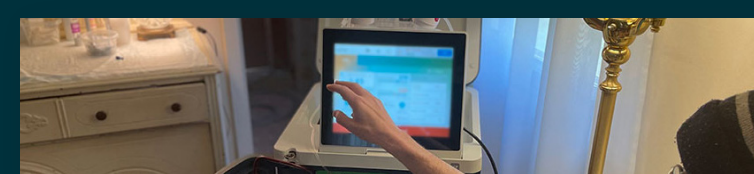
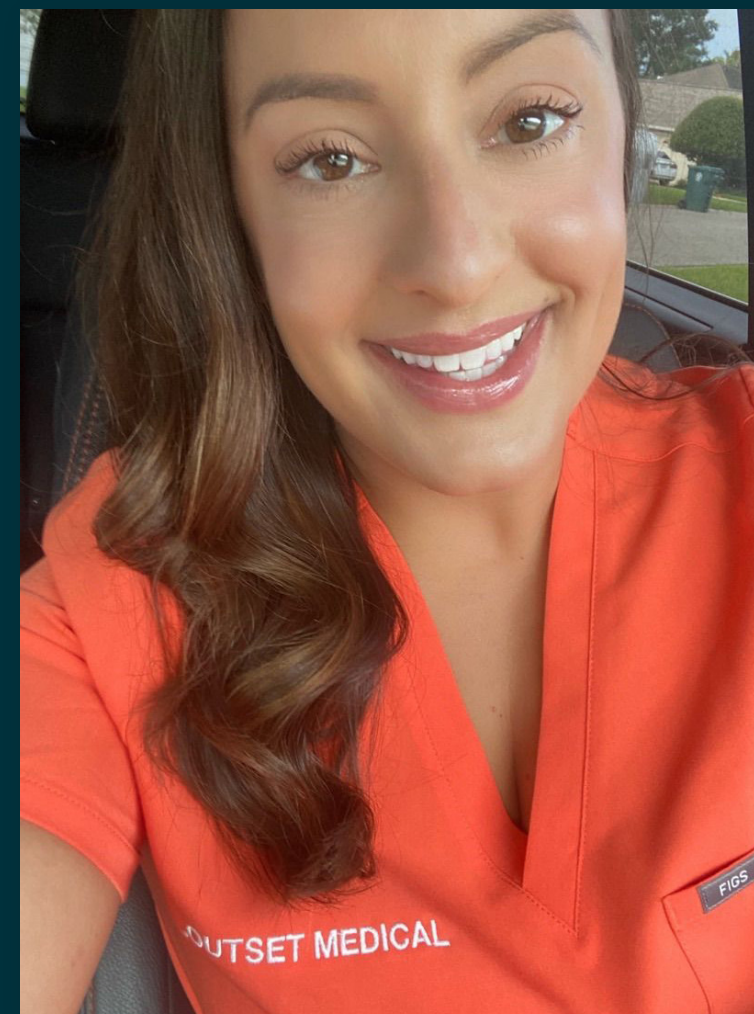


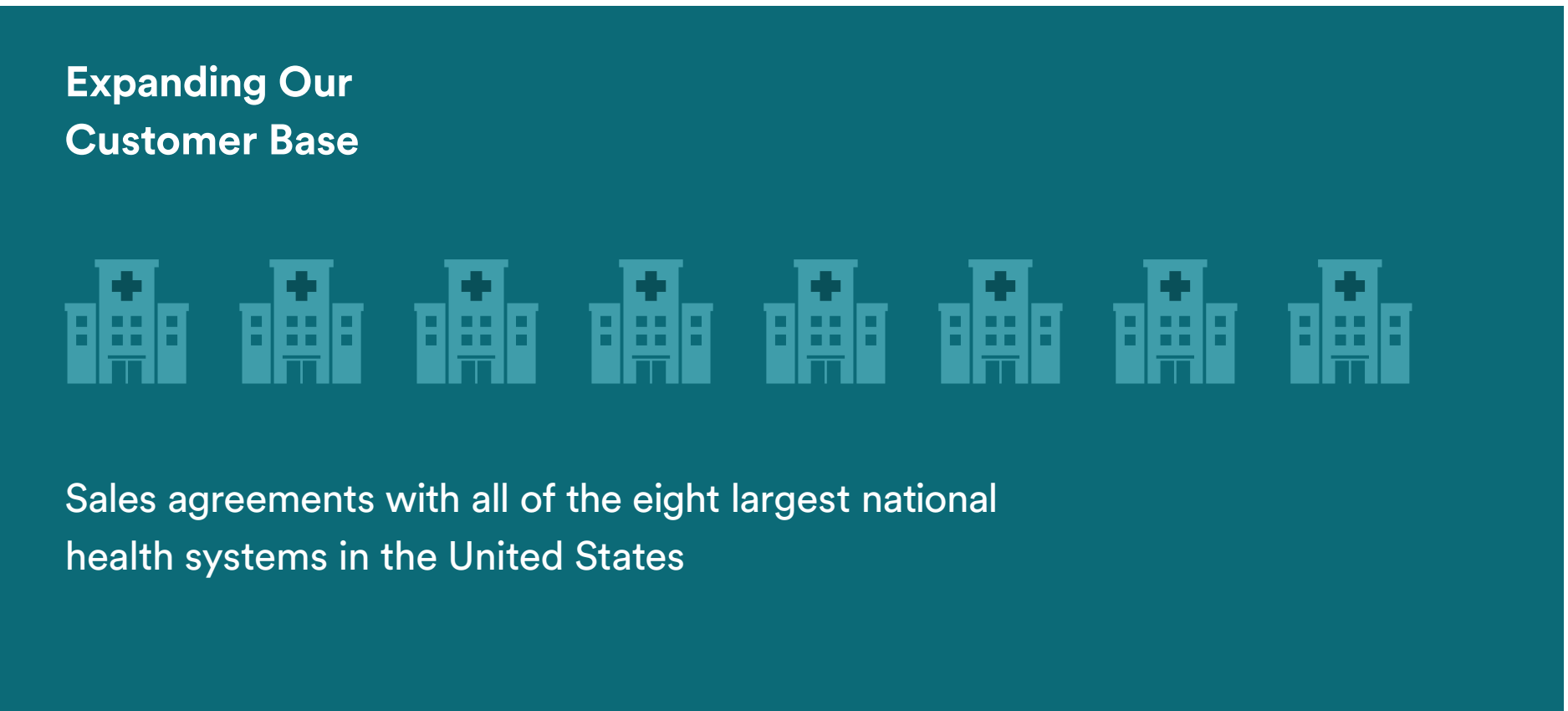
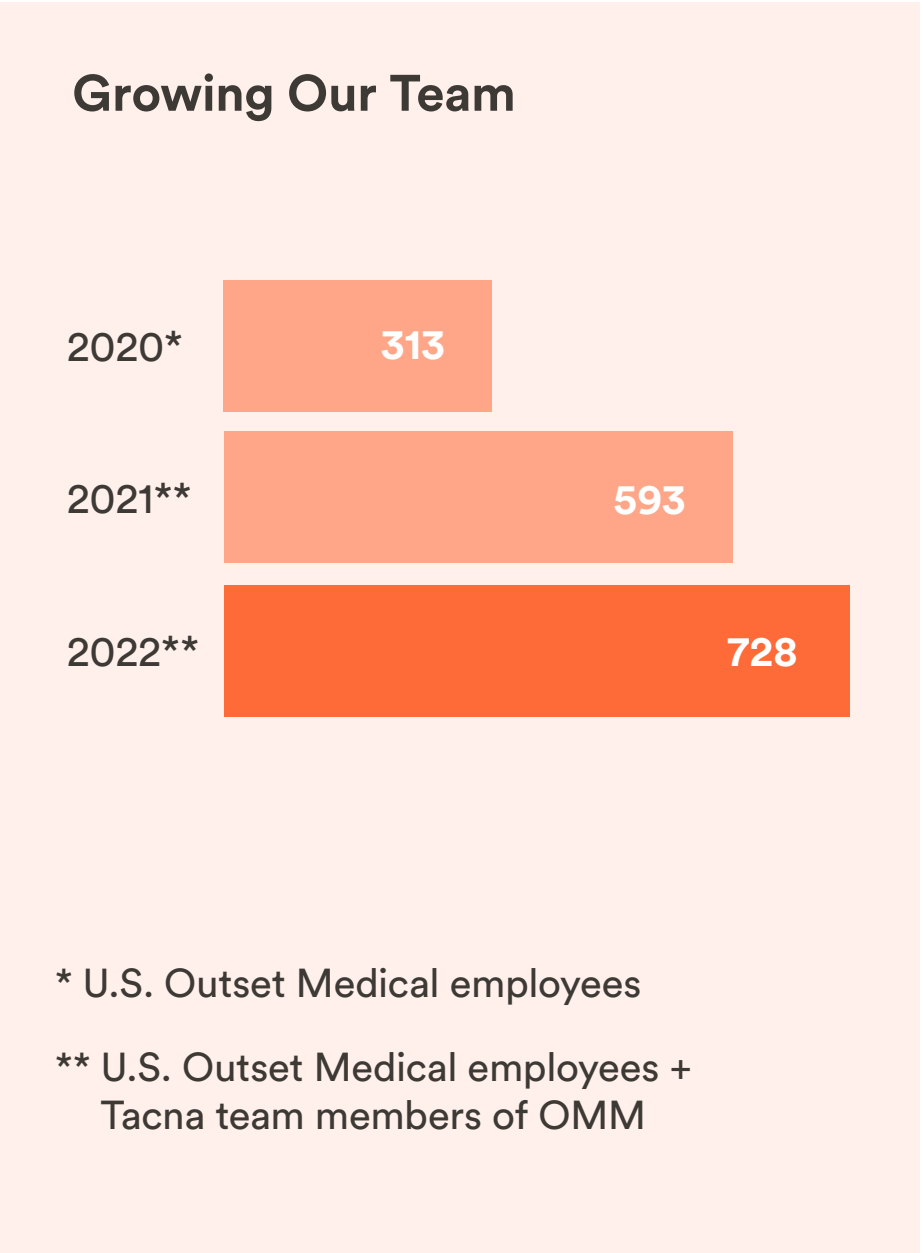
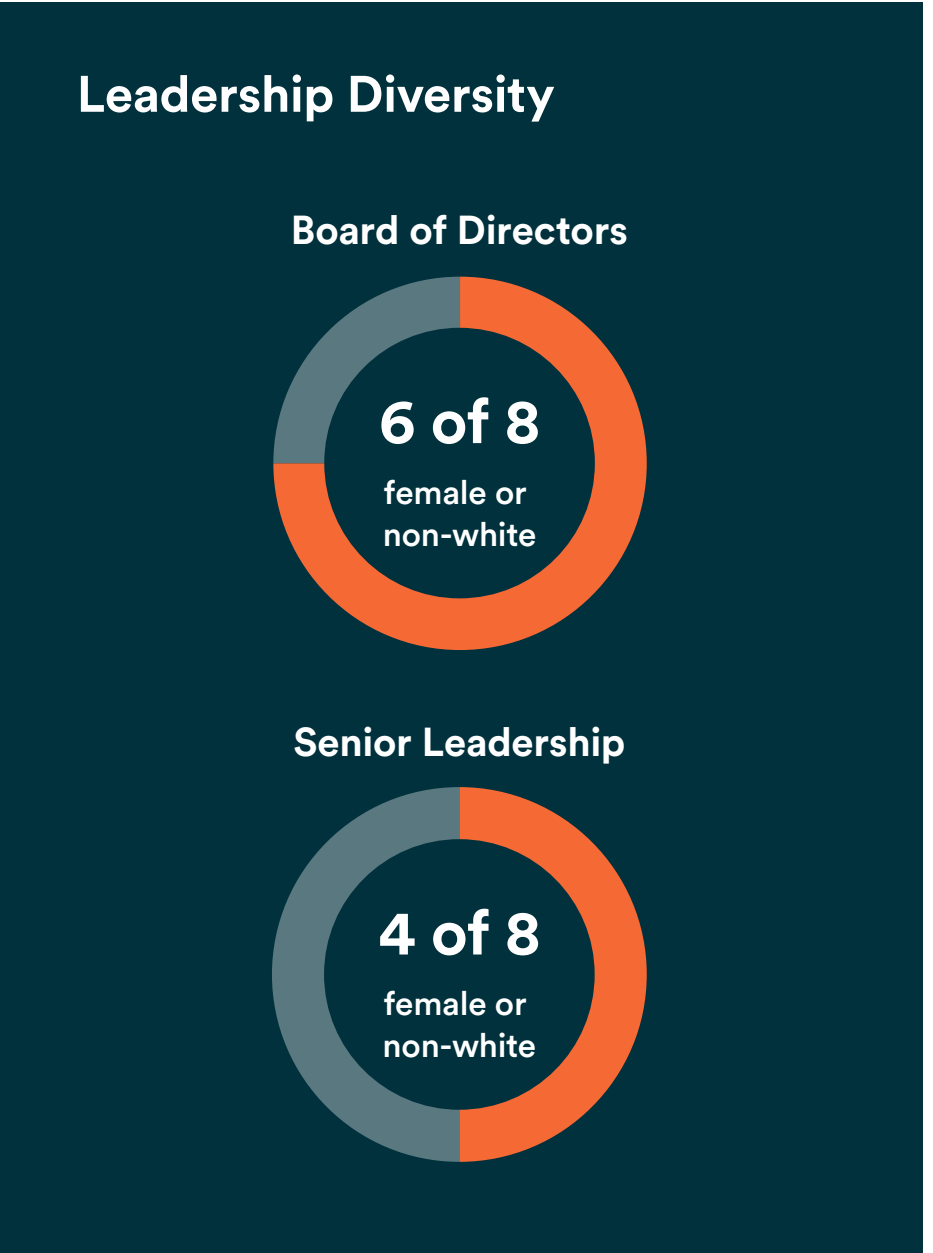
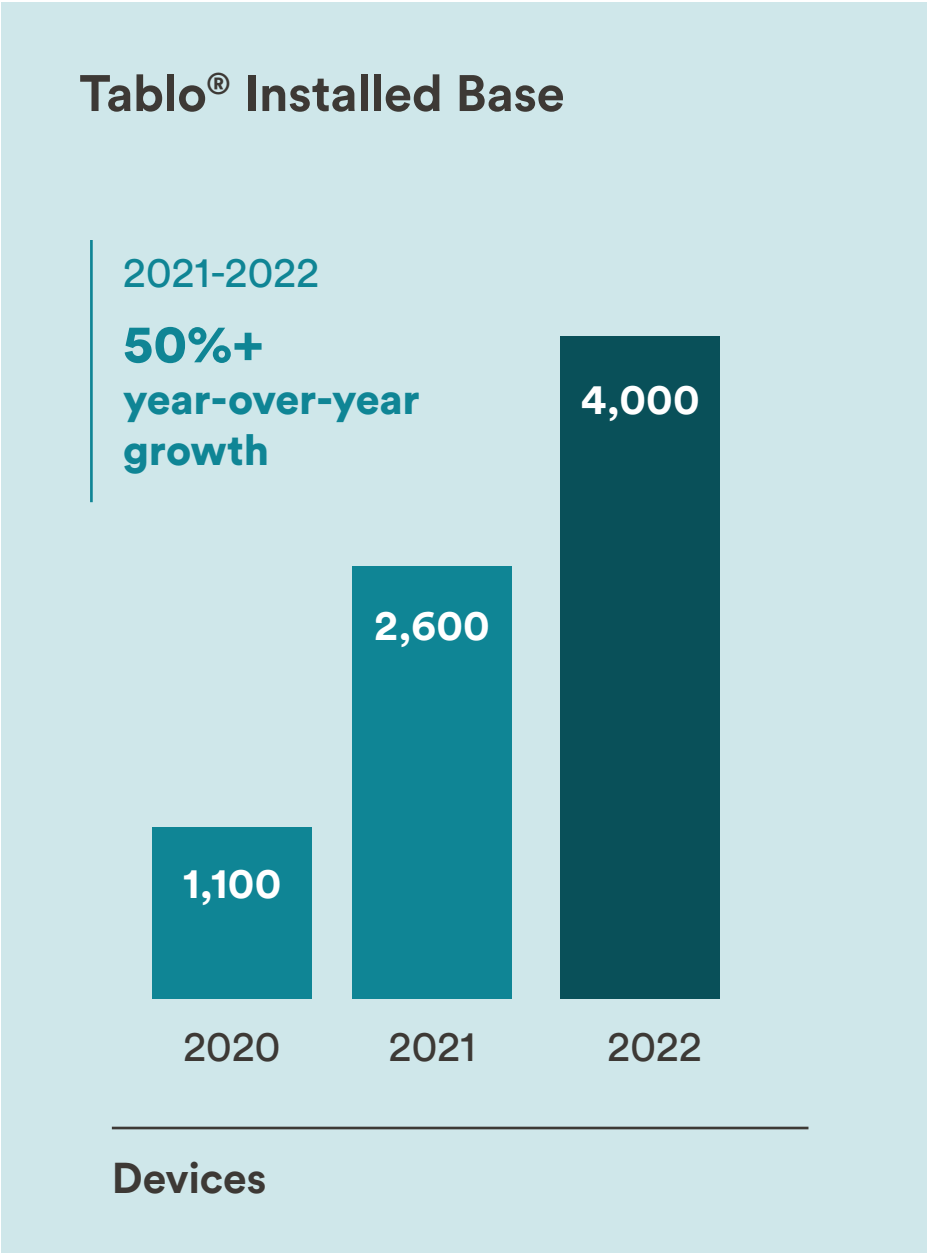
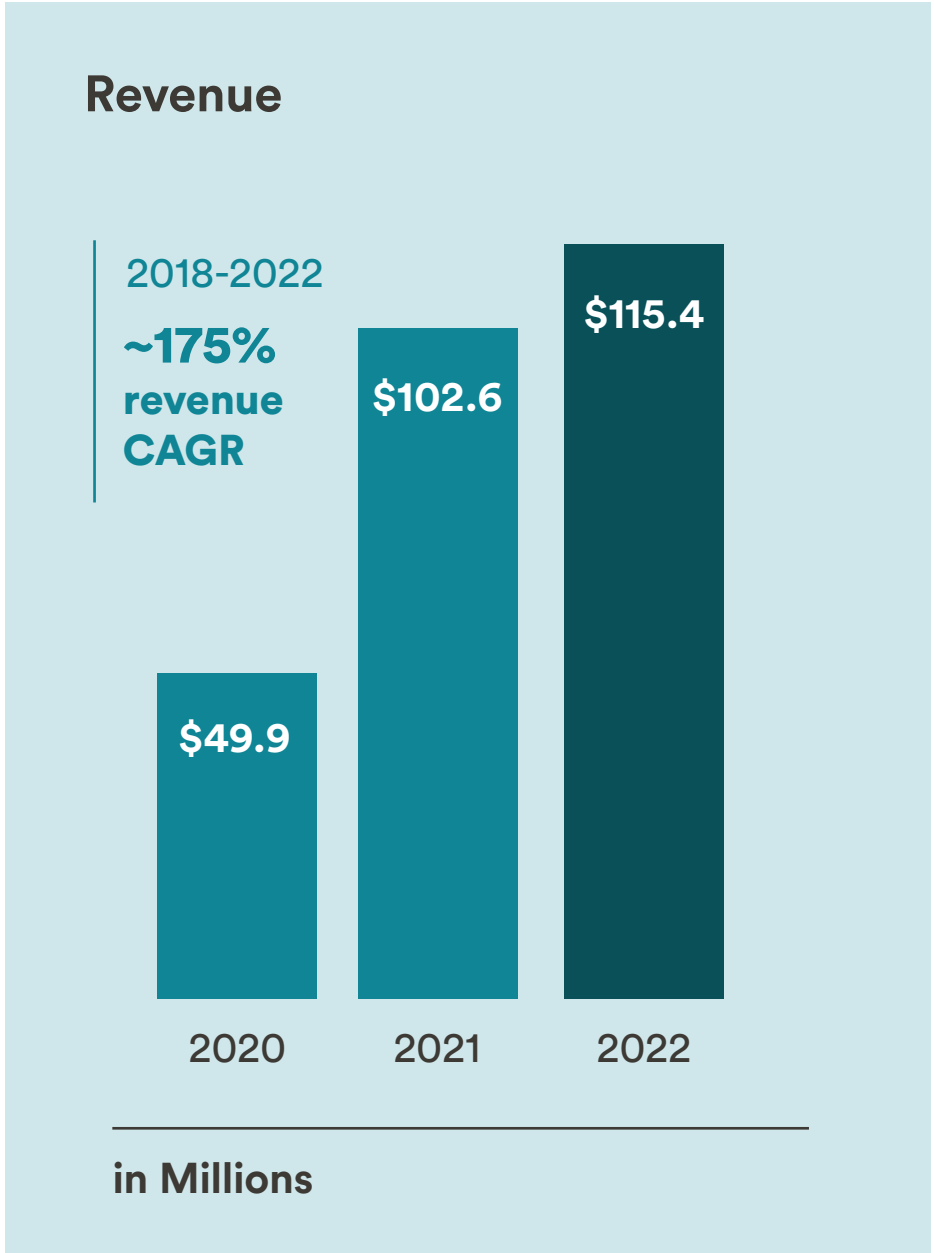
.Outset

