time in those rooms. During the surges, we used Tablo's remote monitoring to watch blood pressures, alarms and other patient data. That drastically decreased nurse exposure to COVID.



FAITH LYNCH, MSN, RN of NYU Winthrop Hospital, and President American Nephrology Nurses Association Long Island Chapter

SPOTLIGHT**Tablo Receives Landmark TPNIES Approval From CMS****Home Care**

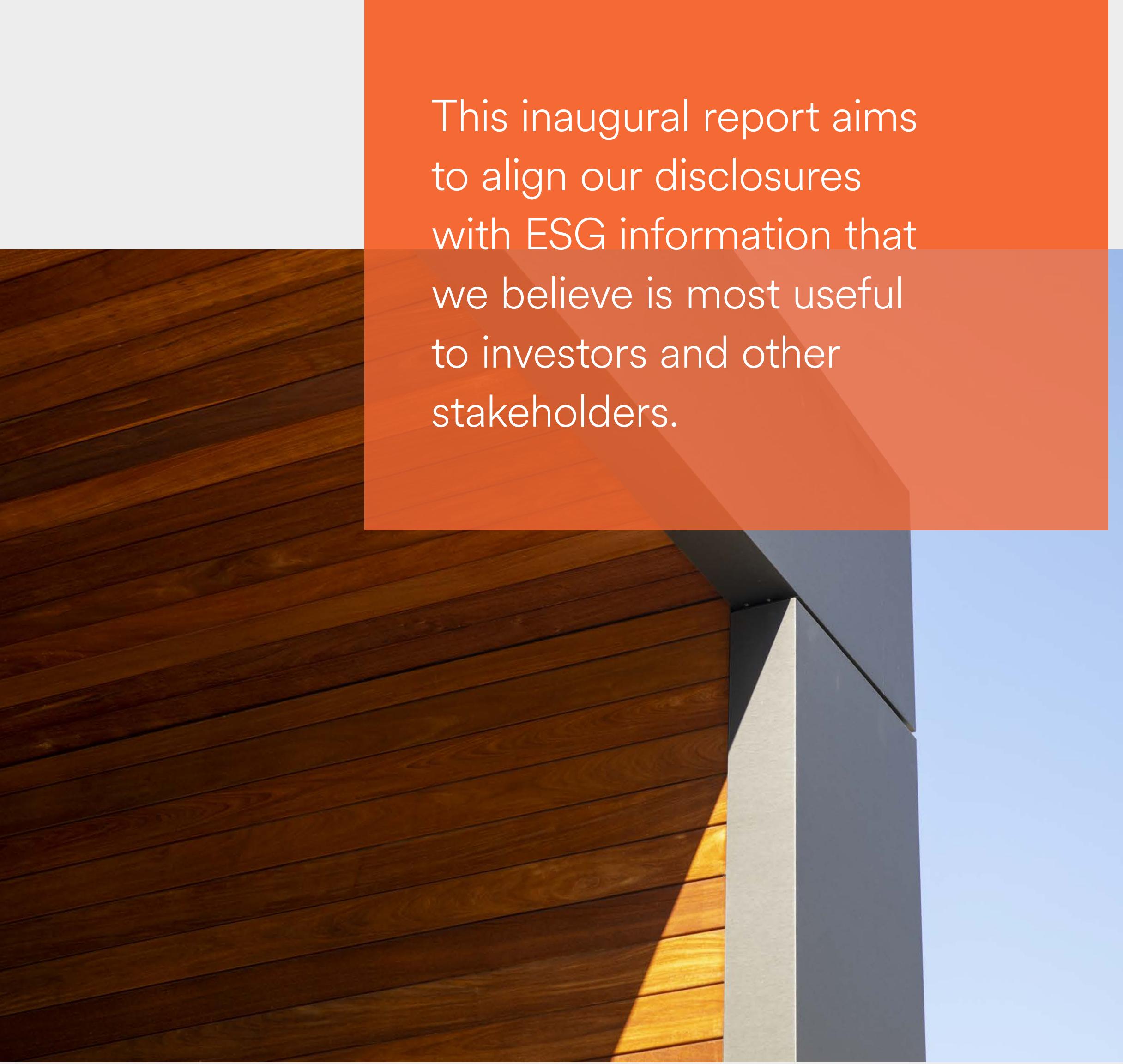
At the end of 2018, there were approximately 550,000 patients in the United States receiving some sort of dialysis in the clinic or home setting. The majority of these patients were treated in dialysis clinics, although a large and growing number of treatments are transitioning to the patient's home. In 2018, approximately 12.5% of patients (69,000 individuals), received dialysis treatment at home through peritoneal dialysis or home hemodialysis. From 2008–2018, the home hemodialysis patient population grew 133%, resulting in approximately 10,350 patients on home hemodialysis therapy, and we estimate that there are approximately 13,500 patients on home hemodialysis therapy today. We believe that the dynamics in the non-acute care market will continue to shift towards more home-based treatments as a result of several factors including the recent Executive Order on Advancing American Kidney Health, the expansion of Medicare Advantage to patients with kidney disease, and increasing commercial payor focus on reducing the total cost of ESRD care. We believe the recent COVID-19 global pandemic will accelerate the need for and adoption of technologies that enable care closer to and within the patient's home, such as home-based dialysis therapies and telemedicine.

In October 2021, [Tablo received the first-ever approval](#) from the Centers for Medicare & Medicaid Services (CMS) for a Transitional Add-on Payment Adjustment for New and Innovative Equipment and Supplies (TPNIES). This pioneering decision will help encourage healthcare providers to embrace new technology enabling more patients to dialyze at home and reclaim their independence. As part of the TPNIES approval, healthcare providers will have access to supplemental reimbursement over the next two years to support their patients' use of Tablo at home.

[P]atients have felt at home with Tablo's touchscreen, on-screen animations and step-by-step instructions. This comfort has made the dialysis experience easier on patients, resulting in fewer complications and hospitalizations. There's no question that when it comes to patient comfort and delivering superior outcomes, home dialysis via Tablo is the undisputed winner. —Dr. Varshi Broumand, System Dialysis Medical Director, Christus Health

— Our Approach to ESG Issues

As Outset continues to grow, we are committed to sharing updates related to our corporate responsibility and ESG programs, priorities, goals, and performance. This inaugural report represents the latest step on our ESG journey. We have analyzed several ESG reporting frameworks, including the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative, and the World Economic Forum International Business Council's Stakeholder Capitalism Metrics. This report has been developed with the aim of aligning our disclosures with ESG information that we believe is most useful to investors and other stakeholders. In particular, and in response to input received from some of our current and potential investors, this ESG report addresses specific SASB standards for the Medical Equipment and Supplies industry. We welcome feedback on this report and look forward to continued engagement on these important topics.



This inaugural report aims to align our disclosures with ESG information that we believe is most useful to investors and other stakeholders.

ESG Oversight

Consistent with our commitment to patients and providers, we are committed to implementing and advancing various policies related to corporate responsibility, sustainability, and ESG efforts.

Per its written charter, the Nominating and Corporate Governance Committee of our Board of Directors is responsible for overseeing these efforts, helping to ensure that we consistently execute on our related priorities and initiatives, and providing regular updates to the full Board of Directors on related matters. To satisfy these oversight responsibilities, the Nominating and Corporate Governance Committee receives regular updates from management on progress and strategy. Relevant topics that have been or may be discussed by our Nominating and Corporate Governance Committee, our Board of Directors and/or other committee(s) thereof include environmental, health and safety matters (including in connection with the COVID-19 pandemic), product quality and safety matters, and our diversity, equity and inclusion strategy.





— Corporate Governance

Outset's Board of Directors sets high standards for our employees, officers, and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of our business. To fulfill its responsibilities and to discharge its duty, the Board of Directors follows the procedures and standards that are set forth in Outset's Corporate Governance Guidelines, which are available on our [website](#).