## 2023 ESG REPORT

# Better begins now.







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## A Message from Our CEO

At Outset Medical, we are driven by the opportunity to reinvent how kidney disease is treated, with technology that shifts control back to patients. The fundamentally different experience we enable with our Tablo® Hemodialysis System helps patients regain control of their lives and restores a sense of self-worth, dignity and identity that too often erodes with their diagnosis.

As we advocate for more patients to be treated at home, we've learned over time that the home dialysis experience for patients is tied both to the product and the people behind the product. In other words, the art of how we support patients greatly contributes to Tablo's success, and we believe it creates a separate protected competitive advantage. By combining our first-of-its-kind technology with forward-thinking people who are deeply committed to delivering a

better experience, our patient-centric focus permeates all that we do at Outset.

Our ESG journey at Outset is integral to our mission, and since launching our first ESG report in 2021, we have continually asked ourselves, "How can we be better?" During the ensuing two years, I am proud to say we answered that challenge hundreds of times as we grew our team and substantially expanded the number of patients and providers using Tablo.

Today, we frame our ESG efforts across four key areas linked to our overall business strategy. We are committed to continual improvement across each of these areas as we build upon our ESG performance going forward.



## 1. Access to Better Dialysis Care

In 2022, we saw growing demand for Tablo as an enabling technology for hemodialysis programs, fueled by exceptional clinical outcomes, positive patient experiences, high retention, and the increasingly recognized economic benefits for patients and providers. Alongside these results, we continue to advocate for more equitable access to dialysis care, knowing that fundamental inequities and racial disparities exist that can potentially be solved by expanding patient access to home dialysis.

## 2. Workforce Diversity, Development & Engagement

Curiosity, ingenuity and conviction fuel the development of technology that can transform the lives of dialysis patients and providers. We take deliberate steps to empower our people to build careers at Outset in which they do important, challenging and rewarding work. As we strive to build a workforce that better represents the diversity of the patients we serve, our goal is to create a culture shaped not by any one individual, but by the collective.

## 3. Environmental Sustainability

Our culture of innovation and continuous improvement drives our commitment to environmental stewardship. We continue to invest in ongoing initiatives to build upon early environmental sustainability successes, such as increasing our water recycling rate, and we continue to identify opportunities to further optimize our environmental footprint both in the U.S. and Mexico.

## 4. Responsible Business Practices

We recognize that how we conduct our business is just as important as what we achieve. As we continue to push new boundaries in dialysis care, we are committed to creating a culture of trust and transparency that is guided by high standards for ethical, mission-driven business execution. This commitment extends from our own team to those we partner with across our value chain.

For too long, dialysis patients have been overlooked and provided an experience that is just “good enough.” In fact, they deserve great, and we are wholly dedicated to delivering that to them.

Home patients tell us they feel better physiologically on Tablo compared to their previous system and commonly describe feeling like themselves again — able to work and move in the world again with agency, control and autonomy.

Truly profound change in healthcare happens neither easily nor overnight. But, the right technology, at the right place, at the right time, is powerful and transformative. We are fortunate to be in the right place at the right time. And, our team has worked incredibly hard to deliver a technological advance that we believe no one else has delivered to dialysis patients in over 40 years.

Looking toward the future, we firmly believe our commitment to operating responsibly and sustainably will help us achieve an envisioned world where patients are at the center of care delivery and dialysis is not life-sustaining, but life-enhancing. Thank you for your engagement, trust and partnership.

**Leslie Trigg**  
Chair and CEO





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# Our Approach to ESG

## ESG Oversight

Consistent with our commitment to patients and providers, we are committed to implementing and advancing various policies related to our environmental, social and governance (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 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 discussed by our Nominating and Corporate Governance Committee and/or our Board include general corporate governance, environmental, health and safety matters, product quality and safety matters, environmental sustainability, access to care and health equity, and our diversity, equity and inclusion strategy.