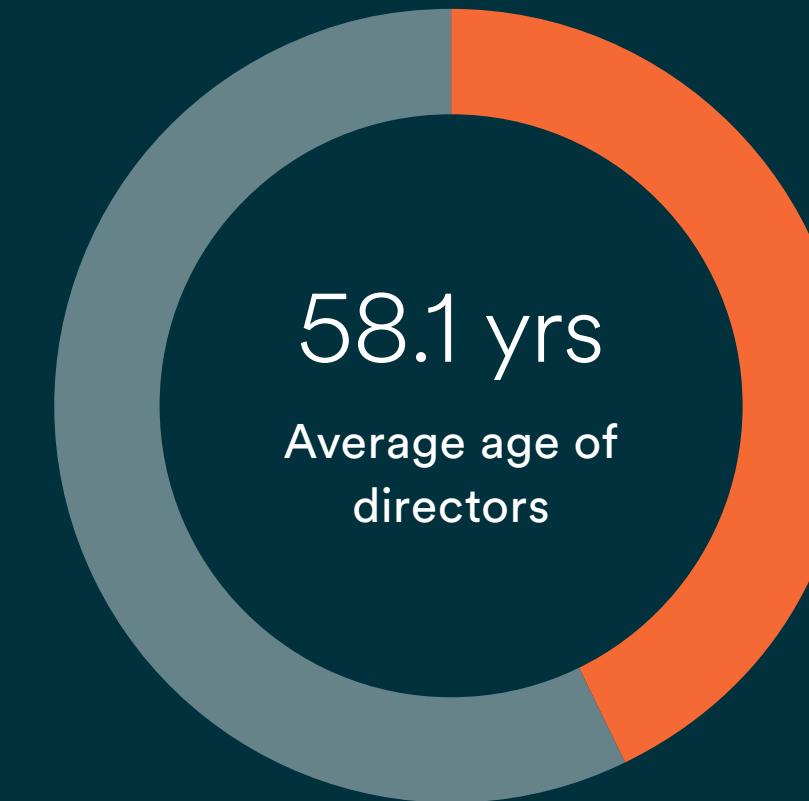
Independence

- Independent **6**
- Management **1**



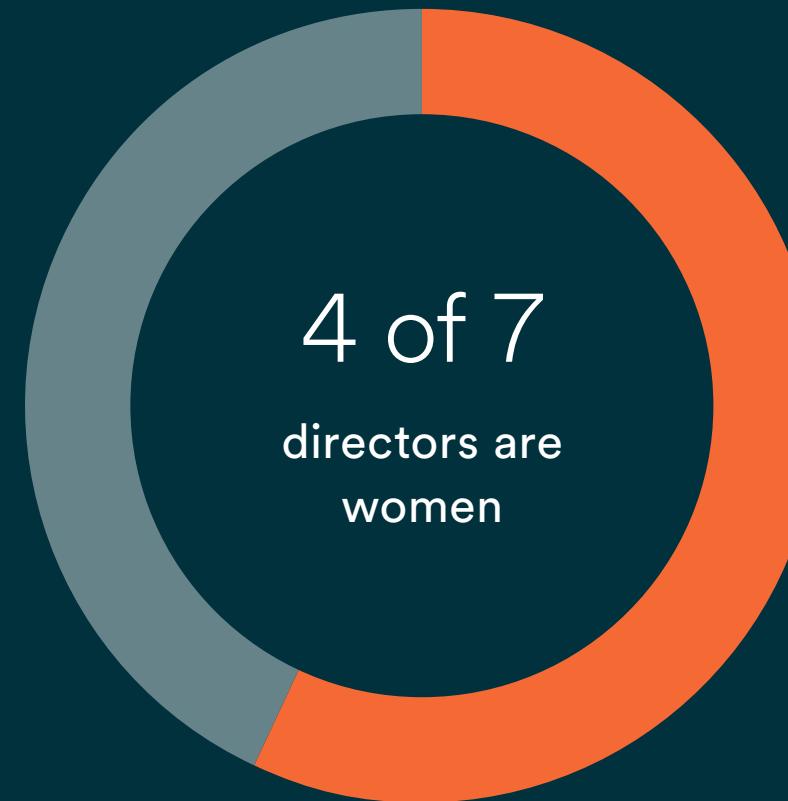
Tenure

- Less than one year **3**
- One to four years **2**
- Five or more years **2**



Age

- Less than 60 years **3**
- 60 or more years **4**



Gender diversity

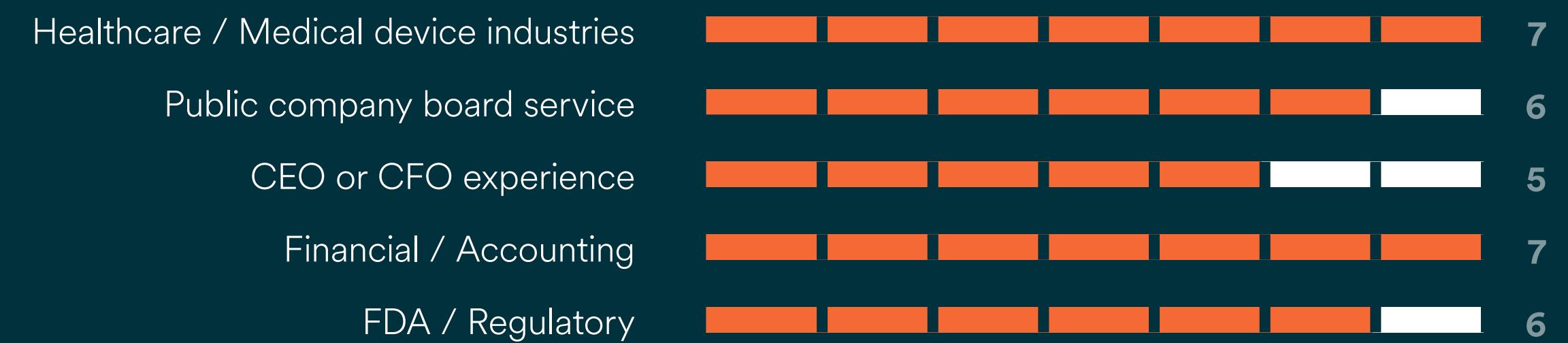
- Women **4**
- Men **3**



Racial or ethnic diversity

- Diverse **1**
- Not diverse **6**

DIRECTOR DASHBOARD Our directors bring diverse viewpoints and perspectives to our boardroom and exhibit a balance of tenure, skills, experiences, and backgrounds that we believe enhances the deliberation and decision-making processes of our Board of Directors and allows our Board of Directors to effectively fulfill its oversight function.



Our seven directors bring a balance of relevant **skills and experience** including those listed above.

Role of our Board of Directors in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of our risk management process. Our Board of Directors' role in risk oversight is consistent with our leadership structure, with management having day-to-day responsibility for assessing and managing our risk exposure and our Board of Directors actively overseeing management of our risks—both at the Board of Directors and committee levels. The risk oversight process includes receiving regular reports from committees and management to enable our Board of Directors to understand our risk identification, risk management, and risk mitigation strategies with respect to areas of potential material risk, including operations, information technology (including cybersecurity), finance, legal, regulatory, strategic, and reputational risk.

Our Board of Directors focuses on the overall risks affecting us, and each of its standing committees has been delegated responsibility for oversight of specific risks that fall within its areas of responsibility. For example:

1

Our Audit Committee is responsible for overseeing our major financial, legal, and regulatory risk exposures, which span a variety of areas including litigation, regulatory compliance, financial reporting, insurance, and cybersecurity. Our Audit Committee also oversees the steps management has taken to monitor and control such exposures, including guidelines and policies for assessing and managing risk and related compliance efforts.

2

Our Nominating and Corporate Governance Committee oversees the management of risks associated with our overall compliance and corporate governance practices and the independence and composition of our Board of Directors, including monitoring the effectiveness of our corporate governance guidelines and other policies such as our Code of Business Conduct and Ethics, and overseeing our environmental and sustainability efforts and progress.

3

Our Compensation Committee regularly assesses risks arising from our compensation plans, policies, and programs, including whether any such plans encourage excessive or inappropriate risk-taking.

While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the full Board of Directors is regularly informed through committee reports about such risks.

Additional information about corporate governance at Outset, including our approach to executive compensation, is available in our [proxy statement](#).



Courage to challenge
the status quo in all that
we do

Commitment to put our
imaginations to the test

Connected to those we
serve both internally and
externally

CORE VALUES



Ethics and Compliance

CORE VALUES

Our core values in the simplest words are **courage, commitment, and connectedness**. More than just values, they are a way of thinking and behaving that allow incredible people to do the impossible together.

ETHICAL BUSINESS CONDUCT

In addition to being guided by our core values, we are committed to maintaining the highest standards of business conduct and ethics. Our Code of Business Conduct and Ethics (“Code”) reflects the business practices and principles of behavior that support this commitment. It is the policy of Outset to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of the Company depends on the

honesty, fairness, and integrity brought to the job by each person associated with us. It is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions, even when there is no specific law, policy, or stated guideline in our Code.

We expect every employee, officer, and director to read and understand the Code and its application to the performance of his or her business responsibilities. To support this expectation, all employees are required to review and acknowledge our Code upon hire and annually thereafter. Our Code is available on our [website](#).

COMPLIANCE POLICIES AND PROCEDURES

Outset's Code addresses conduct that is particularly important to proper dealings with the people and entities with whom we interact but reflects only a part of our commitment. We have adopted additional policies and procedures that our employees, officers and directors are expected to comply with, if applicable to them. These policies address topics including anti-corruption, insider trading, and corporate disclosure, among other topics. We also require periodic certifications by employees regarding adherence to company policies. These practices act to supplement our Code and provide topic-specific guidance to employees.

Anti-Corruption

Outset prohibits bribes, kickbacks, and the provision of other improper benefits and advantages to employees, officials, or agents of any government, or government-owned or affiliated entity.

As Outset continues to expand our operations in Mexico and potentially other international jurisdictions, we acknowledge the increased risk of corruption and bribery that comes with operating outside the United States. We are committed to continued adherence to both the spirit and the letter of anti-corruption laws and regulations wherever we operate. In September 2020, our Board of Directors approved an Anti-Corruption Policy to supplement our Code. As we look ahead, we are evaluating steps to further enhance the robustness of our compliance program with respect to

anti-corruption and other compliance topics, such as healthcare laws and regulations.

Interactions with Healthcare Professionals

Our interactions with healthcare professionals are governed by external laws, regulations, and industry codes, as well as our internal policies and procedures, including our Code.

As described in our Code, we are firmly committed to complying with all laws and regulations governing our interactions with healthcare professionals, physicians, nurses, nurse practitioners, physician assistants, operating room staff, physical therapists, all hospital employees regardless of title or level, and all employees of healthcare professionals. We prohibit agents and employees of Outset from engaging in any conduct that unlawfully induces anyone to refer patients, or to purchase, recommend, use,

or arrange for the purchase or use of our products or services. Our Code also requires that gratuities and payments to physicians and teaching hospitals are in accordance with federal and state laws, including the federal Anti-Kickback Statute and Physician Payments Sunshine Act and similar state laws.

We do not enter into new collaborations unless we can verify that the partnership meets a legitimate business purpose. In addition, we have processes in place to help ensure any consulting payments reflect fair market value for services performed, and that they are tracked and reported in accordance with applicable payment disclosure laws. We disclose payments and transfers of value made to physicians and other healthcare entities where required by law.

The healthcare professional advisors with whom we partner generally sign our master consulting agreement for healthcare professionals, which contains standard clauses pursuant to which the parties represent and warrant to comply with applicable laws, including the federal Anti-Kickback Statute, the federal Stark Law, the federal False Claims Act, the Physician Payments Sunshine Act, HIPAA, and similar state laws.

Outset is a member of the [Medical Device Manufacturers Association](#) (MDMA) and [Advanced Medical Technology Association](#) (AdvaMed), the leading associations for the medical technology industry, offering platforms for policy, advocacy, stakeholder engagement, professional development, and high ethical standards. Additionally, our CEO serves as a board director for the MDMA.

We are committed to creating a culture of trust in which employees feel comfortable raising compliance concerns without fear of retaliation.

Ethical Sales and Marketing

Outset has adopted a promotional material procedure to define acceptable and unacceptable advertising, sales support, training, and other promotional practices for Outset medical devices in the United States. Included in this procedure is Outset's policy that all claims with respect to Outset products must be consistent with approved

labeling, with the data submitted to the FDA to obtain 510(k) clearance and/or substantiated with appropriate evidence (i.e., instructions-for-use, verification and validation testing, clinical study report, or any other report requiring a similar rigorous process of review and approval). In addition, without exception, promotional material may be neither false nor misleading (either in terms of a specific product claim or the overall net impression conveyed by the promotional material) and must comply with all specific conditions of approval for the product being promoted. Furthermore, promotional materials for a cleared or approved product may not promote, discuss, or refer to uncleared, unapproved, or off-label use.

REPORTING ETHICS OR COMPLIANCE CONCERN

We are committed to creating a culture of trust in which employees feel comfortable raising compliance concerns without fear of retaliation. To this end, we promote an open-door policy that encourages our employees to raise any concerns or questions with their manager, the Legal Department or the People Operations Department.

As another mechanism to facilitate the reporting of good faith concerns, we have established a third-party compliance hotline and website that Outset employees and others may use for reporting suspected violations or unethical behavior. The hotline is available 24/7, and reports can be made for any reason at any time. In order to provide additional assurance of anonymity, all hotline calls are taken by a trained third-party

vendor. Those outside North America, or who prefer to use the internet, may voice concerns through a [web form](#). The contact details for the reporting services are included in our Code and certain other policies.

Reports of suspected violations or unethical behavior are taken seriously, and the General Counsel is responsible for investigating all such reports with the highest degree of confidentiality possible under the circumstances. Depending on the findings, we may take disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Corrective action may also be taken to deter any future violations.

Under our Whistleblower Policy, complaints or observations of violations that may involve accounting, internal accounting controls, or auditing concerns are reported to the Audit

Committee to supervise and oversee the inquiry and investigation.

Our Code and certain other policies make clear that it is against Outset policy to retaliate in any manner against any person who has in good faith reported a suspected violation or unethical behavior or who has participated in an investigation.

CONFLICT MINERALS

We are committed to complying with Section 1502 of the Dodd-Frank Act relating to the use of conflict minerals in our products, so as to promote the use of responsibly sourced minerals and avoid the funding of armed conflict. We anticipate developing and making publicly available (including to suppliers) our policy with respect to conflict minerals by 2022.

Consistent with SEC guidance, as a newly public company that went public in September 2020, we will first become subject to the conflict minerals disclosure rules beginning with the 2022 calendar year, and were not required to make such disclosures for 2020 or 2021. As required under the conflict minerals rules, beginning with the 2022 reporting period, we anticipate conducting a reasonable country of origin inquiry and due diligence on the origin of conflict minerals in our products in accordance with a nationally or internationally recognized framework.