## ESG Reporting Strategy

Our 2023 ESG Report represents our third standalone ESG disclosure publication, a process that began with our inaugural ESG Report published in 2021. In 2022, we supplemented our original ESG report by disclosing updates to key ESG datapoints and metrics. For our 2023 ESG Report, we reassessed ESG topics relevant to our business activities with the aim of aligning our disclosures with ESG information we believe is most useful to investors and other stakeholders. Our ESG disclosures are structured around industry-specific issues for the Medical Equipment and Supplies industry, as defined by the Sustainability Accounting Standards Board (SASB), and was informed by other ESG reporting frameworks such as the Global Reporting Initiative and the World Economic Forum International Business Council's Stakeholder Capitalism Metrics. Our strategic approach to ESG was further supported by benchmarking companies within our industry as well as third-party rating and ranking methodologies.







Our ESG efforts are organized under **four key focus areas** we believe are critical to our overall business strategy. We welcome feedback on this report and look forward to continued engagement on these important topics.

**1**

### **Access to Better Dialysis Care**

- ✓ Improving Patient & Provider Outcomes
- ✓ Advocating for Equitable Access to Dialysis Care
- ✓ Product Quality & Safety
- ✓ Supply Chain Management

**2**

### **Workforce Diversity, Development & Engagement**

- ✓ Our People

**3**

### **Environmental Sustainability**

- ✓ Environmental Sustainability
- ✓ Product Design & Lifecycle Management

**4**

### **Responsible Business Practices**

- ✓ Corporate Governance
- ✓ Ethics & Compliance
- ✓ Information Security & Data Privacy



## Stockholder Outreach Program

We value an open dialogue with our stockholders and believe that regular communication with our stockholders is a critical part of enabling our long-term success. We engage with our stockholders through a proactive stockholder outreach program designed to solicit and address feedback on matters relevant to our business, including corporate governance, executive compensation and ESG issues. Our goal is to better understand the views and interests of our stockholders, as well as share our perspectives on these important topics. Our stockholder outreach program includes quarterly financial and operational updates, post-earnings communications, investor meetings and presentations at conferences, and general availability to respond to investor inquiries.

Our stockholder outreach program is led by management and overseen by our Board. Our Board believes that, in most circumstances, members of our senior management are best positioned to speak with our stockholders on behalf of Outset. However, our Board and its committees receive regular reports on our stockholder engagement activities and are provided with the opportunity to discuss and ask questions about stockholder feedback we receive.

In 2022, we initiated ESG-specific outreach to our largest institutional stockholders representing approximately 80% of shares outstanding to request feedback on various topics, including board composition and other governance matters. Of the stockholders we contacted, approximately 90% responded, and we met with or received direct feedback from more than half of those contacted. In these conversations, Outset was represented by senior leaders with responsibility for our investor relations and legal functions, and investor comments were discussed with the Nominating and Corporate Governance Committee and summarized for the Board.

A photograph of a modern building facade with horizontal orange and white stripes. An orange semi-transparent box is overlaid on the upper right portion of the image, containing white text.

Our goal is to better understand the views and interests of our stockholders, as well as share our perspectives on these important topics.



1.

# Access to Better Dialysis Care

## Improving Patient & Provider Outcomes

Outset Medical is a technology company transforming the dialysis experience for patients and their caregivers.

We are driven by the opportunity to restore agency in the lives of dialysis patients and help lower the cost of one of the largest and most expensive areas in healthcare. When we succeed, patients are able to fit dialysis into their lives instead of fitting their lives around dialysis.

### Improving the Standard of Care with Tablo

More than one in seven adults in America have Chronic Kidney Disease (CKD), a condition in which the kidneys are damaged and cannot filter blood as well as they should. Because of this, excess fluid and waste from blood remain in the body and may cause other health problems, such as heart disease and stroke. CKD is measured in several stages, eventually leading to End Stage Renal Disease (ESRD). Without a transplant, lifelong dialysis is needed to treat ESRD.

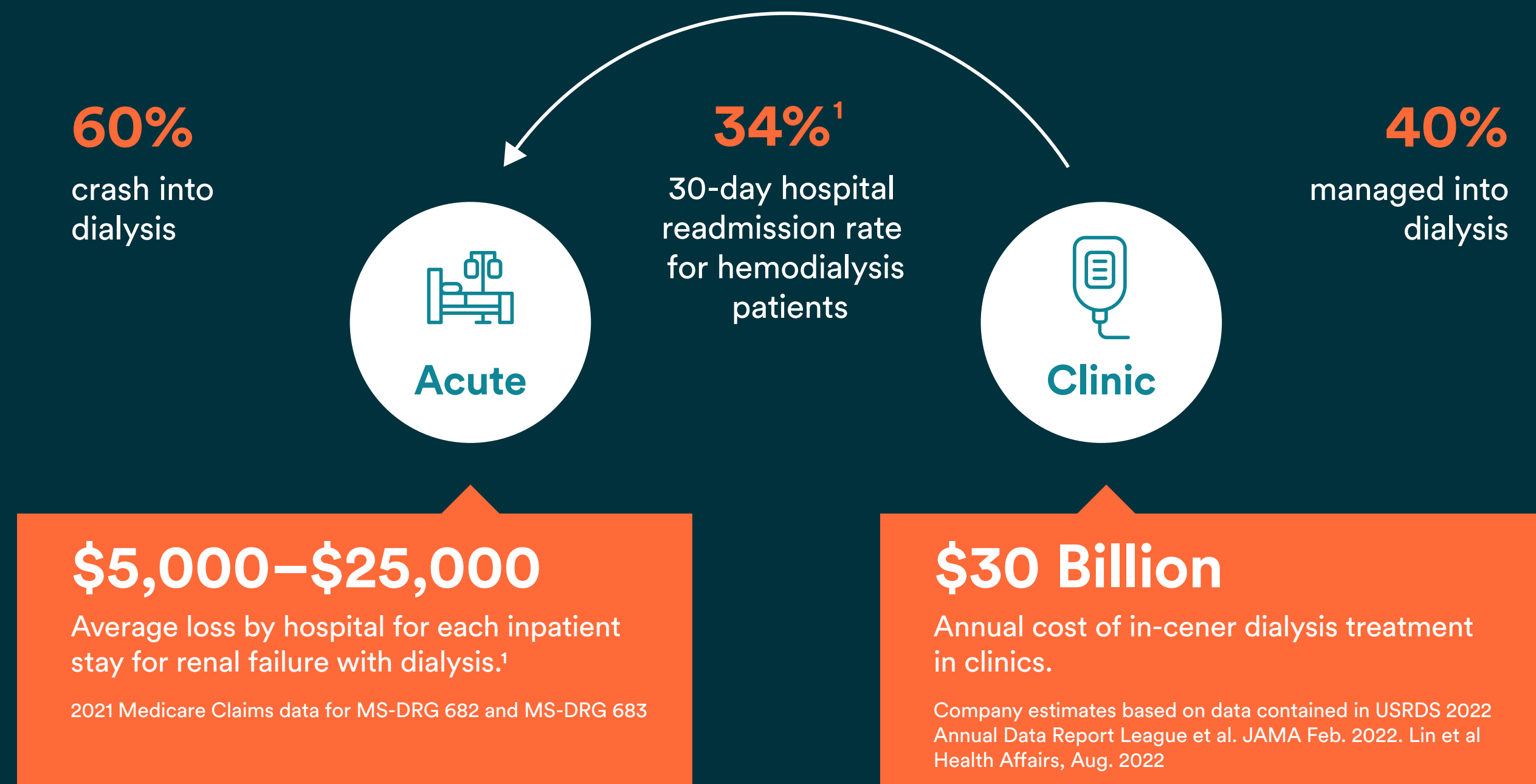
Kidney failure is commonly managed with hemodialysis, a procedure by which waste products and excess fluid are directly removed from a patient's blood using an external dialysis machine. Many people with early-stage CKD are able to avoid dialysis by managing their kidney function with the help of a doctor. However, many patients "crash" into dialysis with no prior knowledge of kidney disease, meaning they receive little to no clinical care in advance of their ESRD diagnosis. Hemodialysis can be performed in multiple care settings, including the hospital, clinic, or the patient's home. Typically, different types of dialysis machines are used in different care settings and for different clinical needs.



The cost burden of administering dialysis is significant because ESRD patients require complex management. Each year, in-center dialysis treatments conducted in clinics cost approximately \$30 billion, and on average, hospitals lose thousands of dollars for each inpatient stay for renal failure with dialysis.



## Cost Burden of Administering Dialysis



1. Hickson L.J. et al. Nephron 2018; 139(1): 1-12

Patients who “crash” into dialysis in the acute setting in the U.S. are typically funneled directly into an assigned weekly treatment schedule at a dialysis clinic or hospital. We believe that this long-held, disempowering, “one-size-fits-all” standard of care is unsustainable in a new age of patient-centered and user-friendly dialysis technology.

Our technology, the Tablo Hemodialysis System, represents a significant advancement that we believe transforms the dialysis experience for patients, operationally simplifies it for providers and helps lower the overall cost of managing ESRD. We designed Tablo from the ground up to be a single enterprise solution that can be utilized across the continuum of care, allowing dialysis to be delivered anytime, anywhere and by virtually anyone. Tablo combines wireless connectivity, real-time integrated water purification, and on-demand dialysate production in a single compact 35-inch console.



Tablo is currently cleared by the U.S. Food and Drug Administration (FDA) for use in the hospital, clinic, or home setting, making it the first “one stop shop” that can deliver dialysis in nearly any setting. The integration of water purification and on-demand dialysate production enables Tablo to serve as a dialysis clinic on wheels, powering a new holistic approach to dialysis care. This innovative device is specifically designed to deliver simplicity, versatility, efficiency, ease of use, cost savings, and sustainability.

During 2022, we increased the number of Tablo consoles in hospitals and homes by more than 50% and surpassed 1 million treatments delivered. We also continued to innovate, delivering on multiple software enhancements to further improve Tablo usability and reliability, and introduced TabloCart™ with storage drawer, built with 360-degree rotating wheels and directional locking rear wheels.

## Our culture of innovation and design permeates all aspects of our organization and informs our approach to transforming the experience of dialysis.

Our focus on flexibility, ease of use and user experience translates to meaningfully reduced training times and fixed infrastructure requirements. Requiring only an electrical outlet and tap water to operate, Tablo frees patients and providers from the burdensome infrastructure required to operate traditional dialysis machines. Tablo leverages cloud technology, making it possible for providers to monitor devices and treatments remotely, perform patient and population analytics, and automate clinical record-keeping. With a simple-to-use touchscreen interface, two-way wireless data transmission, and a proprietary data analytics platform, Tablo provides insights designed to improve program efficiency, enhance safety, and minimize downtime.





In the acute setting, Tablo increases hospital operating margins by lowering the overall cost of dialysis-related supplies, infrastructure, and labor by up to 80% in the ICU. Tablo also enables hospitals to take dialysis back in-house which, including supplies cost reduction, reduces the total cost per treatment by \$300 to \$500. Tablo also improves provider home dialysis economics, reducing 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.

Moreover, in the home setting, Tablo helps improve retention and 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, who report fewer headaches, increased energy, less cramping, and a quieter, more relaxed experience contributing to an improved quality of life.



SPOTLIGHT

Tablo at St. Mark’s Hospital

The Tablo Hemodialysis System enabled St. Mark’s Hospital in Salt Lake City to bring their dialysis program in-house from their previous outsourced service provider, resulting in a projected net savings of \$450,000 in the first year. Their bold program is a role model for other hospitals in the region, and beyond.

\$450k

ANNUAL ESTIMATED SAVINGS

\$500

SAVINGS PER Tx

~70%

COST REDUCTION PER Tx

50%

LABOR COST REDUCTION



HOSPITAL	St. Mark’s Hospital
LOCATION	Salt Lake City, UT
BEDS	300
ICU BEDS	24



SPOTLIGHT

# From Hospital to Home Hemodialysis in Three Days: Sara's Story

[READ MORE →](#)

After crashing into dialysis in the ER, Sara opted to transition immediately to flexible home hemodialysis and a quality, normal life with her family. Now in her 40s, Sara had symptoms of kidney disease when she was a child. In seventh grade, she was anemic, and in her 20s she had protein in her urine and high blood pressure.

“ Nobody was concerned at that point,” she said. “They checked my bloodwork and said my kidney function was normal. So, I went about my business.”

Sara gave birth to her daughter in 2015, after a normal pregnancy. About three years later, at age 35, she went for routine bloodwork and her creatinine was high. A kidney biopsy led to a diagnosis of focal segmental glomerulosclerosis (FSGS). She was then referred to one nephrologist after another but became frustrated as she couldn't find one who she trusted to help navigate her newly diagnosed kidney disease.