We plan to file our first specialized disclosure form and, if applicable, an accompanying Conflict Minerals Report, with the U.S. Securities and Exchange Commission, covering the 2022 reporting period, by May 31, 2023.



Partnership with policy-makers is critical to ensuring patients have access to a better dialysis experience in the hospital or at home.

Access, Advocacy, and Partnerships

Outset embraces the Quadruple Aim in kidney care delivery and we continue to make important investments to advance progressive patient-centric policies. The Quadruple Aim is widely accepted as a compass to optimize health system performance. Its goals are to:

- 1 Improve the provider experience
- 2 Improve patient outcomes
- 3 Lower the cost of care
- 4 Improve the patient experience

In order to achieve these goals, patients and providers need access to technology that automates and simplifies the delivery of dialysis. Given that dialysis is a highly regulated industry, with a vast majority of U.S. end-stage renal disease (ESRD) patients covered by

Medicare, partnership with policymakers is critical to ensuring patients have access to a better dialysis experience in the hospital or at home. We participate in the U.S. policy-making process by engaging with policymakers to educate them about kidney disease and the opportunities for improved patient outcomes and experience that home hemodialysis brings.

We are dedicated to ensuring kidney patients can access innovative technology and care delivery systems that allow them to live their best lives.

Disclosure and Transparency

Outset engages in the U.S. policymaking process in compliance with federal and state laws. We employ external lobbying firms that may host events for political fundraising on behalf of members of U.S. Congress. We disclose the amounts paid to external lobbying firms as part of lobbying disclosure reporting in compliance with federal laws to the Office of the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate.

Our Head of Government Affairs and Market Access files biannual individual political contribution reports in compliance with the Honest Leadership and Open Government Act of 2007. We do not operate a Political Action Committee.

On occasion, we may pay external lobbying

firms for engagement with state political officials. We report these engagements, in compliance with applicable state and lobbying disclosure laws.

Kidney Advocacy Collaborations and Trade Association Participation

Outset is a member of, and pays dues to, coalitions in the kidney advocacy community who share our vision for increased patient access and adoption of home dialysis. We also pay dues to trade associations for the opportunity to exchange and align advocacy efforts on issues applicable across multiple medical device manufacturers.

A portion of these memberships are allocated to federal lobbying and political campaign expenditures and we report this portion of our dues on federally required lobby reporting filings.

Public Policy Oversight

Our collaborations with policymakers, advocacy organizations, and professional societies align with our core values, ethics, and are in compliance with applicable laws. Per its charter, our Nominating and Corporate Governance Committee oversees our policies and practices regarding political expenditures. This oversight helps ensure that all of Outset's political activities and engagements with policymakers are transparent, ethical, and focused on advancing the company's mission. On an annual basis, we provide an update to the Nominating and Corporate Governance Committee and/or the Board of Directors on the Company's public policy priorities, political contributions, lobbying expenditures, and information about significant advocacy-related memberships.

Bridging Racial Health Gaps Among Kidney Patients

We believe that all dialysis patients should be given the option to receive dialysis at home, regardless of race, ethnicity, or socioeconomic status. We engage to bring awareness to the disparities in kidney disease and take action in collaboration with the patient advocacy community, clinician societies, and the trade associations of which we are members.

According to data from a survey Outset recently conducted in partnership with the National Kidney Foundation (NKF), equitable education is key to bridging the gaps in awareness of home dialysis and transplant among racial and ethnic minorities. Among survey participants—38% of whom were Black, 52% White, 10% other races—Black respondents were far more likely to report

that their care team did not provide sufficient education on treatment options (25% versus 3%), and a greater proportion of Black than White patients were encouraged by their care team to adopt in-center hemodialysis (62% versus 49%).

COVID-19's disparate impact on people of color, and on people with end stage kidney disease, shined a light on the compounding effects of underlying racial health disparities. We believe dialysis offers a fertile space in the healthcare industry where driving better patient outcomes by improving access to education about home dialysis options can also advance goals of racial justice and health equity.

In December 2020, the NKF issued several key recommendations to the Biden-Harris administration to help solve the nation's kidney health crisis.

When patients are diagnosed with kidney failure, they are led to believe they have few choices and little agency, and that *they* must adapt to the traditional care delivery system, not vice versa. I think we have the chance to restore dignity and self-worth as a human right—not to some people, but to all people—as a non-negotiable part of the patient experience managing chronic kidney disease.



LESLIE TRIGG, President
and Chief Executive Officer

We at Outset are in total agreement with the NKF that the current state of kidney disease in the United States “is one of the premier examples of low-quality care causing preventable human suffering and enormous spending, it exemplifies the long shadow of racism on public health, and kidney disease patients, especially kidney disease patients of color, continue to bear the brunt of the COVID-19 pandemic.”

We’re committed to partnering with the Biden-Harris administration, as well as patient-focused organizations like the NKF, to build on the momentum of the past few years by expanding initiatives like Advancing American Kidney Health, and maintaining policy incentives like the ESRD Treatment Choices Model—both of which increase patient access to home dialysis with innovative, user-friendly technologies like Tablo. We hope to drive better outcomes for all kidney patients and to erase racial disparities in access to optimal care.

2021 ACTIVITIES TOWARD HEALTH EQUITY

Collaborating with the NKF, we conducted a study to get a better understanding of the root causes of disparities in home dialysis. According to data from the U.S. Renal Data System 2020 Annual Data Report, 57% of White patients received hemodialysis in a center compared to 72% of Black patients and 67% of Hispanic patients. From our recent survey in collaboration with the NKF, we found that community-based education to provide greater awareness of home dialysis among racial and ethnic minorities could help close this racial disparity gap, but socioeconomic barriers remain.

We partnered with the National Kidney Foundation of Michigan to develop and support the delivery of education on home dialysis and transplant to the Greater Detroit area as part of their evidence-based Kidney

Path program that deploys the Stanford University Chronic Disease Self-Management Program.

In the Investigational Device Exemption clinical trial we conducted to seek FDA clearance for Tablo home use, nearly 70% of the patient participants were Hispanic or Black. We conducted a subset analysis of the data, which showed equivalent safety and efficacy outcomes among all participants. This data is being submitted for publication in an effort to educate the kidney care community that all patients, regardless of race, ethnicity, or socioeconomic status, can successfully manage their own care at home.

Leslie Trigg, our CEO, presented at the National Health Equity Summit in June 2021, along with current and former policymakers and experts in healthcare improvement, to raise awareness of health disparities in kidney

disease and solutions to addressing them.

We are a founding member of the Innovate Kidney Care campaign, partnering with eight other leading healthcare organizations to improve patient options for receiving home dialysis training and support. This campaign, launched in June 2021, is focused on expanding access to home dialysis and aims to collaborate with the Centers for Medicare & Medicaid Services on guidance and clarifications to the conditions for coverage that will enable greater flexibility, convenience, and care setting choice for patients.

Our Head of Government Affairs and Market Access serves as a member of the AdvaMed Racial Disparities in Health core team and contributed to the development of its strategic plan workshops to develop recommendations on improving diversity in clinical trials.

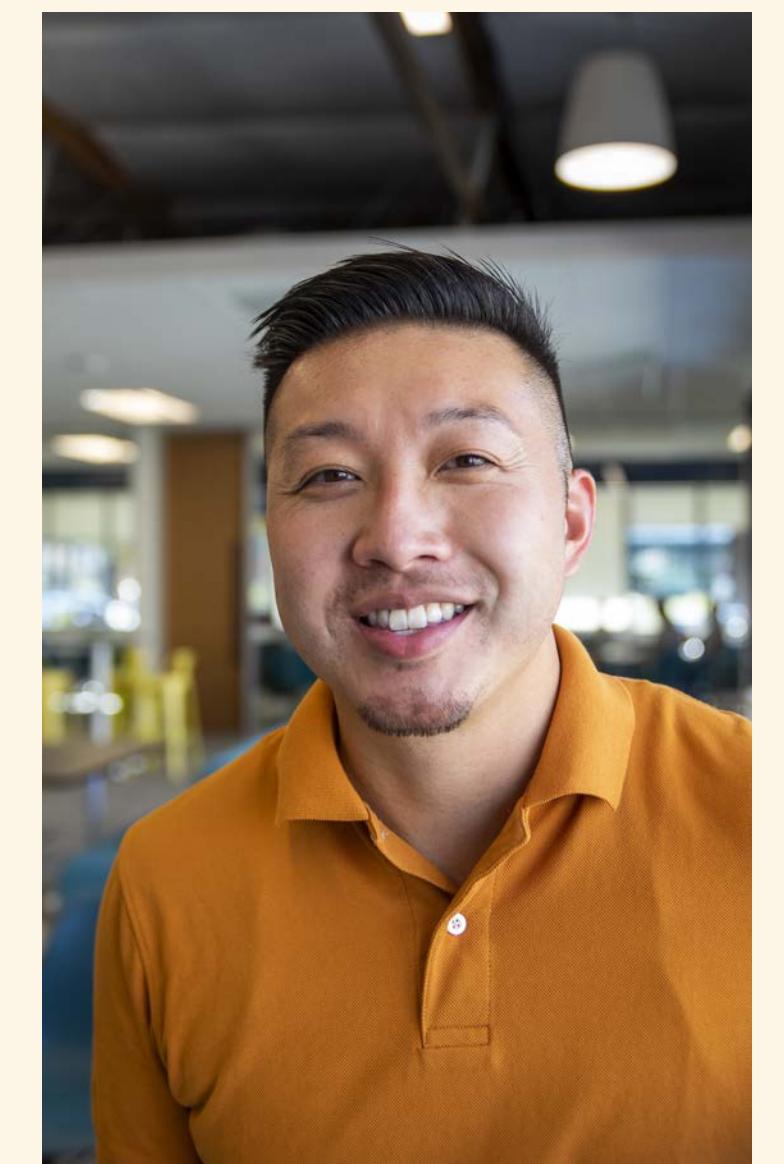
We are a group of highly motivated and determined individuals paving the way to a patient-centric dialysis service model.

Our People

As of September 30, 2021, we had approximately 410 full-time employees, with 63% in our commercial and service teams and 37% in the rest of the company. Our workforce continues to grow, both in the U.S. and at our



Our workforce hails from across industries, including technology, medical devices, life sciences, and consumer products





We think deeply about building a culture where employees do important, challenging, and rewarding work.

410full-time
employees**3x**larger workforce
than 3 years ago**87%**engagement score
in first “Employee
Voice” survey

recently established Outset Medical Mexico (OMM) manufacturing facility in Tijuana, Mexico. OMM operates in collaboration with our outsourced business administration service provider, Tacna. At OMM, Tacna facilitates the hiring of new team members, as requested by Outset, in subassembly, integration, quality, testing, and supply chain. Tacna is responsible for OMM human resource functions, including maintenance of employee files and reports, and payroll processing.

This report section focuses on our approach to human capital programs and policies applicable to employees of Outset. At the end of this section, we have included a supplemental discussion of programs and efforts to support our team members at OMM.

There are no unions represented within our employee base and no members of the Outset workforce are covered under collective bargaining agreements.



When the COVID-19 pandemic hit,
we quickly implemented on-site health
and safety enhancements to help ensure
the wellbeing of our workforce

CARING FOR OUR WORKFORCE THROUGHOUT THE COVID-19 PANDEMIC

We determined early in the COVID-19 outbreak that supporting, educating, and keeping our workforce safe was paramount.

We moved quickly to connect with and help protect our employees so we could continue our business operations and provide ongoing support for our patient population. Since we qualified as an essential business, we continued to operate our facility in San Jose, California through local shelter-in-place orders, and quickly categorized our workforce based on the essentialness of working on-site. For roles that required employees to be physically on-site, such as our research and development and manufacturing technical staff, we implemented infection control procedures, social distancing protocols, increased sanitization standards, personal protective

EMPLOYEE PAY PHILOSOPHY AND PRACTICE

Our work environment is goal-driven, and we believe in paying for outstanding performance and future potential. We offer competitive, market-based salaries, an annual cash bonus program tied to individual and company performance, a broad-based equity incentive compensation program including an employee stock purchase plan, a comprehensive benefits package, team incentives, and peer incentives. At Outset, we want to be a leader and an employer-of-choice among emerging growth companies in health technology. Outset nearly tripled the number of employees in our workforce over the past three years, and we believe our pay philosophy proved to be a competitive tool to attract high-caliber talent.



equipment, and daily temperature checks. When COVID-19 testing became available, we implemented on-site testing in our San Jose, CA, Columbus, OH, and Tijuana, MX facilities. We also provided vaccination clinics at each of our facilities to make it convenient for our workforce to receive COVID-19 vaccinations once available. During the third quarter of 2021, we defined a policy requiring our customer-facing and on-site employees to be fully vaccinated by October 2021, subject to medical or religious exemptions.

We believe we have been successful in keeping our on-site team healthy and engaged throughout the pandemic. We also supported our remote employees by providing frequent communications, connectivity tools, furniture to facilitate comfortable home office work environments, and virtual community and learning events. We continue to support remote work arrangements. We frequently review our business continuity plans and incident management teams so we have the capability to respond quickly and effectively to changes and continue to offer customers uninterrupted products, services, and support while safeguarding the best interest of employees, suppliers, and investors. While our team may have lost face-to-face connectivity during the COVID-19 pandemic, our commitment to Outset and our mission did not waiver.

An overview of Outset's employee compensation components is below:

Base Salary

Base salaries are set to be competitive within our industry and are important in attracting and retaining talented employees. Base salaries are fixed pay set with consideration for responsibilities, market data, and individual contribution.

Annual Cash Incentives

Our annual cash incentive award program is intended to motivate and reward our employees for the achievement of strategic goals of Outset. In 2020, our annual incentives were based on key corporate objectives, including related to revenue, product cost reduction, cash management, and strategic performance objectives.

Long-Term Equity Incentives

Long-term equity awards incentivize employees and executives to deliver long-term shareholder value, while also providing a retention vehicle for our top talent. Equity awards are typically delivered as stock options and restricted stock units.

Team Cash Incentives

When a coordinated effort is needed to achieve a critical corporate milestone, we will often create a team goal with a defined result, time frame, and target monetary incentive. If the team achieves the milestone, all involved can receive a cash award. These incentives can be highly motivating to our cross-functional teams who often must work in orchestration to achieve our goals.

Peer-to-Peer “Spot Bonus” Cash Awards

One of the most incredible facets of our culture is the desire to recognize peers for incredible acts. Our team is humble and generous with their praise of others, and we allow for monetary intra- and inter-team recognition in the form of Spot Bonus awards. These can range from \$100 to \$3,000.

Five Year Folly Service Award

We recognize that time at Outset is intense and five years reflects cumulative growth, not one-year-times-five. When an Outset employee hits their five-year anniversary, we gift them with \$1,000 to do something they have been wanting and waiting to do. Employees have taken scuba diving trips, wine country getaways, etc. This award recognizes that at Outset our expectation is excellence always, not just some of the time.

THE LINK BETWEEN OUR PAY PHILOSOPHY AND CULTURE

Our culture is as much a product of Outset as our Tablo device, and our pay philosophy and performance practices are designed to reinforce our culture. We have three core behaviors we aim to drive with our pay philosophy and performance development practice:

1 **One Team**

We drive for success as a team, not as individuals

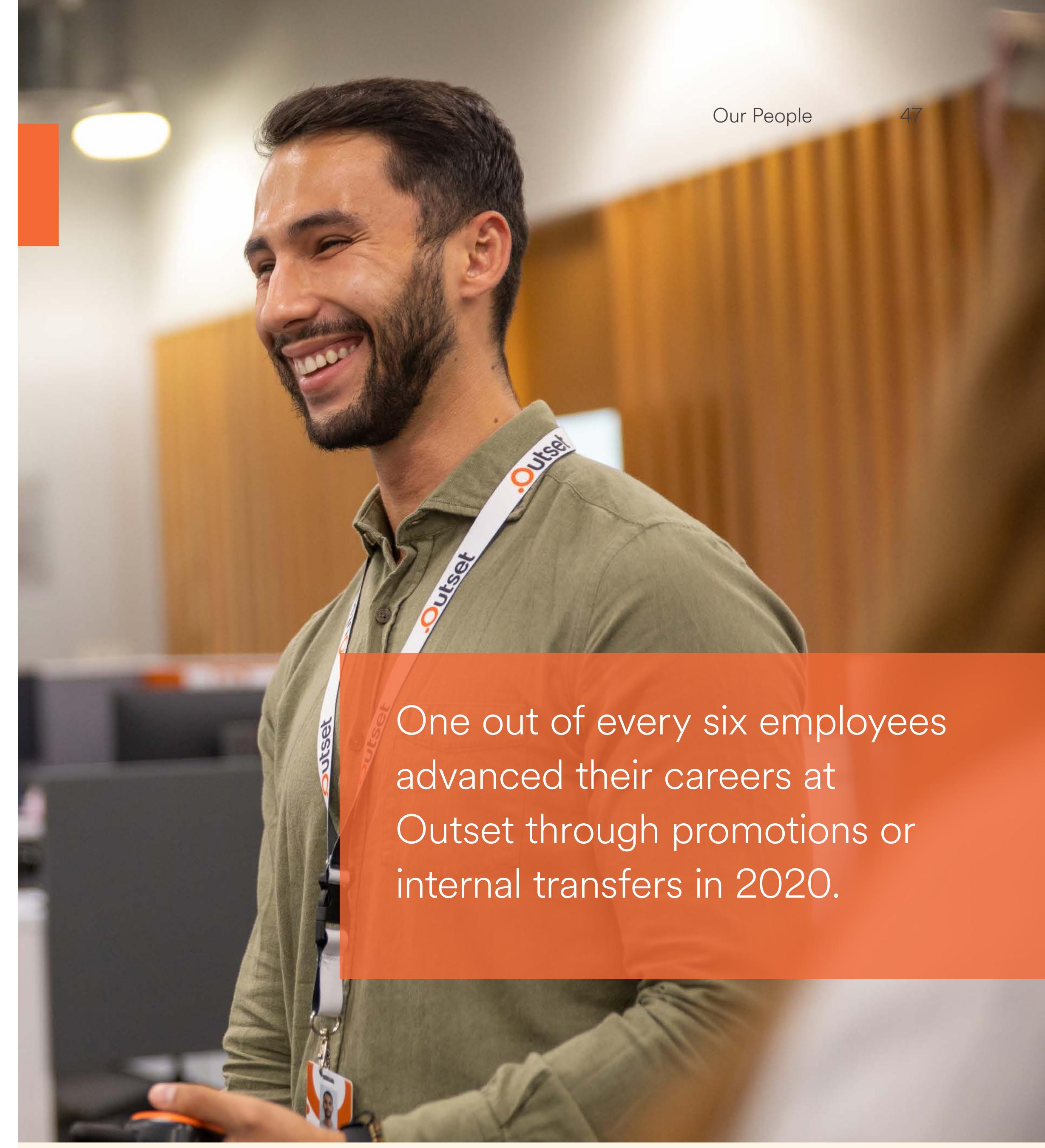
2 **Make the Call**

We distribute authority; those closest to the issue make the decision

3 **Better Tomorrow**

Developing our capabilities and skills makes us lifelong contributors

To drive these core behaviors, it is important to have strong leaders who provide consistent guidance and support. We place a strong emphasis on employee performance management, career development, engagement, education, and community learning.



One out of every six employees advanced their careers at Outset through promotions or internal transfers in 2020.

PERFORMANCE MANAGEMENT AND CAREER DEVELOPMENT

At Outset, we have jobs that are complex and challenging. We created our management structure so individuals will have support and clarity on how to best achieve Outset's goals while growing individually. We support our managers by creating a performance practice that enables them to communicate with employees frequently and in a detailed way throughout the year.

Employees want feedback, insights, and direction from conversations with their manager and a place to record not only what they accomplish but how they accomplished it. Managers have two key performance conversations a year with their team members. Our year-end conversation, "Yearbook," is focused on evaluating the success and learnings of the past year. Our mid-year conversation, "Passport," is focused on skill development and future growth opportunities. Over the past year, these processes were used to provide formalized performance feedback to Outset employees.

We have a formalized practice around performance development and have numerous avenues for employees to gain experience, exposure, and build new skills. We strongly believe in growing from



within and have numerous avenues for in-role stretch assignments, cross-group short assignments, internal mobility, and promotions. For example, in 2020, around one out of every six employees advanced their careers at Outset through promotions or internal transfers. We encourage continuous feedback and performance conversations between managers and employees, including encouraging identifying two to three role-based goals and one career development goal each quarter.

In 2020, we launched our Outset Leadership Academy, which was a six-session program focused on developing leaders and growing effective leadership behaviors. Outset Leadership Academy was taught by internal leaders and focused on the essentials of great leadership. Feedback from participants was that this virtual forum was engaging, offered fresh perspectives on leadership, taught practical techniques for motivating employees, and forged new alliances between team members. We also invested in virtual employee development sessions focused on skill development, peer-to-peer learning, and gaining insight from external speakers in our “Unplugged” series.

In 2021, we partnered with LinkedIn Learning, a leader in online training, to provide our employees access to approximately 16,000 courses covering a wide range of technical, business, software, and creative topics. Within 60 days from launch, more than 70% of our workforce (which includes Outset’s U.S. employees as well as Outset Medical Mexico team members) had activated a LinkedIn Learning account and completed over 700 learning hours in aggregate.



Our workforce completed more than
700 learning hours after two months
on the LinkedIn Learning platform

DIVERSITY, EQUITY, AND INCLUSION

We are committed to creating and nurturing an inclusive workplace, where everyone feels respected, valued, and included—not only because it's the right thing to do, but also because we strongly believe that it's vital to our success and crucial to fully support the diverse communities we serve.

We embrace diversity and equal opportunity in an intentional way. We are committed to building a team that represents a variety of backgrounds, perspectives, and skills. We believe that creating an environment where employees feel comfortable to speak up and share ideas means we all do great work.

In mid-2020, we brought together an engaged group of employees to design our diversity, equity, and inclusion strategy. We defined three key areas of focus:

- 1 Raising awareness of racial disparities in kidney care
- 2 Impactful community outreach with students to advocate for careers in the medical device industry
- 3 Providing internal education on bias, such as our “Table of 6” program, which assembles six-person conversations around bias with a goal of promoting and encouraging open discourse

We continued to actively pursue these three areas of focus in 2021, and intend to do so moving forward.