Then, she started feeling very sick and had difficulty breathing. A nephrologist said her bloodwork showed that she was in stage 5 chronic kidney disease and she needed to go to the emergency room immediately. Sara had an emergency catheter placed and began hemodialysis in the hospital.

She would spend the next 12 days having 50 pounds of fluid removed.

Her new nephrologist, who she felt very comfortable with, presented her with all the options for her dialysis care going forward. Sara's nephrologist then told her about another option: the easy to learn and use Tablo.

**93%** of nephrologists  
would choose home dialysis  
for themselves.

Source: Nephrology News & Issues, Sept. 2010



She and her husband, after a brief training period, would be able to manage Sara's dialysis at home on their own schedule, needing only tap water and an electrical outlet. Tablo would give them the flexibility to fit her home dialysis around their family's schedule. They had also looked at the one other hemodialysis system available for home use in the U.S. and selected Tablo due to its simplicity, compact size, user-friendly touchscreen with step-by-step animated guidance, wireless connectivity and ability to make dialysate on demand.

“As someone with no healthcare background, it was very easy to figure out,” Sara says.

What's more, her nephrologist mentioned a promising new program he had started to send select patients directly from the hospital to home on Tablo, thus avoiding treatment in a dialysis clinic. That's all Sara needed to hear. After demoing a machine in her nephrologist's office and seeing how easy it is to set up and use, Sara and her husband decided that Tablo was the best choice for them.

“It's the most flexible option. Since we have a younger daughter and we're only in our 40s, we want to live as normally as we can,” she says.

Now after treating at home on Tablo for more than three months, Sara says that she and her family appreciate the ability to schedule her dialysis around their lives. She and her husband are able to participate in their board gaming group twice a month, and they enjoy time with their daughter.



“Dialysis fits into my life instead of becoming my life.”

**SARA**

Photographed at home with her Tablo and nurse Randi Glasgow, RN, CDN



Research & Development

We invest in research and development (R&D) efforts that advance Tablo with the goal to expand and improve upon our existing products and solutions. We believe in the power of a single hardware platform, with software used to fuel 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.

YEAR	R&D EXPENSE
2022	\$48,855,000
2021	\$36,741,000
2020	\$28,850,000

We plan to continue investing significant resources in our research and development efforts to enhance existing products and deliver a steady stream of inventive solutions that provide clinical and operational simplicity, versatility and efficiency.

“ Innovation has often facilitated solutions for some of the greatest healthcare challenges the world has faced. Dialysis, after decades of complexity and inflexibility, and fueled by a rapidly expanding ESRD population, is primed and ready to follow suit.

MICHAEL ARAGON, MD  
Chief Medical Officer  
Outset Medical

Clinical Evidence

We have generated meaningful evidence to demonstrate the safety and efficacy of Tablo. For example, we have established that providers can realize significant operational efficiencies using Tablo, including reducing the cost of their dialysis programs by up to 80% in the intensive care unit (ICU). In addition, Tablo has been shown to deliver robust clinical care. In studies and surveys we have conducted, patients have reported quality of life benefits on Tablo compared to other dialysis machines. We believe Tablo empowers patients, who have traditionally been passive recipients of care, to regain agency and ownership of their treatment. We also believe that research has demonstrated the effectiveness of home hemodialysis in addressing the needs of underserved populations, including high treatment success rates in less-than-ideal home environments and patients with health disparities. More information about the clinical evidence supporting Tablo in the acute, clinical, and home settings is available on our [website](#).





## Advocating for Equitable Access to Dialysis Care

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

- ✓ Improve patient outcomes
- ✓ Improve the patient experience
- ✓ Lower the cost of care
- ✓ Improve the provider experience

In order to achieve these aims, the delivery of dialysis needs to be simplified for patients and providers, which can be achieved through improved access to technology and automation. Given that dialysis is a highly regulated industry, with the majority of U.S. 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. policymaking process by engaging with policymakers to educate them about kidney disease and the opportunities for improved patient outcomes and experience that home hemodialysis brings.



## 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 to the Office of the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate, in compliance with federal laws. 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. We operate in full compliance with the Honest Leadership and Open Government Act of 2007.

Outset does not currently employ any registered lobbyists or operate a Political Action Committee.

## Public Policy Oversight

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 full Board on the company's public policy priorities, political contributions, lobbying expenditures, and information about significant advocacy-related memberships.

## Kidney Advocacy Collaborations and Trade Association Participation

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





## Medical Device Manufacturers Association

We pay dues to a trade association, the [Medical Device Manufacturers Association \(MDMA\)](#), for the opportunity to exchange and align advocacy efforts on issues applicable across multiple medical device manufacturers. MDMA provides educational and advocacy assistance to medical technology companies as part of its mission to promote public health and improve patient care through the advocacy of innovative, research-driven medical device technology.

Our CEO, Leslie Trigg, was elected Chair of MDMA in May 2022. As Chair, she helps guide MDMA's work on key issues, such as patient advocacy, improving healthcare outcomes, and advancing diversity in the medical device ecosystem.

**LESLIE TRIGG**  
Chair and CEO  
Outset Medical



“ Medical technology innovators are at the forefront of improving patient outcomes and reducing the cost of care, and I am honored to lead MDMA as they continue their tremendous work as the leading voice of our industry. Modern technology is impacting when, where and how healthcare can be delivered. Together, we have the privilege of imagining what the future of healthcare could look like, and turning invention into reality.



## Innovate Kidney Care

Innovate Kidney Care (IKC) is an advocacy collaborative consisting of patients and physicians, health benefits companies, care providers, and medical device manufacturers working to remove barriers to treatment choice for kidney patients and ensure more people can easily access dialysis at home. We are a founding member of the IKC campaign, partnering with eight other leading healthcare organizations to improve patient options for receiving home dialysis training and support. The IKC is focused on expanding access to home dialysis and aims to collaborate with the Centers for Medicare & Medicaid Services (CMS) on guidance and clarifications to the conditions for coverage that will enable greater flexibility, convenience, and care setting choice for patients.

According to data from the U.S. Renal Data System 2022 Annual Data Report, a higher percentage of White patients with ESRD receive home hemodialysis compared to Black and Hispanic patients. People of color have higher rates of ESRD but often have less access to home dialysis options. The IKC aims to address these fundamental inequities and racial disparities in kidney care through its advocacy

efforts. In 2022, IKC worked to develop, and advance with CMS leaders, policies designed to both modernize ESRD regulations and guidance to keep pace with innovations in home dialysis and telehealth for patients and alleviate the nursing shortage by maximizing the ability of all care team members to support home dialysis.

## Alliance for Home Dialysis

The Alliance for Home Dialysis promotes activities and policies that will facilitate treatment choice in dialysis care while identifying and addressing systematic barriers that limit access for patients and their families to the many benefits of home dialysis therapy. Outset is represented on certain workgroups of the Alliance for Home Dialysis. Since ESRD patients became eligible to enroll in Medicare Advantage plans in 2021, independent analysis has showed that thousands of patients have switched from Medicare Fee for Service to Medicare Advantage. The Alliance has asked CMS to consider payment incentives for home dialysis, and quality measures to track uptake and retention of home dialysis, quality of care, and quality of life.

In early 2022, IKC published a whitepaper examining the impact of the CMS Conditions for Coverage Rule for ESRD facilities. The IKC proposed a series of recommendations to update the rule for a new era of health tech innovation and to provide greater access to home dialysis with the following goals in mind:

- ✓ **Modernizing federal regulations and guidance to keep pace with the innovations in self-care, home dialysis, and telehealth for dialysis patients**
- ✓ **Expanding patient access to home dialysis and self-dialysis by removing unnecessary regulatory barriers and right-sizing regulations and guidance for home-focused providers**
- ✓ **Reducing administrative burdens on clinicians and focusing more attention toward patient outcomes, empowerment, and safety**



The Alliance has also focused on policy changes to broaden access to home dialysis for people of color, including better upstream education, primary care, and provision of data on home modality retention so stakeholders can better understand racial disparities.

### **Moving Health Home**

Moving Health Home (MHH) is a coalition made up of stakeholders working to change federal and state policies to enable the home to be a clinical site of care. As part of its efforts to promote home-based care, MHH has advocated for policies to improve access to hemodialysis or peritoneal dialysis performed at home. For example, Outset coordinated with MHH to successfully advocate for passage of a two-year extension of the Hospital at Home waiver, allowing for flexibility under Medicare to treat hospital inpatients in a home-based setting when preferred by the patient and clinically appropriate.

### **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 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%). 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.

We are committed to partnering with the federal government, as well as patient-focused organizations to build on the momentum of the past few years by maintaining policy incentives like the ESRD Treatment Choices Model — which incentivizes utilization of home dialysis, allowing for better patient access to 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.





## Product Quality & Safety

As defined in our Quality Policy, 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 patients and healthcare providers. To advance this policy commitment, Outset operates under a Quality Management System (QMS) that is compliant with U.S. FDA Quality System Regulations (QSR) and has been certified to the ISO 13485 Medical Device Quality Management System standard, which applies to both of our facilities—our corporate headquarters located in San Jose, California and our manufacturing facility in Tijuana, Mexico.

Outset participates in the Medical Device Single Audit Program (MDSAP) to verify that requirements of ISO 13485 are met. MDSAP is an international coalition whose mission is to jointly leverage regulatory resources for oversight of medical device manufacturer quality systems. 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 (Australia, Brazil, Canada, Japan, and the United States), and audit results are shared with the competent authorities in these countries, as applicable.



## 2023 QUALITY OBJECTIVES

We routinely establish and communicate measurable QMS objectives that are consistent with Outset’s Quality Policy. Objectives are established so that our employees in all functions and at all 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 meetings to identify improvement opportunities. Outset’s Chief Regulatory and Quality Officer has oversight responsibility for our QMS and the related quality and safety of Tablo. For 2023, Outset established four key Quality Objectives:

**CUSTOMER SATISFACTION:** Support the evolution of Patient Centric quality products and services

**CULTURE:** Support the evolution and actions of a culture of quality across all functions

**CONTINUAL IMPROVEMENT:** Improve Quality System agility, efficiency and maturity

**COMPLIANCE:** Assure that the Global Quality System is deployed, active and compliant

## Customer Satisfaction and Continual Improvement

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:

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

Customer feedback and post-market surveillance processes are supplemented by internal audits, which are planned and conducted throughout the year to verify compliance with regulatory requirements and to determine the effectiveness of the QMS. Among key measurement criteria, management monitors and evaluates:

- ✓ Unanticipated events that may trigger nonconformance trends
- ✓ Complaints or high-severity incidents
- ✓ Engineering changes that could improve device reliability
- ✓ Complaint data and statistical approaches used

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, focus on simplicity and ease of use, provides a positive experience for both patients and providers.



## Quality Culture and 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 provide training through our Enterprise Quality Management Software system that is customized to each employee's needs and regularly reviewed. The Outset team determines the level of training necessary based on each role, considering the impact each role has on the safety of our products, and mandates re-training based on various triggering events, including content updates, prolonged absence from executing certain tasks, and process or product non-conformance. To support our quality culture and promote a baseline understanding of our expectations, all employees are required to review and certify their understanding of Outset's quality manual, complaint handling procedure, and good documentation practice.

## Compliance

We strive to achieve consistently strong results across key internal and external evaluation criteria for our QMS. We monitor quarterly internal quality targets, take ongoing action to maintain QMS certification, and aim to ensure quality agreements are in place and up to date with critical suppliers.

Read more about our supplier monitoring efforts in the [Supply Chain Management](#) chapter of this report.

In the first quarter of 2023, the FDA conducted their first quality system inspection of our San Jose, California facility. At completion, the FDA issued a Form FDA-483 identifying four observations, none of which affect our ability to serve patients in the home and acute end markets. Overall, we were pleased with the outcome of the audit, and intend to address the observations expeditiously and effectively in a way that strengthens our QMS.







## Supply Chain Management

Establishing strong partnerships across our global supply chain allows us to streamline operations, more effectively manage potential supply disruptions, and better reinforce our expectations around responsible business conduct. We direct the manufacturing and supporting supply chain, distribution and logistics 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).

### Supplier Monitoring

As part of Outset's 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. We conduct periodic assessments of our

suppliers based on supply chain, quality, and performance risk to determine audit requirements and frequency. Outset's direct suppliers that are determined to be critical based on these assessments participate in audit programs determined by Outset's quality team, which may include third-party audit programs such as ISO 13485 and ISO 9001. Over 90% of Outset's strategic suppliers have received either ISO 13485 or ISO 9001 certification. We define strategic suppliers as suppliers that are critical to performance, critical to cost, or both. Our Quality Assurance and Supply Chain Management organizations are jointly responsible for approving audit schedules, which are revised as necessary to reflect changing business requirements or other needs.