U.S. Workforce Demographics

■ Professionals ■ Midlevel Managers ■ Executives / Senior Managers

GENDER

Female	30.8%	32.1%	25.0%
	29.5%	39.3%	26.3%
Male	69.2%	67.9%	75.0%
	70.5%	60.7%	73.7%

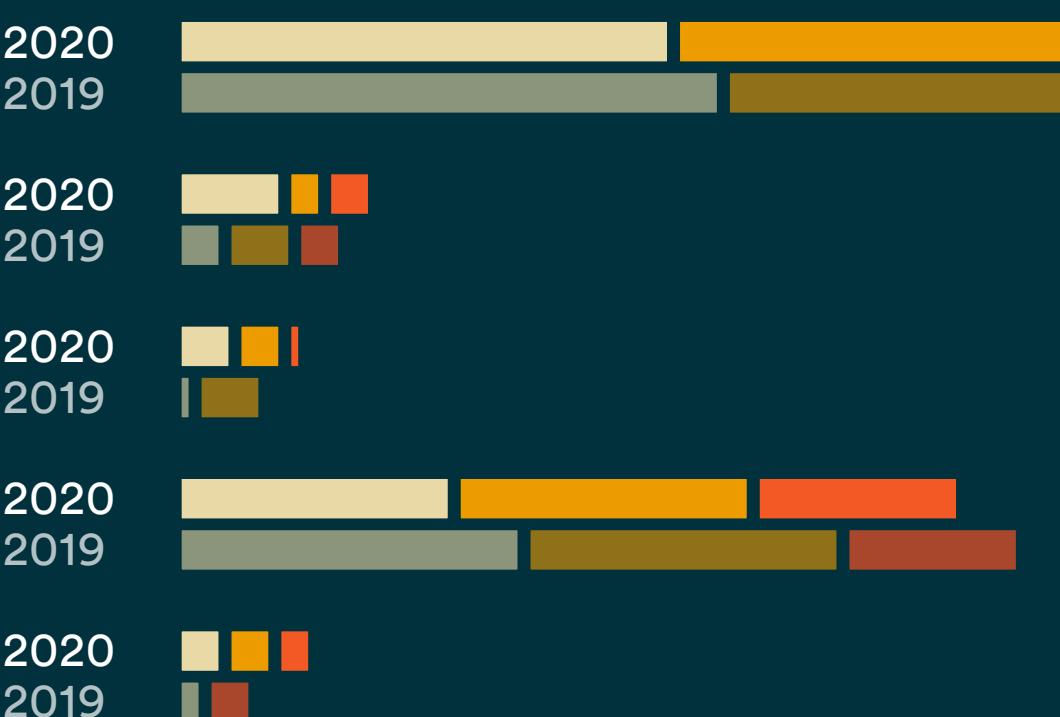


TOTALS

2020	30.0%
2019	30.6%
2020	70.0%
2019	69.4%

ETHNICITY

White	50.2%	55.4%	67.9%
	55.0%	53.6%	71.1%
Hispanic or Latino	10.9%	3.6%	5.4%
	4.7%	7.1%	5.3%
Black or African Am.	5.5%	5.4%	1.8%
	2.0%	7.1%	0.0%
Asian	28.4%	30.4%	21.4%
	34.9%	32.1%	18.4%
All other ethnicities	5.0%	5.4%	3.6%
	3.4%	0.0%	5.3%



TOTALS

2020	54.3%
2019	57.4%
2020	8.6%
2019	5.1%
2020	4.8%
2019	2.3%
2020	27.5%
2019	31.9%
2020	4.8%
2019	3.2%

Percentages may not total 100% due to rounding

Attracting Diverse Talent

We are committed to attracting the best talent we can find, while providing our employees with challenging work in a fast-paced environment.

We recruit broadly and welcome diverse candidates. We have a principle that “everyone is a recruiter” and often hold crowd recruiting sessions to identify candidates collectively, and welcome employee referrals.

Our strategy in 2020 included increased efforts in diverse hiring and relying on a high level of referral hiring.

New Hire Demographics

GENDER	2020	2019
Female	31.2%	28.7%
Male	68.8%	71.3%



ETHNICITY	2020	2019
Hispanic or Latino	12.3%	2.9%
Black or African Am.	8.7%	2.2%
Asian	21.0%	29.4%
White	51.4%	61.8%
All other ethnicities	6.5%	3.7%



Percentages may not total 100% due to rounding

Equal Employment Opportunity

Central to our philosophy at Outset is the desire to bring together a group of people who want to participate in the growth of a successful company, and who are proud of what they do. To bring to fruition this desire, we must have a company in which mutual respect predominates. Part of that mutual respect is Outset's commitment to treat each employee as an individual who can succeed in employment based on effort, ability, and performance.

We do not permit or condone discrimination based on race (including traits historically associated with race, including, but not limited to, hair texture and protective hairstyle), color, sex, gender, gender identity or expression, religion, creed, national origin, ancestry, alienage or citizenship status, veteran or military status, pregnancy,

childbirth or related medical conditions, age, medical condition (including genetic information or characteristics), marital or registered domestic partner status, actual or perceived sexual orientation, mental or physical disability, political belief, or any other basis protected by federal, state or local laws ("Protected Characteristic"). This policy applies to anyone involved in Outset's operations as well as to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer and social, and recreational programs.

Harassment-Free Environment

Harassment against individuals because of any Protected Characteristic is inconsistent with our philosophy of fair treatment to all employees and is strictly prohibited both by law and by Outset policy. This prohibition

against harassment applies to anyone involved in Outset's operations including employees, vendors, customers, independent contractors, and other business associates.

Complaint Process

We expect employees to immediately report any form of unlawful discrimination or harassment, or any other employee relations matter, to their supervisor, any other member of management, or Outset's People Ops team. We will undertake a prompt, thorough, and objective investigation, and will not retaliate against an individual who files a good faith complaint or participates in any investigation. If we determine that unlawful discrimination or harassment has occurred, remedial action will be taken up to and including termination. Appropriate action will also be taken to deter any future discrimination or harassment.

Employees are encouraged to use Outset's procedures as outlined above for reporting any incidents of discrimination or harassment so that complaints can be quickly and fairly resolved. However, the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing provide other mechanisms for employees to raise complaints. If employees are not satisfied with Outset's response, they may seek legal relief by contacting the appropriate state or federal agency.

MONITORING EMPLOYEE SATISFACTION AND ENGAGEMENT

We conduct employee surveys to monitor employee engagement and identify areas of focus for our human capital management program. During the fourth quarter of 2020, we implemented our first "Employee Voice"

engagement survey for our U.S. employees. We had a high level of employee participation, with a response rate over 95%. In 2020, we achieved a strong engagement score of 87%, which was largely based on the following factors:

- 1** Pride in working at Outset
- 2** Willingness to put in extra effort
- 3** The ability to "speak up"
- 4** Belief in a long-term opportunity

When looking at the individual items from the survey, top areas of strength were willingness to put in effort to get a job done, believing in the work one does at Outset, and understanding how one's work affects Outset's success.

Our Employee Voice engagement survey results were shared with all employees at a company-wide meeting at the beginning of 2021. Some action plans stemming from the survey included the launch of LinkedIn Learning, discussed previously, as a platform for developing new skills; an increased focus on Outset Teaches, our peer-to-peer teaching session on a wide variety of topics; and training sessions to facilitate robust performance and development conversation during our year-end and mid-year performance review processes. Going forward, we plan to conduct the Employee Voice survey annually.

EMPLOYEE HEALTH AND SAFETY

At Outset, safety is a priority and is part of everyone's job. We are committed to providing a safe workplace and we comply with applicable health and safety laws and

regulations. We strictly prohibit any violent or threatening behavior on our premises or during any work-related activities.

Our employees participate in applicable emergency response training and periodic drills to help maintain awareness of security, safety, and emergency response protocols and procedures. We provide personal protective equipment to employees, where required, to help reduce risks at the source. We have taken considerable steps during the COVID-19 pandemic to keep our employees healthy and safe, as discussed in more detail previously on pages [44-45](#).

No employee fatalities occurred in 2019 or 2020 as a result of work-related injuries or illnesses. In 2020, we recorded four work-related injuries and two work-related illnesses among our employees.



INVESTING IN EMPLOYEE WELLBEING

As an organization, one of our top priorities is to maintain the wellbeing of our employees and their families. We offer a robust and comprehensive benefits program to help employees balance their work lives and personal lives. Full-time employees and their dependents are eligible for:

- ✓ Medical, dental, and vision coverage
- ✓ 401(k) retirement plan
- ✓ Employee stock purchase plan
- ✓ Flexible spending account
- ✓ Health savings account
- ✓ Basic life insurance up to 100% of an employee's salary
- ✓ Short- and long-term disability, company-sponsored at 100%
- ✓ Exclusive employee discounts
- ✓ Web-based legal solutions
- ✓ Paid time-off

WELLBEING @ OUTSET PROGRAM

Outset's entire employee population is considered participating in the Wellbeing @ Outset Program. We maintain a whole person wellbeing approach, providing resources to support physical, financial, professional, and social wellbeing. We distribute a monthly wellbeing newsletter packed with helpful tools, reading material, webinar information, and a pulse survey to ensure employees are receiving relevant health and welfare information regularly. Our Benefits Portal for employees encompasses all things benefits related, from plan summaries, access to care providers, employee perks, and holistic wellbeing resources. Nearly one third of Outset employees are currently registered users on our Wellbeing @ Outset Program portal.



GIVING AND VOLUNTEERING

Our team is committed to giving back to our industry and local communities. We actively participate and support the National Kidney Foundation (NKF) through collective team donations and event participation, such as NKF's annual fundraising walk. We have brought in speakers from NKF to educate our employees about kidney health, and the role companies like Outset can play in improving patient diagnosis and access to care.

Outset annually provides regular, full-time employees one paid volunteer day of up to eight hours. Employees can apply the volunteer day to volunteer at an organization of their choice. We also have an active volunteering committee that identifies opportunities to support organizations in our local community like the Second Harvest food bank and Loaves and Fishes, an organization that allows individuals to package meals for the underfed or homeless. Our executives contribute to an annual fundraising pool that gets distributed to three charities of our employees' choice (which are selected randomly through a drawing). Our company store also provides employees the option to donate Spot Bonus cash awards they receive from another employee to a charity of their choice.



Together, we are able to put our values into action.

Outset annually provides regular, full-time employees one paid volunteer day, and we also have an active volunteering committee that identifies opportunities to support organizations in our local community



OUTSET MEDICAL MEXICO (OMM) TEAM MEMBERS

At the end of September 2021, OMM had approximately 140 full time team members on-site across quality, engineering, manufacturing, supply chain, and support functions. Our outsourced business administration service provider, Tacna, is responsible for OMM human resource functions, and Outset supports Tacna with our commitment to building a high-performing, inclusive organization at OMM where respect, hard work, and collaboration are paramount.

Many of the same program models Outset uses to create a strong employee experience for our U.S. workforce have also been incorporated into our approach for OMM, including the following:

- ✓ Providing competitive compensation and private medical insurance to all team members
- ✓ On-site medical services such as basic health assessments and urgent care
- ✓ Free, freshly prepared, nutritious meals on-site
- ✓ Free transportation to and from the facility to enable team members without transport options to work

- ✓ Incentivizing employee referrals to help us hire great talent
- ✓ Actively soliciting input from team members and facilitating a “speak up” culture through engagement surveys and focus groups
- ✓ Deploying education and development programs, such as LinkedIn Learning, available to all team members
- ✓ Recognizing individual and team achievements and milestones through celebration events
- ✓ Collaborating with the local government to achieve a COVID-19 vaccination rate of nearly 100% of the on-site workforce by the end of October 2021
- ✓ Fostering a culture of giving through OMM-sponsored donations to local charitable causes

These efforts have helped facilitate a fun, challenging, and safe work environment at OMM where individuals are supported and recognized, and wins are celebrated. By promoting an all-inclusive organization where respect, collaboration, and merit-based recognition are deeply embedded, we have maintained a team member retention rate that is consistently among the highest compared to similar companies in the area.



Nutritious meals are freshly prepared on-site at OMM and provided at no cost to team members

At OMM, individuals are supported and recognized, and wins are celebrated.

Our goal is to maintain and drive continuous improvement in the quality of our product design, development, manufacturing and service to meet regulatory requirements and to make a positive difference in the lives of our customers.

QUALITY POLICY

Product Quality and Patient Safety

Outset has established a company-wide Quality Management System (QMS), which is defined in our quality manual, to advance our goal to maintain and drive continuous improvement. Our QMS is certified to the ISO 13485:2016 Medical Device Quality Management System standard and applies to the design, development, manufacturing, distribution, and servicing of the Tablo System. The implementation, maintenance, and consistent application of our QMS supports our ability to meet customer and regulatory requirements by delivering Tablo safely and effectively.

Outset participates in the Medical Device Single Audit Program (MDSAP) to verify that requirements of ISO 13485:2016 are met. MDSAP is an international coalition to jointly leverage regulatory resources for oversight of medical device manufacturer quality systems. Participation in the MDSAP program allows for the conduct of a single regulatory audit of a medical device manufacturer's quality management system that covers regulations for five countries (Australia, Brazil, Canada, Japan, and the United States). MDSAP audits are conducted by a third-party notified body which is certified as an auditing organization for the program by the five member countries, and audit results are shared with the competent authorities in these countries, as applicable.

As a key aspect of our culture of innovation, our QMS establishes a framework for continuous improvement and includes

processes for employee training, management review, internal quality audits, and customer feedback reviews, among other processes.

Employee Training

Outset's Quality Policy is communicated to all employees through periodic employee meetings with management, functional training, and posting of the policy in visible areas. We require that all employees possess the necessary skills and knowledge to perform their duties and responsibilities to recognized standards of performance. We provide training to employees through our Enterprise Quality Management Software system. The training needs of all personnel are regularly reviewed, and additional training is provided as appropriate, particularly when tasks require specialized skills or qualifications. The Outset team determines the

level of training necessary based on each role, taking into account the impact each role has on the safety of our products. We also require re-training based on various triggering events, including updates to training or document content, prolonged absence from executing the task or process, and process or product non-conformance that requires employee training. At a minimum, all employees are required to review and acknowledge Outset's quality manual, complaint handling procedure, and good documentation practice.

Management Reviews and Internal Quality Audits

Management routinely establishes and communicates measurable QMS objectives that are consistent with Outset's Quality Policy. Objectives are established so that personnel in all functions and levels of the

organization understand their role in meeting product quality and regulatory requirements. Objectives are established on a yearly basis and are reviewed at management review meetings to identify improvement opportunities.

Internal audits are planned and conducted to verify compliance with regulatory and quality requirements, and to determine the effectiveness of the QMS. Outset conducted a full QMS internal audit each year in 2019 and 2020. Beginning in 2021, we have transitioned to performing quarterly QMS internal audits.

The management review and internal quality audit processes support the integrity of the QMS, including whenever significant changes are planned and implemented.

Customer Feedback Reviews

Our quality team collaborates with our engineering teams to monitor post-market performance and manage a feedback loop to continually improve Tablo. We utilize a number of feedback mechanisms to monitor customer satisfaction, including, but not limited to the following:

- 1** Formal complaint handling processes and post-market surveillance
- 2** Formal logging, communication, and corrective action in the event of complaints or returned products
- 3** Customer surveys to gather feedback on how we can develop our products to best meet their needs



PERFORMANCE

Outset's product quality performance highlights our focus on continuous improvement and prevention of patient safety-related incidents.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) ACCOUNTING METRICS: PRODUCT SAFETY

	2020	2019
--	------	------

Number of product recalls/total units recalled
[HC-MS-250a.1]

0	0
---	---

List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database [HC-MS-250a.2]

0	0
---	---

Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience database [HC-MS-250a.3]

0	0
---	---

Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type [HC-MS-250a.4]

0	0
---	---

Clinical Outcomes and Studies

The safety and efficacy of Tablo is supported by robust clinical research and studies, which can be viewed on our [website](#). This evidence further demonstrates that Tablo is clinically versatile, both in acute and non-acute settings, and that Tablo's patient-centric design, focused on simplicity and ease of use, provides a favorable clinical experience for both patients and providers.



We aim to hold our suppliers to the same high standards of business conduct that we hold for ourselves.

Supply Chain Management

As Outset grows, so does the scale and complexity of our global supply chain. We direct the manufacturing and supporting supply chain, distribution, and logistics activities for the Tablo console, the Tablo cartridge and other consumables (electrolyte concentrates and plastic tubing that transports the concentrates into Tablo to enable on-demand dialysate production). We partner with several different contract manufacturers in the assembly and testing of our products. We depend on our suppliers and contract manufac-

turers to provide us and our customers with materials in a timely manner that meet quality, quantity, and cost requirements. We are committed to working with our suppliers to help ensure requirements are met and we aim to hold our suppliers to the same high standards of business conduct that we hold for ourselves.

Over the past few years, our supply chain organization analyzed the various needs for ramping up production of Tablo and developed a sourcing strategy focused on ensuring supply continuity, increasing scale, and delivering margin improvement. Implementing this strategy involved insourcing the manufacturing of the Tablo console, second sourcing the manufacturing of Tablo cartridges, and selecting capable suppliers to enable Outset to localize manufacturing activities, thereby helping to reduce sourcing risks, logistics, and costs.

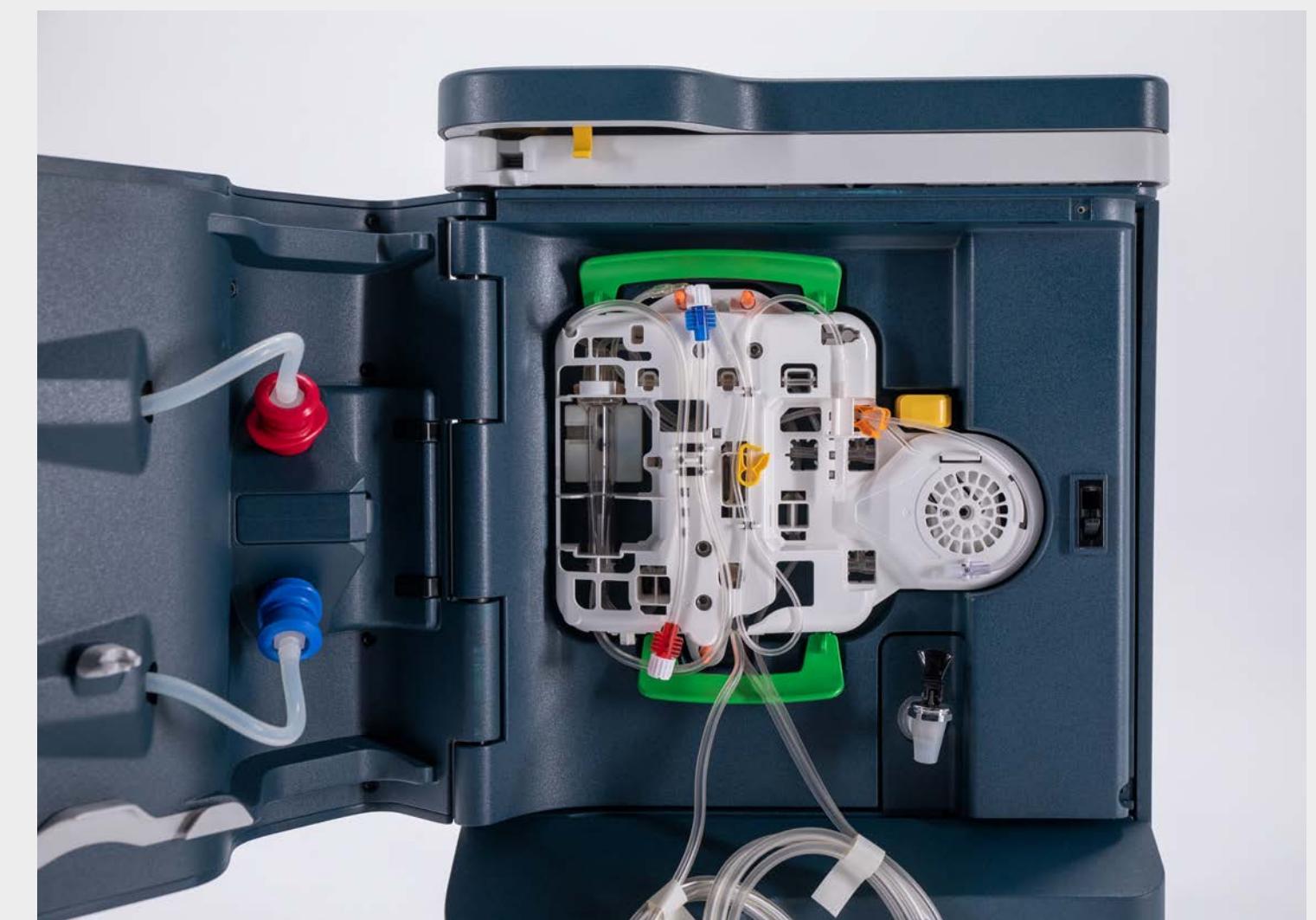
Tablo Console

In 2020, the number of suppliers feeding into Tablo console production was in excess of 250 worldwide. We considered approximately 9% of these suppliers, located in the United States, Europe and China, as critical providers of components such as pumps, motors, valves, and Printed Circuit Board Assemblies. We are undertaking a second source qualification process for the majority of these critical components. Where second sourcing is unavailable or infeasible, we have sought to mitigate supply disruption risks with increased levels of safety stock.

Tablo Cartridge

The various components for the Tablo cartridge are manufactured by approximately 50 different suppliers located in various countries including Singapore, Italy and the United States, some of which are single-source suppliers. Our team inspects products

before releasing them for shipment. We are also establishing a second source cartridge manufacturing site in Tijuana, Mexico. Through enhanced product design, high-capacity tooling and simplified freight and



logistics, we expect this site will be able to produce cartridges at a lower cost, increase our supply capacity, and mitigate against global supply chain disruption. A 510(k)

application seeking clearance for the Tablo cartridges manufactured at this new facility is currently under review with the FDA.

Supplier Audits

As part of Outset’s Quality Management System (QMS), we have implemented a supplier audit program to verify that suppliers meet Outset’s requirements and comply with applicable regulatory requirements. Supplier audits are performed to assess supplier quality systems, to determine a supplier’s ability to consistently meet specified requirements, and to determine if purchased products or services are suitable for their intended use. The supplier audit schedule is revised as necessary to reflect changing business requirements or other needs. Our Quality Assurance and Supply Chain Management organizations are jointly responsible for approving audit schedules.

In 2020 and 2019, Outset completed ten supplier audits each year. As a result of insourcing Tablo console manufacturing in early 2021, we expect to complete a higher number of direct supplier audits in 2021 compared to prior years.