To enhance our monitoring of key suppliers and better communicate our expectations for responsible business conduct, we developed a Supplier Code of Conduct (Supplier Code) in 2021. The Supplier Code addresses topics such as compliance with our quality procedures as well as laws and regulations related to labor and human rights,



data privacy, anti-corruption, and environmental, health and safety matters. At the end of 2021, we provided the Supplier Code to Tier 1 and Tier 2 suppliers.

In 2022, we adopted a [Conflict Minerals Policy](#) to reflect our commitment to complying with rules relating to the use of conflict minerals necessary to manufacture our products. In support of this commitment, and to comply with conflict minerals rules and better ensure transparency in our supply chain, for 2022, we conducted a country-of-origin inquiry and implemented a supply chain due diligence process. Please refer to the “Conflict Minerals” section of the [Ethics & Compliance](#) chapter of this report for more information.

## Maintaining Traceability

We have a track and trace system in place to monitor and maintain traceability of materials and Tablo system components throughout the manufacturing and distribution process. We maintain full traceability through the lifecycle of all our products, including the Tablo console, the Tablo cartridge, and other consumables such as water treatment filters.

Our paperless track and trace system includes a bar code 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. During the assembly process, unique bar codes are generated to link individual components. Once subassemblies are combined into a finished product, a “parent level” bar code is generated linking them together. We also coordinate with our distribution partners through electronic data exchange to assist in maintaining 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 that includes assessing potential risks of disruption to supply, setting inventory targets, and creating risk mitigation plans. Through insourcing and localization strategies, we are able to better manage our supply of critical materials and have largely avoided supply chain disruptions, including those associated with recent global electronics shortages.

In 2022, the number of suppliers required for Tablo console production was approximately 200 worldwide, down from over 250 two years prior. The various components for the Tablo cartridge are manufactured by approximately 30 different suppliers, down from approximately 50 two years prior. To avoid the potential risk associated with single-source suppliers, we are undertaking a second source qualification process for the majority of the critical components for the Tablo console, including metals and plastic resins. We have also sought to mitigate supply disruption risks with increased levels of safety stock of certain finished goods and raw components, supported by expanded storage capacity at our OMM warehouse.

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. We have established contractual relationships with key suppliers and share 12-18 month rolling forecasts for various raw components, allowing us to place long-range purchase orders and provide suppliers with enhanced visibility into our forecasted material needs.



## Localizing Production in Mexico

During 2022, we moved production of a majority of Tablo cartridges to Tijuana, Mexico to help us achieve lower freight costs and mitigate against global supply chain interruption. Localization has reduced transportation distances for key components and substantially reduced the need to expedite Tablo cartridge deliveries by air. We intend to increase the quantity of Tablo cartridges produced at our OMM facility during the remainder of 2023, while continuing to rely on one or more of our contract manufacturers as additional sources for cartridge production. We expect that insourcing Tablo cartridges will advance our supply continuity strategies and improve the flexibility of our operations.

“ Outset has been a great partner in driving product optimization and overall efficiency to deliver cost effective patient outcomes. As a global medical device manufacturer, we take pride in working with companies like Outset who reflect our values, support our ESG journey, and focus on delivering improved healthcare.

– **CARLISLE MEDICAL TECHNOLOGIES**  
Outset Supplier

Vendor localization has also enabled OMM to reduce transfer time for raw materials and key machine parts by approximately 50%. To drive further efficiencies in our supply chain operations, our procurement and planning team at OMM has strengthened key supplier relationships and inventory management processes. Going forward, we hope to further reduce freight expense and implement digital tools to make additional improvements to our supply chain management processes.

“ We really value our long-term relationship with Outset. This partnership has helped both parties become more efficient and able to identify improvement opportunities that should help Outset achieve better patient outcomes.

– **SIGMATRON**  
Outset Supplier

“ Working with Outset has helped our organization improve our processes to better fit fast-moving projects like TabloCart with storage drawer. Due to the quick ramp-up, we were able to test and implement our improved pilot process for product launch. Because of the pace of this project, we were able to quickly bring our manufacturing team together to make improvements and then quickly see them in action. We look forward to having Outset Medical as a long-term partner and are excited to be a part of Outset’s vision for the dialysis industry.

– **HUI TECHNOLOGIES**  
Outset Supplier



# Workforce Diversity, Development & Engagement

## Our People

## Evolving. Expanding. Growing.

We are a collective — a group of thinkers, doers and believers paving the way to a patient-centric dialysis service model.

As of December 31, 2022, we had 518 full-time employees, with 47% in our field sales and service teams and 53% in the rest of the company. Our workforce continues to grow, both in the U.S. and at our 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 as well as 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.

<b>518</b>	<b>2x*</b>	<b>87%</b>
full-time employees	larger employee base than 3 years ago	engagement score in last 3 years of “Employee Voice” survey

**Our Culture and Values**

In 2022, we adopted action-oriented values that reflect the way we work and traits we believe that Outsetters possess. These three values are:

**FARTHER**  
We push beyond “good enough” to create change that makes patients’ lives profoundly better.

**FASTER**  
We move with speed and agility because patients deserve a better experience today, not “some day.”

**TOGETHER**  
We operate as a community, working side by side so the best ideas win and the work gets done, collectively.

Every Outset employee, whatever their role, knows that the work they do matters to real people — patients whose lives have been upended by illness. Our culture is as much a product of Outset as our Tablo device.



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

\* U.S. Outset Medical employees at 2022 year-end compared to 2019 year-end.



## Employee Engagement, Retention, and Development

We think deeply about building a culture where employees do important, challenging and rewarding work. 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 frequently and in a detailed way throughout the year. We utilize digital performance management tools to support continuous conversation with one another, fostering clarity and alignment. Our employees are inquisitive, lifelong learners. To that end, we offer customized leadership development programs and “small-bite podcasts,” pop-up learnings, online learning resources, peer learning, a floating volunteer day, group volunteering in the community, and a grassroots diversity, equity and inclusion committee, **Better Together**.

In 2021 and 2022, we invested in a series of talent initiatives to improve our recruiting, compensation, and talent development practices. These included formalizing our performance assessment practices, broadening our talent pools, deploying management and diversity training

programs, and implementing new compensation programs, including 401(k) matching, a revised employee stock purchase plan, tuition reimbursement, and student loan repayment. We also launched WellCents, a comprehensive financial wellness solution designed to help Outset employees develop confidence in their financial lives.

### SPARK! OUTSET’S GREAT MANAGEMENT PROGRAM

To further develop our talent pipeline, we designed and launched a bespoke management training program, SPARK!, for our people leaders. SPARK! was created to focus on teaching managers how to effectively lead a team in the 21st century. The program trains our managers on how to inspire their teams, drive collective results, and achieve high levels of productivity out of individuals while keeping a keen eye on growth and mobility.

In SPARK!, people managers across functions come together in person to exchange ideas and grow, as both managers and learners, in an environment that challenges, supports and broadens them as leaders. Participants spend two days in engaging sessions, facilitated discussion groups and interactive activities designed to foster learning, leadership and growth. With its grounding in real-world managerial

experiences and best practices, SPARK! helps participants feel empowered to “own” their management style and equips them with the ability to hold three transformational conversations with their team members:

- 1 The priority conversation
- 2 The performance conversation
- 3 The growth conversation





In 2022, over 160 leaders across the company, representing 98% of our people management group, participated in this two-day immersive program, including our C-level executives.

### **BOLD BEGINNINGS: ONBOARDING EXPERIENCE**

New hires at Outset Medical experience a unique integration into the company through a two-day program at our San Jose, CA headquarters. For those in field service or sales roles, onboarding is accomplished through sales or service training, but for many new joiners, it all starts in the Bold Beginnings experience. The aim of this experience is to integrate people into the company, our mission, their peer community, and ensure a strong, early sense of belonging.

Beyond traditional onboarding, our live induction program is an incubator for cross-functional team-building, an immersion in Outset's history, a jam-packed two days of interactive sessions with executive leadership and a crash-course in dialysis, our mission and the purpose of what we do. Bold Beginnings helps new Outsetters walk away with pride in their company and their peers, while supporting them in developing a vision for how they can uniquely contribute to our culture through their new roles.

### **SALES EDUCATION & FIELD SERVICE TRAINING**

New hires to the Field Sales team get to partake in a hand-crafted training curriculum built specifically for their role and team. From day one, new sales team hires are immersed in a blended learning approach that includes online sessions, field experiences and in-person activities at our San Jose, CA headquarters.

The Sales Education & Field Service Training program includes time in the field with outstanding mentors, dedicated one-on-one coaching and feedback sessions, and plenty of hands-on experiences with the Tablo Hemodialysis System — all to help ensure that new hires start their journey with the foundational knowledge and skills they need to thrive. Outside of formal training, extracurricular events help build lasting connections between new Outsetters that help set them up for success.

For 2023, some key people development initiatives include developing standardized goal setting practices across all functions, regularly spotlighting and rewarding high performing teams and individuals, and promoting opportunities for internal mobility within the company.

**We believe programs such as those noted above are critical to our efforts to increase employee retention and participation. In 2022, our voluntary attrition rate was reduced by more than half compared to 2021.**



“ At Outset, we have conversations about individual and group peak performance as a mechanism to help people grow in their careers — it’s a tool to get you to where you want to go, and a discussion about how the organization can support you in this journey. We aren’t focusing conversations on burnout or where we feel depleted, but rather on what’s burning us up, what’s motivating us to doggedly pursue progress against our ambitious mission, while identifying ways that elegant simplicity in our work practices can enable each individual team member to go farther, faster, and smartly together. Through shifts in our language, we create new behaviors, and as these behaviors ritualize, a culture of productivity, optimism, and obsession with progress is born.

**STACEY PORTER**  
Chief People Officer  
Outset Medical

## MONITORING EMPLOYEE ENGAGEMENT

We conduct employee surveys to monitor employee engagement and identify areas of focus for our human capital management program. In 2022, our annual “Employee Voice” survey had a high level of employee participation, with a response rate over 98%. We achieved a strong engagement score of 87% in 2022, which was largely based on the following factors:

- 1 I regularly put in extra effort to ensure Outset, not just my team, succeeds.
- 2 I am proud to tell other people that I work at Outset.
- 3 I have no qualms about speaking up with others at Outset.
- 4 I see a long career runway for me here at Outset.

When looking at the individual items from the survey, top areas of strength were that employees believe in the work they do, understand how it impacts Outset’s success, and regularly put in extra effort. Through the survey, we have identified feedback, development, and internal mobility



opportunities and have committed to driving activities to support development in these areas across the company. If we can make progress in these areas, we believe we can lengthen employee average tenure and we are confident that our employees will be more impactful to Outset and bring higher levels of value with longer tenure.

### EMPLOYEE PERFORMANCE MANAGEMENT

Employees want feedback, insights and direction from conversations with their managers and a place to record not only what they accomplish but also how they accomplished it. Managers at Outset 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. We encourage continuous feedback and performance conversations between managers and employees, including defining and identifying two to three role-based goals and one career development goal each quarter and reviewing these on a regular basis in the one-on-one conversations that typically happen multiple times per month.

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. In 2022, approximately one out of every six employees advanced their careers at Outset through promotions or internal career moves.

Outset more than doubled 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.

### Our Compensation Philosophy

Outset is committed to providing compensation and programs that provide financial peace of mind to our employees. 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 401(k) retirement savings plan with company match, 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 more than doubled 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.

### 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.



We are transparent about our process for identifying competitive base salaries and if employees seek information about market data related to their position, we provide it to them.

### ANNUAL CASH INCENTIVES (BONUS PROGRAM)

Our annual cash incentive or bonus program is intended to motivate and reward our employees for the collective achievement of strategic goals of Outset through their collaborative and individual contributions. These incentives are based on key corporate objectives, including objectives related to revenue, product cost reduction, cash management and strategic performance objectives. Our employees below the VP level have an individual performance component within their bonus calculation and can overachieve based on the impact of their work in a given year.

### 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. The majority of the equity awards are delivered as restricted stock units and are provided to all employees in good standing

regardless of level. Executives at the VP level and above are given awards in restricted stock units and performance-based stock units. In 2022, we moved from a four-year vesting cycle to a three-year vesting cycle for all employees to show our commitment to our employees' financial wellness while also shortening the time-based requirement for capturing the value of their equity awards.