Many of Outset’s direct suppliers are ISO certified for manufacturing and product quality (ISO 13485:2016 or ISO 9001:2015). 100% of Outset’s Tier 1 supplier facilities participate in audit programs determined by Outset’s quality team, including third-party audit programs. Additionally, we are working to enhance our relationships with key suppliers by developing a Supplier Code of Conduct, which we plan to deploy to Tier 1 suppliers by year-end 2021.

Maintaining Traceability

We have a track and trace system in place to

monitor and maintain traceability of materials and Tablo system components, including the Tablo console, the Tablo cartridge, and other consumables such as water treatment filters.

Our track and trace system includes a barcode system implemented at our warehouse in San Jose, CA, and at the Outset Medical Mexico (OMM) manufacturing facility for ease of traceability and efficiency of transactions. We also launched a Manufacturing Execution System (MES) at our OMM facility with paperless traceability. During the assembly process, unique barcodes are generated to link individual components utilized within each assembly. Once several assemblies are combined into a finished product, each of the individual assembly level barcodes are scanned and a “parent level” barcode is generated linking all the subassemblies together. This process is continued throughout the manufacturing

process for each console that is produced at OMM to support compliance with regulatory requirements. The MES also interfaces with our ERP software system to help further drive efficiencies and traceability. We are in the process of implementing electronic data exchange with our distribution partners to assist in managing traceability all the way to the customer.

Critical Materials

Outset has established a strategic approach for managing risks associated with critical materials needed for the Tablo system. Development of this approach involved assessment of potential risks of disruption to supply, setting inventory targets, and developing risk mitigation plans. Key elements of our strategy are summarized below.

Second Sourcing

We have implemented a second sourcing strategy for key materials, including metals and plastic resins. For machining and sheet metals, we have localized or regionalized sourcing to avoid logistical risks. Similarly, disposable tubing is currently being sourced from two regions (Asia and North America). We also diversified the type of plastics resins being supplied as well as the sterilization method, incorporating both radiation-based (e-beam) and gas-based (ethylene oxide) technologies (read more on page [80](#)). Where possible, we have approved and qualified alternate components and resins to diversify the availability of materials.

Safety Stock

We have stockpiled inventory of key finished goods and raw components to help absorb potential supply shocks.

Long-Range Contracts and Purchase Orders (POs)

We have established contractual relationships with key suppliers, with whom we share 12-18 month rolling forecasts for various raw components, including electronic components, metals, and resins. We place long-range POs to provide key suppliers with enhanced visibility into our forecasted material needs.

We perform annual reviews for critical materials and quarterly upstream commodity supply stress tests as part of our efforts to continuously manage critical material needs. Our strategic approach to critical materials management has enhanced our ability to overcome supply chain disruptions, including disruptions resulting from the COVID-19 pandemic.



We believe in the power of a single hardware platform, and in design that elevates a medical therapy into a consumer experience.

Research and Development

We invest in research and development (R&D) efforts that advance our Tablo system with the goal to expand and improve upon our existing product and solutions. We believe in the power of a single hardware platform, with software used to fuel continuous upgrades and improvements. We believe in the benefits of an integrated data lake that allows us to translate clinical and machine learning data points into insights and efficiencies. We believe in “surprise and delight” design that elevates a medical therapy into a consumer experience. Our R&D team’s ethos is rooted in empathy and urgency, which we will continue to harness for rapid, meaningful device improvements that aim to over-deliver on our brand promise.

The R&D team includes hardware and software engineers with deep expertise in mechanical and electrical engineering, fluidics, embedded software design, and cloud-based data and security architecture. Their collective efforts are applied to three key areas:

- 1 Engineering and cost reduction initiatives to continually enhance device performance and lower our cost of product revenue
- 2 Expansion of the Tablo data ecosystem to extend economic, operational, and clinical benefits to our customers and the company
- 3 Advancing our innovation pipeline, which is directed toward broadening Tablo's value in the home environment for patients and providers

We intend to continue investing significant resources to maintain and strengthen our technological competitive advantage in order to deliver a steady stream of inventive solutions that provide clinical and operational simplicity, versatility, and efficiency.



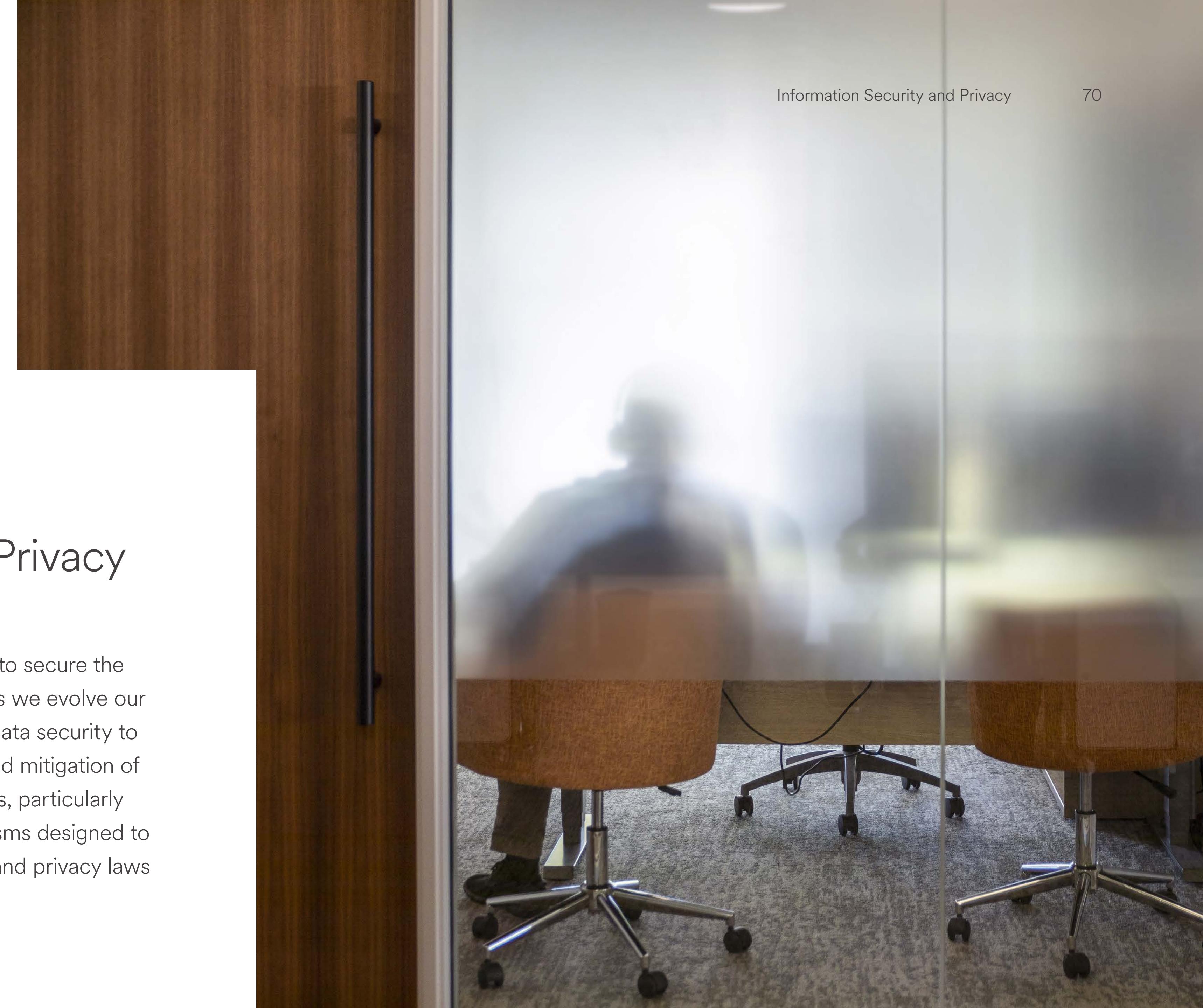
R&D Expenses (millions)



Employees Working in R&D

Information Security and Privacy

Outset invests in technology and data governance to secure the data entrusted to us and respect patient privacy. As we evolve our technology platform, we scale our investments in data security to improve the prevention, detection, containment, and mitigation of cybersecurity threats. As we expand our operations, particularly internationally, we continue to implement mechanisms designed to keep us compliant with the evolving data security and privacy laws that apply to our business.





Risk Oversight

The Audit Committee of our Board of Directors oversees the measures taken with respect to monitoring and managing cybersecurity risks. Such measures include the formation of a Security Council comprised of executives from functions across the company. The Security Council is responsible for setting the strategic direction of our information security and privacy programs, and then helping prioritize and coordinate the cross-functional security and privacy efforts to meet our goals.

Risk Management

To protect information and customer data, we have implemented a robust set of security policies that cover the following areas:

- ✓ Data classification
- ✓ Access controls
- ✓ Asset management
- ✓ Information security
- ✓ Acceptable use of assets
- ✓ Application development
- ✓ Data security and privacy
- ✓ Backup and recovery

We have created a security architecture designed to be compliant with Health Insurance Portability and Accountability Act (HIPAA) privacy and security rules. Patient data, including Protected Health Information (PHI), is encrypted at rest and in transit. Our security architecture is based upon industry-leading frameworks designed to protect customer data, in particular, the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the recommended Center for Internet Security (CIS) Controls.

SECURED TECHNOLOGY ARCHITECTURE

Based on industry-leading frameworks designed to protect customer data

- A STRICT APPROACH TO GRC¹
- SECURED & MONITORED CLOUD PLATFORM
- SYSTEMATIC APPLICATION OF THE PoLP²
- USE OF TRUSTED OPERATING SYSTEMS
- ENCRYPTION IN TRANSIT & AT REST



On an annual basis, we perform a Cybersecurity Maturity Assessment and penetration testing for the Tablo device, Tablo cloud, and office infrastructure. On a monthly basis, vulnerability scans are conducted across core infrastructure and endpoints to identify potential vulnerabilities. Vulnerabilities, if any, are assessed and prioritized for remediation.

Outset maintains information security risk insurance coverage to mitigate certain potential losses in the event of a business disruption.

Third Party Technology Partners

We leverage third party technology providers to support our Tablo cloud ecosystem. Our cloud infrastructure provider meets the Systems and Organizations Controls 2 (SOC 2) requirements and

¹ GRC Governance, Risk Management, and Compliance

² PoLP Principle of Least Privilege

we enter into HIPAA Business Associate Agreements with third parties responsible for handling PHI data.

We have a 24x7 Security Operation Center in place per an arrangement with a third party. System logs are sent to the Security Operation Center, where artificial intelligence and machine learning algorithms are used to identify potential threats. Security Operation Center analysts and Outset's technology teams partner to investigate and mitigate potential threats that are identified.

Information Security Training

All Outset employees are assigned baseline information security training as part of the new employee onboarding process and refresher training is assigned annually. Our IT team also regularly conducts simulated phishing campaigns, which can trigger additional training for employees about how to recognize social engineering attempts. For employees whose jobs require access to sensitive data, such as software developers or employees who might access PHI, additional annual security training is required and tracked.





Outset's culture of innovation and design permeates all aspects of our organization, and is core to how we advance our sustainability initiatives and continuously improve our environmental practices.

Environmental Sustainability

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

San Jose, CA
40,000 sq. ft.