### EMPLOYEE STOCK PURCHASE PLAN (ESPP)

Our ESPP is unique and meticulously designed to provide our exceptional people with yet another exceptional experience. Historically, Outset's ESPP had a six-month offering period and a "lookback." Following approval of a revised ESPP by Outset's Compensation Committee effective in 2022, our ESPP now provides a 24-month offering period and a "lookback," four six-month purchase periods, an automatic reset and cashless participation. Through cashless participation, we have made our ESPP more financially inclusive, enabling eligible employees to access more meaningful stock ownership without needing to increase payroll deductions. Employee participation in our ESPP (and our 401(k) retirement plan) meaningfully increased year-over-year from 2021 to 2022.

### 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

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, and more. This award recognizes that, at Outset, our expectation is excellence always, not just some of the time.



## 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. From core benefits like medical, dental, and vision insurance to voluntary benefits and extra perks, we have created a benefits program designed to fit unique individuals and situations.

In addition to the compensation programs noted above, full-time employees and their dependents are eligible for:

- ✓ Medical, dental, and vision coverage
- ✓ 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
- ✓ 401(k) plan with company match
- ✓ WellCents, our financial wellness program
- ✓ Tuition reimbursement
- ✓ Student-loan repayment program





We are committed to creating and nurturing an inclusive workplace, where everyone feels respected, valued and included.

### Wellbeing @ Outset Program

Outset's entire employee population is encouraged and incentivized to participate in the Wellbeing @ Outset Program. Through this program, we maintain a whole person wellbeing approach, providing resources to support physical, financial, professional and social wellbeing. Our Benefits Portal for employees encompasses all things benefits related, from plan summaries, access to care providers, employee perks and holistic wellbeing resources. Over 350 Outset employees (and over 20 employee family members) are currently registered users on our Wellbeing @ Outset Program portal.

Our Summer Outset Sweat Fitness Challenge is one of our most cherished physical well-being programs. We host onsite health clinics and even provide localized support to our remote teams.

### Diversity, Equity, and Inclusion (DE&I)

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. The areas of focus for our 2022 DE&I strategy included:

- 1 Broadening our talent pools
- 2 Supporting kidney health and raising awareness of disparity in kidney care access across different demographics
- 3 Elevating community volunteering opportunities

Throughout the year, we also celebrated the diversity of our employee community through live and virtual events recognizing Pride, Juneteenth, Diwali and Lunar New Year.



U.S. Workforce Demographics

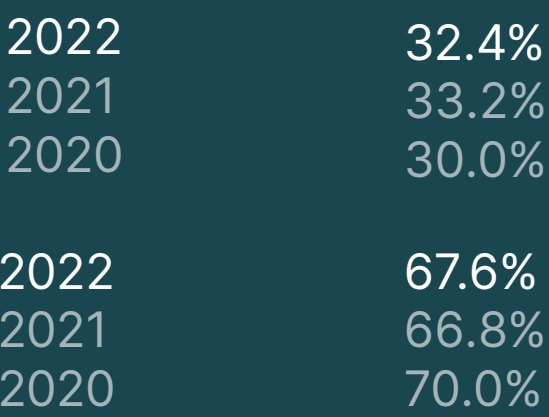
Professionals      Mid-level Managers      Executives / Senior Managers

GENDER



Totals

GENDER





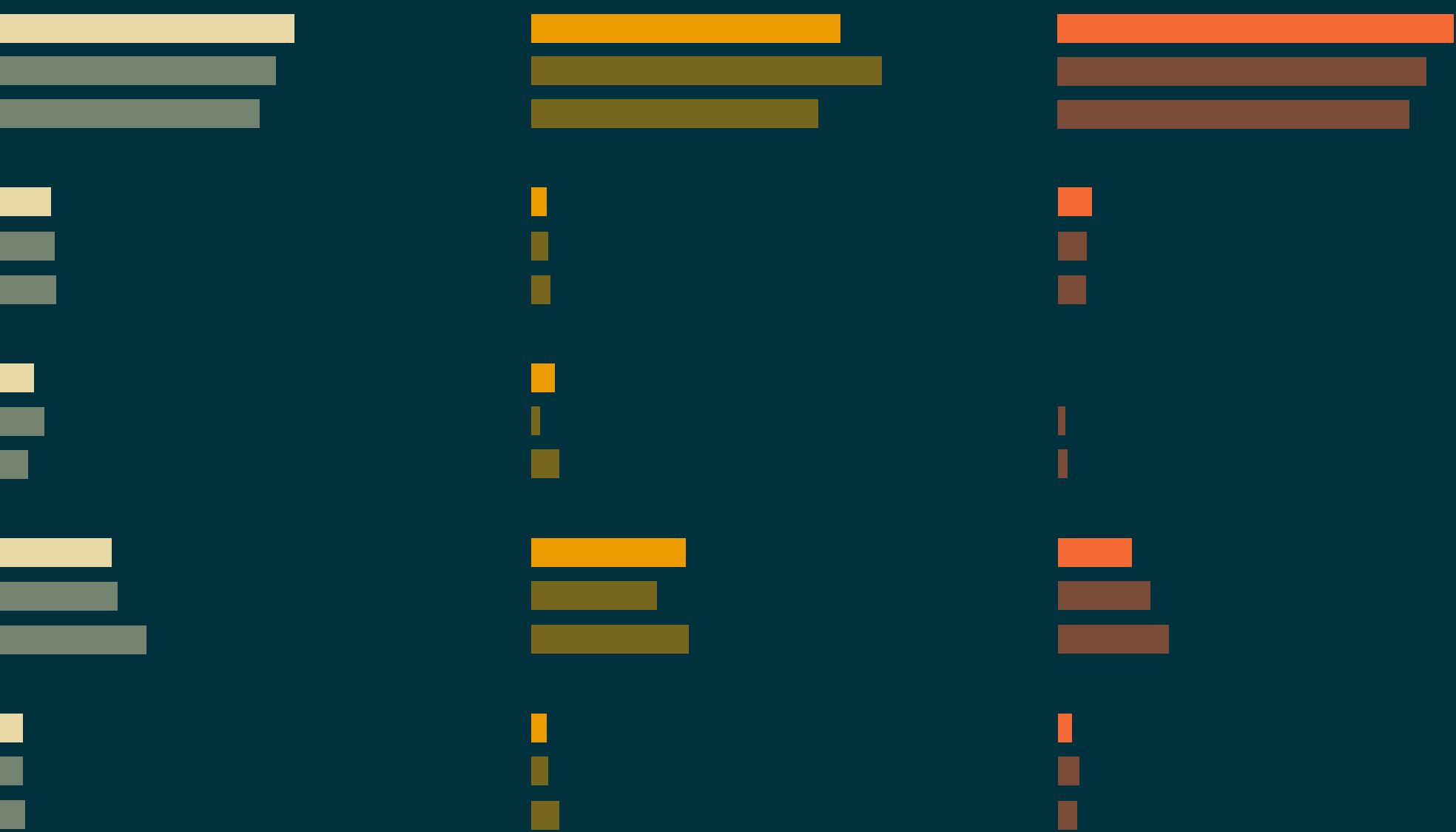
U.S. Workforce Demographics

■ Professionals      ■ Mid-level Managers      ■ Executives / Senior Managers

Totals

ETHNICITY

White	2022	57.2%	59.7%	76.6%
	2021	53.4%	67.7%	71.2%
	2020	50.2%	55.4%	67.9%
Hispanic or Latino	2022	9.9%	3.0%	6.5%
	2021	10.6%	3.2%	5.5%
	2020	10.9%	3.6%	5.4%
Black or African American	2022	6.7%	4.5%	0.0%
	2021	8.7%	1.6%	1.4%
	2020	5.5%	5.4%	1.8%
Asian	2022	21.7%	29.9%	14.3%
	2021	22.8%	24.2%	17.8%
	2020	28.4%	30.4%	21.4%
All Other Ethnicities	2022	4.5%	3.0%	2.6%
	2021	4.5%	3.2%	4.1%
	2020	5.0%	5.4%	3.6%



ETHNICITY

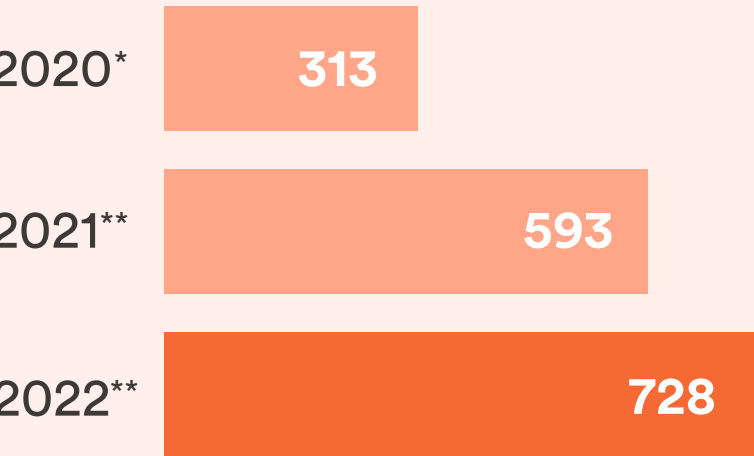
2022	60.4%
2021	58.3%
2020	54.3%
2022	8.5%
2021	8.7%
2020	8.6%
2022	5.4%
2021	6.5%
2020	4.8%
2022	21.6%
2021	22.2%
2020	27.5%
2022	4.0%
2021	4.3%
2020	4.8%



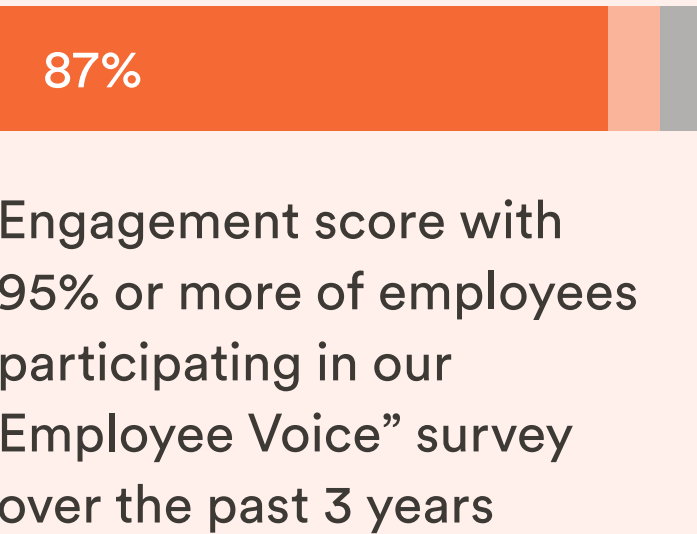
Attracting Diverse Talent

We are committed to attracting the best talent and providing our employees with challenging work in a fast-paced environment.

Growing Our Team



Employee Engagement



\* U.S. Outset Medical employees  
\*\* U.S. Outset Medical employees + Tacna team members of OMM

New Hire Demographics

GENDER	2022	2021	2020
Female	35.4%	31.7%	31.2%
Male	64.6%	68.3%	68.8%



ETHNICITY	2022	2021	2020
White	66.5%	60.5%	51.4%
Hispanic or Latino	5.1%	7.0%	12.3%
Black or African Am.	6.3%	8.2%	8.7%
Asian	19.6%	20.2%	21.0%
Other	2.5%	4.1%	6.5%



Percentages may not total 100% due to rounding.



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 2022 included increased efforts in diverse hiring and relying on a high level of referral hiring. We also continued to focus on specific initiatives to attract and retain veterans, who represented more than 12% of our new hires in 2022 and 13% of new hires in 2021.

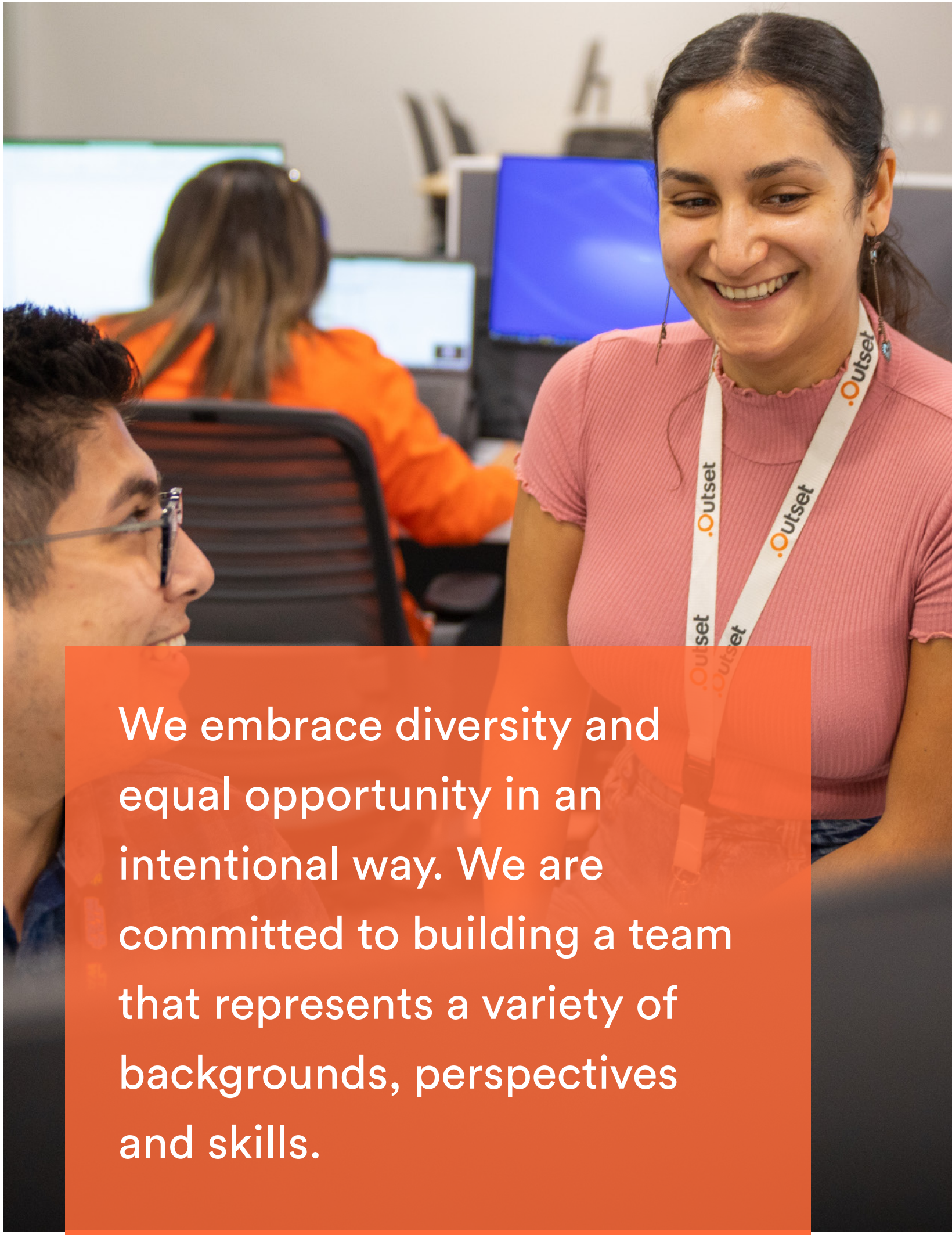
Our recruiting team conducted discussions with focus groups to understand obstacles to hiring veterans and inform our targeted efforts to increase veteran representation at Outset. In 2022, we added Veteran’s Day as a company holiday for employees who identify as veterans.

YEAR	% OF VETERAN NEW HIRES
2022	12.7%
2021	13.1%
2020	3.0%

We also encourage our employees to participate in affinity groups to foster support networks within Outset. In 2022, one of our employees launched the Women’s Empowerment Network, a grassroots effort to create stronger bonds between women employees from across the company.

**HARASSMENT-FREE ENVIRONMENT**

Harassment against individuals because of any Protected Characteristic (defined below) is inconsistent with our philosophy of fair treatment to all employees and is strictly prohibited both by law and by Outset policy. Outset does not tolerate any conduct prohibited by this policy from anyone while at work or engaged in Outset’s business, including from other employees, vendors, customers, independent contractors, and other business associates.



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.



## 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 this desire to fruition, 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, 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, genetic information, marital or registered domestic partner status, sexual orientation, mental or physical disability, political belief, or any other basis protected by law (Protected Characteristic).

## 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 report any incidents of discrimination or harassment so that complaints can be quickly and fairly resolved. 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.

## 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.

No employee fatalities occurred in 2021 or 2022 as a result of work-related injuries or illnesses. In 2021 and 2022, we recorded seven work-related injuries and two work-related injuries, respectively, among our U.S. employees. We recorded one work-related illness in 2021 and no work-related illnesses in 2022 for our U.S. employees.



## Giving and Volunteering

We are 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. 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.

In March 2022, we launched our “Learning for a Cause” campaign. For every hour that Outset employees spent on LinkedIn Learning courses over the course of the month, Outset increased its charitable contribution to the NKF. Our employees ultimately completed 425 LinkedIn Learning hours for “Learning for a Cause,” translating into a collective donation of over \$4,000 to the NKF.

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 fifteen 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.





## Outset Medical Mexico (OMM) Team Members

As of December 31, 2022, OMM had 210 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 personal 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
- ✓ Fostering a culture of giving through OMM-sponsored donations to local charitable causes

**In recognition of our efforts to promote an all-inclusive organization where respect, collaboration, and merit-based recognition are deeply embedded, OMM received a certification from Great Place to Work in 2022.**

OMM scored 88 out of 100 in its first Great Place to Work survey, compared to the sector average of 81 out of 100. Efforts to facilitate a rewarding, inclusive work environment allowed us to maintain a low average monthly attrition rate — our team member retention rate is consistently among the highest compared to similar companies in the area.



3.

## Environmental Sustainability

Our commitment to environmental stewardship is driven by our culture of innovation and continuous improvement. We have ongoing initiatives to improve environmental performance by optimizing our water recycling, energy efficiency and waste management practices. Many of these initiatives revolve around our OMM manufacturing facility in Tijuana, Mexico, where we have expanded our operations from approximately 48,000 square feet in early 2021 to over 87,000 square feet in early 2023. Highlights of last year's environmental sustainability achievements include:

### Localizing and Insourcing Tablo Cartridge Manufacturing

Until recently, the Tablo cartridge was manufactured exclusively by two contract manufacturers based in Thailand and Tijuana, Mexico. Recently, we initiated production of Tablo cartridges in-house at OMM.

Our localization and insourcing strategies for Tablo cartridges offer several anticipated commercial benefits, including long-term gross margin expansion, supply continuity and improved flexibility of our operations. Alongside these benefits come important environmental benefits. Tablo cartridges produced in Tijuana, Mexico, by our contract manufacturer and at OMM, undergo sterilization using electronic beam (e-beam) technology, an environmentally friendly sterilization method that does not involve toxic or explosive chemicals such as ethylene oxide (EtO). By moving production of a majority of Tablo cartridges to Mexico, we are increasing the percentage of Tablo cartridges produced that are sterilized using e-beam when compared with Tablo cartridges produced by our contract manufacturer in Thailand, which undergo EtO sterilization, as well as reducing our reliance on ocean and air freight to transport our products.



### Water Recycling

Strategically managing water usage is a key part of our focus on reducing the cost and complexity of dialysis. Following the production process, water is critical for testing Tablo consoles manufactured at OMM. Recognizing that northern Mexico has limited naturally available fresh water sources, we set a goal in 2021 to increase OMM's water recycling rate to 60% or more of the water required for Tablo console testing. We estimate that we achieved that goal by the second half of 2022 after commissioning two reverse



osmosis systems to recycle water. Wastewater generated by OMM that is unable to be recycled must be disposed of by truck, in partnership with a wastewater hauling contractor. By increasing our water recycling capabilities at OMM, we have been able to reduce the amount of water that must be disposed. As we continue to adjust and optimize our operational processes, we plan to further evaluate our water usage, establish processes to more accurately capture water usage data, and identify innovative water reuse strategies.

## Digitization of Manufacturing Processes

In 2022, we made investments to further enhance our digital manufacturing processes, extending our longstanding adherence to Fourth Industrial Revolution (4IR) principles at OMM. 4IR principles are characterized by a fusion of physical and digital technologies to create new ways of designing, manufacturing, and delivering products and services. We created a “4IR Office” at OMM to support and drive the deployment of digital programs and 4IR improvements throughout our manufacturing activities. Through this program, we have been able to lower processing times and improve product testing efficiencies for Tablo consoles and cartridges manufactured at OMM, as well as upskill employees to use new digital tools.

Using 4IR principles, the OMM team increased its monthly console production capacity by approximately 30% per manufacturing line while reducing the defect-per-console rate by approximately 50%. The OMM team also implemented 3D printing technology to develop new fixtures

“ Outset Medical is excited to receive this award as it provides recognition and proof that 4IR adoption in the process of digital manufacturing is not only for Fortune 500 companies, but also can be designed, developed, and drive meaningful impact for small and medium enterprise organizations.

MARC NASH

VP of Manufacturing  
Outset Medical

and aids to assist production. Our console and cartridge manufacturing workflow records are now fully digitized and device record histories are kept electronically. This eliminates the need for the thousands of pieces of paper that were previously used to track each unit through the manufacturing process. In 2023, we were recognized by Tulip Interfaces for adopting 4IR principles at OMM and received Tulip’s 2023 “Greenhouse Award” for our success in digitally transforming our manufacturing operations.

## Greenhouse Gas (GHG) Emissions

We have conducted an enterprise-wide assessment of our Scope 1 & Scope 2 GHG emissions for 2021 and 2022. This data is being used internally to help us better understand GHG emissions associated with our operations as we continue to scale our business and further ramp our manufacturing capabilities. Our GHG emissions data provides important insights to inform our ongoing energy management, energy efficiency, and potential emissions reduction initiatives. We look forward to sharing more about our environmental efforts and results in our future ESG reporting.

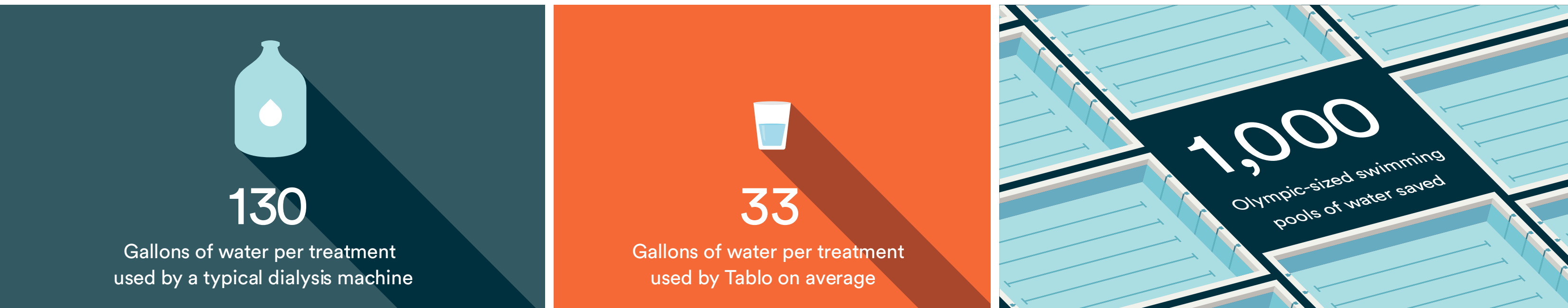




## Product Design & Lifecycle Management

Innovation runs deep at Outset. As we continuously strive to make dialysis smarter, easier, better and more personal, we are also driven to implement sustainable design innovations that bring efficiencies to the dialysis experience and reduce environmental impacts.





## Saving Water with Tablo

A key benefit of Tablo compared to traditional dialysis machines is the reduced amount of water required by Tablo during dialysis.

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.

By contrast, Tablo consumes approximately 33 gallons of water per treatment on average. 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.

Tablo reduces the amount of water consumed during dialysis in three ways:

- 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.

Tablo produces dialysate on demand without using bagged solutions. Patients doing peritoneal dialysis in the home typically use over 700 bags of pre-filled bags of dialysis solution each year, all of which may end up in the landfill. Tablo eliminates the environmental impact of these pre-filled bags, and the concentrate containers that Tablo uses to produce the dialysate are recyclable.

- 3 Tablo was designed to operate at a lower dialysate flow rate compared to traditional dialysis systems, while demonstrating comparable clinical results.



## Design Innovations for Tablo Cartridges

In 2022, we released a new design for Tablo cartridges, our proprietary devices designed to simplify and streamline treatment setup for the Tablo console. Tablo cartridges are disposable, single use, pre-strung cartridges that easily click into place, minimizing steps, touch points, and connections needed to set up treatment supplies for therapy. An uninterrupted patient can initiate therapy in as little as around 20 minutes using Tablo cartridges, representing a significant improvement over traditional machines, which can take approximately 45 minutes to set up. Generally, one cartridge is used per treatment.

**We recently implemented an improved design for the Tablo cartridge that uses approximately 15% less plastic than our previous cartridge model, thereby reducing the amount of plastic that needs to be disposed post-treatment.**

We achieved these results through surface cut-offs and reductions in the overall wall thickness of the cartridge organizer housing. As part of our commitment to continuous design improvement, the new cartridge design helps enhance usability and reduce waste while maintaining the same functionality and performance.