Administration
Research & Development
Manufacturing
Distribution

Tijuana, MX
87,000 sq. ft.

Manufacturing

OUR FACILITIES

San Jose, California Headquarters

We lease approximately 40,000 square feet for our corporate headquarters located in San Jose, California. This facility supports research and development and general and administrative activities, as well as complementary manufacturing and distribution for consoles and service parts.

Outset Medical Mexico (OMM)

In order to help ensure a high level of console production capacity through rapid scale, and to help lower our costs, we recently established a manufacturing facility in Tijuana, Mexico, and began manufacturing Tablo consoles at this facility in the first quarter of 2021. The OMM facility includes a main building with approximately 48,000 square feet and a secondary space with approximately 39,000 square feet.

Columbus, Ohio Regional Office

We also lease a smaller office space in Columbus, Ohio, where we employ personnel working primarily in our customer support and sales functions.

Columbus, OH
Regional office

Customer Support
Sales



We are operating in Mexico in collaboration with a well-known outsourced business administration service provider, Tacna, that provides all the back-office and facility infrastructure support, allowing us to focus on our core competencies—design and high-volume manufacturing for reliability and cost reduction. Tablo consoles manufactured in our Mexico facility are tested at the facility using the same integrated system testing protocols designed by us, and then direct-shipped to our distribution centers, using a network of short-haul and long-haul freight forwarders optimized for time and cost efficiency.

By insourcing Tablo console manufacturing and production at OMM, we are able to more closely direct the implementation of sustainable operational practices when compared to our previous strategy of outsourcing activities to contract manufacturers.

ENVIRONMENTAL SUSTAINABILITY AND RESOURCE CONSERVATION EFFORTS AT OMM

We have identified a number of opportunities to enhance operational practices at OMM with sustainability in mind. Several of these opportunities have already been implemented, and others are currently in the implementation planning phase. In this report, we are sharing some key examples of where we are today, and where we hope to go next. We look forward to providing more information around our environmental efforts in our future ESG reporting.

Energy

The OMM factory was designed with energy conservation in mind. As one focus area of our energy conservation program, we seek to use high-efficiency equipment where possible, such as LED lighting utilized throughout OMM to reduce electricity consumption.

Additionally, we installed an ultra-high efficiency air conditioning system for our manufacturing operations to control the temperature on the production floor. The air conditioning system is designed to utilize approximately one-third of the energy used by lower efficiency air conditioning systems in similar applications.

Going forward, we plan to further evaluate our energy usage at OMM. Following the completion of one full year of operations at OMM, our objective is to conduct an assessment of our Scope 1 & 2 greenhouse gas (GHG) emissions. Data from OMM will be combined with data from Outset facilities in the United States to provide a company-wide Scope 1 & 2 GHG inventory for 2021, which we expect will serve as a baseline year for Outset's energy management efforts as we seek to identify and implement ongoing energy efficiency and emission reduction initiatives.



The **hyper-efficient** air conditioning system at OMM is designed to consume one-third of the energy used by lower efficiency systems in similar applications

Water

Water is used by the OMM factory to support operational processes, including product testing, and the needs of our local workforce. Recognizing that northern Mexico has limited naturally available water sources, OMM has implemented a modern water treatment and purification plant capable of recycling more than 50% of the water required to test Tablo consoles. With the addition of a second reverse osmosis system currently being implemented, we aim to increase OMM's water recycling rate to greater than 60% of the water required for Tablo console testing.

OMM continues to evaluate innovative water reuse strategies, such as routing a portion of the production process water that is not currently recycled to the cooling system for the manufacturing floor. OMM stores purified and softened water to allow for up to four days of operational testing for business continuity in case of local water shortage or shut off. We also maintain a water cistern to help support the needs of OMM staff in the event of any water supply disruption.



Water storage tanks at OMM contain a four-day supply of purified, softened water in case of local water shortage or shut off

Waste

At Outset, we continuously search for opportunities to do more with less. As we grow production at OMM, we are working with our business partners and suppliers to expand sustainability initiatives. We are evaluating materials used throughout our processes, such as plastics, cardboards, pallets, bins, and metal parts, to identify ways we can reduce, reuse, and recycle. One recent success involved the digitization of the manufacturing operation records at OMM. Historically, printed or written pages were needed to document data and results from over 90 processes related to Tablo console manufacturing. By moving this recordkeeping to digital, we estimate that we will save over 250,000 pieces of paper this year alone. We implemented similar efforts to digitize work instructions.

OMM leverages an on-site purified drinking water tank to reduce the need for disposable water bottles. We also reuse Tablo cartridges and filters needed for product testing.

Our manufacturing operations involve the controlled use of hazardous materials. We are committed to safe and responsible use, handling, and disposal of these materials.



The on-site purified drinking water

tank at OMM reduces the need for disposable water bottles

REDUCING TABLO CONSOLE SHIPPING CRATE MATERIALS

A new Tablo console shipping crate prototype (left), currently in the development phase, uses less wood, less plastic, and more cardboard than our current crate (right). The new crate is designed to lower the shipping weight and overall material footprint. This design is currently being tested to ensure it maintains sufficient protection and durability characteristics.



Environmental Sustainability

80



CONVERSION FROM ETO TO E-BEAM STERILIZATION FOR TABLO CARTRIDGES

Tablo cartridges produced by Outset's new contract manufacturing partner in Mexico undergo sterilization using electronic beam ("e-beam") technology. E-beam is an environmentally friendly sterilization method that does not involve toxic or explosive chemicals such as EtO (ethylene oxide) and eliminates the aeration time required to remove toxic residues following EtO sterilization.

Sustainability Accounting Standards Board (SASB) Index

SASB is an independent nonprofit organization that sets standards to guide the disclosure of sustainability information by companies to their investors. The following Index maps Outset's disclosures to certain SASB indicators. Data and information in this Report pertain to efforts in 2019, 2020, and 2021.

Topic	Accounting Metric(s)	Data/Response 2020 (2019)	SASB Code
Affordability & Pricing	Description of how price information for each product is disclosed to customers or to their agents	<p>Price information is initially communicated to customers through our quoting process. Once pricing is agreed upon, an Order Agreement is presented for final review and signature of acceptance by the customer. Through our quoting process, Outset's commercial representatives utilize verbal and electronic communications to assess the customer's short- and long-term needs, transparently determine pricing that is in line with customer needs and current market dynamics, and provide pricing that Outset believes will facilitate broad access to our proprietary technology. Price information is also included on customer invoices and billing statements.</p> <p>Consideration is given to all customers around contract length, minimum quantities to be purchased, rebates, and discounts, among other factors. In addition, many of our contracts will include a service option for capital equipment purchased. Our contracts with customers typically include general confidentiality clauses.</p>	HC-MS-240a.2
Product Safety	Number of recalls issued, total units recalled	0 (0)	HC-MS-250a.1

Topic	Accounting Metric(s)	Data/Response 2020 (2019)	SASB Code
Product Safety	List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database	None (None)	HC-MS-250a.2
Product Safety	Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience database	0 (0)	HC-MS-250a.3
Product Safety	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	0 (0)	HC-MS-250a.4
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	In 2020 and 2019, Outset had no monetary losses due to legal proceedings associated with false marketing claims that were previously reported in the "Legal Proceedings" section of any of the Company's quarterly or annual reports filed with the Securities and Exchange Commission.	HC-MS-270a.1
Ethical Marketing	Description of code of ethics governing promotion of off-label use of products	Refer to Ethical Sales and Marketing in the Ethics and Compliance section, pages 35 .	HC-MS-270a.2

Topic	Accounting Metric(s)	Data/Response 2020 (2019)	SASB Code
Product Design & Lifecycle Management	Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products	<p>Refer to the Simplicity, Savings, and Sustainability section, pages 11–18.</p> <p>Refer to the Environmental Sustainability section, pages 74–80.</p>	HC-MS-410a.1
Supply Chain Management	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in third-party audit programs for manufacturing and product quality	<p>Refer to Supplier Audits in the Supply Chain Management section, page 66.</p> <p>(1) 100% of Outset's certified manufacturing facilities participate in third-party (auditing organization) audits.</p> <p>(2) 100% of Outset's Tier 1 supplier facilities participate in audit programs determined by Outset's quality team, including third-party audit programs.</p>	HC-MS-430a.1
Supply Chain Management	Description of efforts to maintain traceability within the distribution chain	<p>Refer to Maintaining Traceability in the Supply Chain Management section, pages 66–67.</p>	HC-MS-430a.2
Supply Chain Management	Description of the management of risks associated with the use of critical materials	<p>Refer to Critical Materials in the Supply Chain Management section, page 67.</p>	HC-MS-430a.3
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	<p>In 2020 and 2019, Outset had no monetary losses due to legal proceedings associated with bribery or corruption that were previously reported in the "Legal Proceedings" section of any of the Company's quarterly or annual reports filed with the Securities and Exchange Commission.</p>	HC-MS-510a.1
Business Ethics	Description of code of ethics governing interactions with healthcare professionals	<p>Refer to Interactions with Healthcare Professionals in the Ethics and Compliance section, page 34.</p> <p>Refer to Code of Business Conduct and Ethics on our website, page 10.</p>	HC-MS-510a.2

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding current and future compliance and sustainability initiatives, anticipated environmental, social and governance policies and practices, expectations and estimates regarding market sizes and growth potential for Tablo, expectations regarding the continuing impact of the COVID-19 pandemic on us and our operations, and other plans, prospects, goals, initiatives, strategies, or future actions, events, or performance.. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “hope,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or similar expressions.

Forward-looking statements are based on management’s current assumptions and expectations of future events and trends, which affect or may affect our business, strategy, operations or financial performance, and actual results and other events may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties, some of which cannot be predicted or quantified. These risks and uncertainties include: our future financial performance, including our expectations regarding our revenues, cost of revenues, operating expenses, gross margin and our ability to

achieve and maintain future profitability; our ability to reduce manufacturing costs; our ability to attain market acceptance among providers and patients; our ability to manage our growth; our expansion into the home hemodialysis market; our ability to ensure strong product performance and reliability; our relations with third-party suppliers, including contract manufacturers and single source suppliers; our ability to overcome manufacturing disruptions; the impact of COVID-19, natural or man-made disasters, and similar events, on our industry, business and results of operations; our ability to offer high-quality support for Tablo; our expectations of the sizes of the markets for Tablo; our ability to innovate and improve Tablo; our ability to effectively manage privacy, information and data security; concentration of our revenues in a single product and concentration of a large percentage of our revenues from a limited number of customers; our ability to compete effectively; our ability to accurately forecast customer demand and manage our inventory; our ability to ensure the proper training and use of Tablo; and our compliance with FDA and other regulations applicable to our products and business operations; as well as other risks and uncertainties described in the Risk Factors section of our public filings with the SEC, including our latest annual and quarterly reports. Forward-looking statements should be considered in light of these risks and uncertainties, and you should not rely on these forward-looking statements as predictions of future events. These forward-looking statements speak only as of their date and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

This report also contains statistical data, estimates, and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that information nor do we undertake to update such information after the date of this report.

Tablo is a registered trademark of Outset Medical, Inc. Other trademarks, trade names and service marks appearing in this report are the property of their respective owners.

We welcome your feedback.
investors@outsetmedical.com

Outset Medical, Inc.
3052 Orchard Dr.
San Jose, CA 95134

outsetmedical.com

Published 11/08/2021

© 2021 Outset Medical, Inc. All rights reserved.