Additionally, we have fully implemented E-Beam sterilization in our Tablo cartridges manufactured in Mexico, eliminating the need for sterilization methods that involve toxic or explosive chemicals such as EtO. In 2023, we expect that approximately 90% of Tablo cartridges will be sterilized with E-Beam.

## Refurbishment Initiatives

Beyond new product innovations, we have also introduced initiatives to reuse devices and shipping materials to extend their lifespans. For example, our field service team refurbishes certain Tablo consoles taken from the clinical setting and redeploys them back into the field for further use after they have been determined to meet all quality criteria. We are also able to refurbish wooden crates used to ship Tablo consoles. Crates used for a previous shipment are reviewed and qualified for reuse. Each refurbished crate



can potentially be used for multiple Tablo console shipping cycles, eliminating the need to purchase a new crate for each shipment.

In 2023, we plan to deploy cardboard shipping crates to replace wooden crates. Recyclable cardboard crates were designed to lower the shipping weight and overall material footprint of Tablo shipments while maintaining sufficient protection and durability characteristics. By shifting to recyclable cardboard shipping crates from our current wooden crates, we hope to eliminate the need to reclaim used wooden crates, transport them to a distribution center, and then transport them back to OMM for repurposing.



4.

# Responsible Business Practices

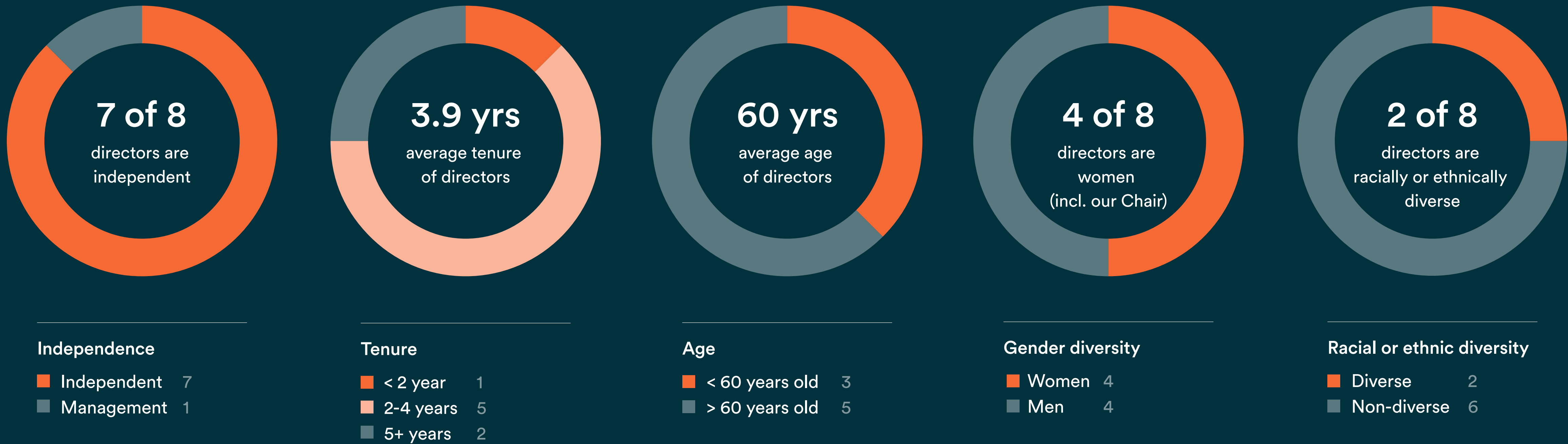
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## Corporate Governance

Our Board of Directors oversees and guides Outset's business and corporate affairs, setting 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 to serve as a fiduciary for shareholders and to oversee the management of our business following procedures and standards that are set forth in Outset's Corporate Governance Guidelines, which are available on our [website](#).







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 and allows our Board to effectively fulfill its oversight function.



Our directors bring a balance of skills and experience, including those listed here.

This skills matrix identifies the most prominent competencies of each director (reflected on an aggregate basis). In representing only the most prominent skills and core competencies of our Board, our goal is to provide a meaningful presentation of their key contributions to our company and stockholders.

SKILLS MATRIX

Public Company Board Service	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	8
Public Company CEO or CFO Experience	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	3
Other Senior Leadership Role	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	4
Healthcare / Medical Device Industries	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	7
Financial Literacy / Accounting	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	8
FDA / Regulatory	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	4
Sales & Marketing	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	4
Supply Chain / Manufacturing	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	1
Human Capital Management	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	5
M&A / Strategic Transactions	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	5
Risk Management	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	8
International Business	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	7
Environmental & Social	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	1



## Board Leadership Structure

In February 2022, our Board reviewed its leadership structure and, upon the recommendation of our Nominating and Corporate Governance Committee, determined that it would be in the best interests of Outset and our stockholders to combine the roles of Board Chair and CEO and establish a new Lead Independent Director position. Effective February 2022, the Board appointed Ms. Trigg, who has served as our CEO and a member of our Board since 2014, as Chair of the Board, and the Board's independent directors appointed Keith Grossman, who previously served as Chairman of the Board since 2014, to transition to the position of Lead Independent Director.

Given the dynamic and competitive environment in which Outset operates, our Board believes that our stockholders are best served by a Board Chair who has broad and deep knowledge of Outset's day-to-day business operations and the competitive landscape, the ability to identify strategic issues and the vision to create sustainable long-term value for our stockholders. Based on these considerations, our Board has determined that, at this time, Ms. Trigg,

our CEO, is best qualified to serve in the role of Board Chair. Ms. Trigg's dual role as Chair and CEO enhances the Board's ability to focus on the issues most critical to Outset's success and helps unify our stockholders, employees, customers and other stakeholders behind a consistent vision.

Our Board believes the Lead Independent Director position helps maintain an appropriate level of independent checks and balances, enables independent oversight of management and encourages objective oversight of management's performance, reinforcing the independence of the Board as a whole and enhancing its overall effectiveness. In accordance with our bylaws and corporate governance guidelines, in the role of Lead Independent Director, Mr. Grossman (i) presides over Board meetings at which the Board Chair is not present, (ii) presides over executive sessions of the independent directors, (iii) serves as a liaison between the independent directors and the Board Chair, (iv) is authorized to call meetings of the independent directors, (v) leads the Board in discussions concerning our CEO's performance and CEO succession, (vi) consults with the Board Chair regarding meeting agendas and meeting schedules for the Board, (vii) is available for consultation and

direct communication if requested by major stockholders and (viii) performs such other duties as requested by the Board.

Our Board believes this structure strikes an appropriate balance between strong company leadership and independent board oversight.

The dual Chair and CEO role enhances the Board's ability to focus on the issues most critical to Outset's success and helps unify our stockholders, employees, customers and other stakeholders behind a consistent vision.





## Role of our Board in Risk Oversight

One of the key functions of our Board is informed oversight of our risk management process. Our Board's 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 actively overseeing management of our risks — both at the Board and committee level. The risk oversight process includes receiving regular reports from committees and management to enable our Board 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 and data privacy), finance, legal, regulatory, strategic and reputational risks. Our Board 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:

- ✓ 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 and insurance, as well as data privacy, cybersecurity and information technology. 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.
- ✓ 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, including monitoring the effectiveness of our corporate governance guidelines and other policies such as our Code of Conduct and overseeing our environmental and sustainability efforts and progress and associated risks.
- ✓ 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 is regularly informed through committee reports about such risks.





## Stock Ownership Guidelines

In February 2023, our Board adopted Stock Ownership Guidelines applicable to all of our executive officers and non-employee directors of our Board. These guidelines require a minimum number of Outset Medical common shares to be held by our CEO equal to 3 times her annual base salary; other covered executives equal to 1 times annual base salary; and our Board equal to 3 times their annual cash retainer.

## Recoupment Policy

In April 2023, we adopted a recoupment (or “clawback”) policy that applies to incentive compensation paid to current and certain former executive officers that was based on incorrect financial performance measures. Under the policy, if we are required to prepare an accounting restatement due to the material noncompliance of any financial reporting requirement under applicable securities laws, the Compensation Committee of our Board is required to cause us to recoup from each executive officer who was employed during the three preceding fiscal years the excess of the incentive compensation received by the executive officer during such three-year period, based on the

erroneous financial information, over the incentive compensation that would have been received by the executive if it had been calculated based on the restated financial information. The policy is intended to comply with the requirements of U.S. Securities and Exchange Commission (“SEC”) rules and Nasdaq listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and will be amended to the extent required to reflect the final Nasdaq listing standards once they are issued.

Additional information about corporate governance at Outset, including the recently adopted Stock Ownership Guidelines and our approach to executive compensation, is available in our [proxy statement](#).



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## Ethics & Compliance

Outset strives to operate responsibly, sustainably, and transparently in accordance with high ethical standards and applicable laws as we continue to push new boundaries within dialysis care.

### Recent Highlights

In 2023, we expanded our compliance team to include a Director of Compliance to focus on Outset's healthcare regulatory compliance efforts, who is dedicated to further developing our overall compliance program. In addition, in 2022, we adopted a [Conflict Minerals Policy](#) to communicate our expectations to suppliers regarding compliance with Section 1502 of the Dodd-Frank Act and the related rules enacted by the SEC.





## Compliance Policies and Procedures

### CODE OF BUSINESS CONDUCT AND ETHICS

Our Code of Business Conduct and Ethics (“Code”) is the foundation of our corporate compliance program. The Code emphasizes that each employee must conduct their duties with honesty, fairness, and integrity, and speak up with any questions or concerns. 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. All employees are required to review and acknowledge our Code upon hire and annually thereafter. Our Code is available on our [website](#).

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. These practices act to supplement our Code and provide topic-specific guidance to employees.

### ANTI-CORRUPTION POLICY

As defined in our Anti-Corruption Policy, 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 we seek to expand our geographic footprint, we will endeavor to enhance our procedures to address the risks of operating internationally, and to adhere to both the spirit and the letter of anti-corruption laws and regulations wherever we operate.

### 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. We seek to avoid even the appearance of improper influence on a healthcare professional’s judgment.

As described in our Code, we are firmly committed to complying with all laws and regulations governing our interactions with 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. We also have adopted policies addressing the reporting of payments and other transfers of value to physicians, certain non-physician practitioners, and teaching hospitals, as required by federal and state laws, including the Physician Payments Sunshine Act, and similar state laws.

It is our practice for all of our sales representatives to document agreements with healthcare professionals in writing and accurately report payments and transfers of value in accordance with Outset procedures.

Outset is a member of the [Medical Device Manufacturers Association \(MDMA\)](#), the leading association for the medical device industry, offering a platform for policy, advocacy, stakeholder engagement, professional development, and high ethical standards. As a member of MDMA, we leverage the association’s expertise on compliance issues and follow guidance provided through the [MDMA Code of Conduct on Interactions with Healthcare Providers](#). Our CEO currently serves as board chair for the MDMA, a role she assumed in May 2022.



## ETHICAL SALES AND MARKETING

Outset has adopted an ethical marketing procedure that defines 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 or statements made by Outset sales representatives may not promote, discuss, or refer to uncleared, unapproved, or off-label use. This means that all promotional activities 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.

## CONFLICT MINERALS

Consistent with our focus on transparency, we are committed to complying with the rules relating to the use of conflict minerals necessary to manufacture our products, such as Section 1502 of the Dodd-Frank Act. In support of this commitment, and to comply with conflict minerals rules and better ensure transparency in our supply chain, for 2022, we conducted a country-of-origin inquiry on the products we manufacture and implemented a supply chain due diligence process in accordance with the framework set forth in the Organization for Economic Cooperation and Development’s (OECD) Guidance. This included surveying in-scope suppliers concerning the potential use of conflict minerals and the origin of such minerals that are used in Outset products. Our first specialized disclosure form, including a Conflict Minerals Report, describing the process and results of our supply chain due diligence efforts for the 2022 reporting year was filed with the SEC and is available on the Investor Relations section of our corporate [website](#).

Going forward, we plan to report annually on our supply chain due diligence efforts to the extent required by conflict mineral rules.

In 2022, we communicated our [Conflict Minerals Policy](#) to in-scope suppliers and made the policy publicly available on our website. As described in the policy, we expect our suppliers to take the following actions to support our efforts to comply with conflict minerals rules:

- ✓ **Implement policies and establish management systems with respect to conflict minerals designed to ensure proper tracing, monitoring and reporting of the use of conflict minerals in their supply chains**
- ✓ **Use best efforts to source conflict minerals from smelters and refiners that have been independently validated as conflict-free**
- ✓ **From time to time, upon Outset’s request, provide Outset with timely and accurate information concerning the origin of conflict minerals included in products sold to Outset**

If we believe that a supplier has not taken steps that we believe reasonably comply with this policy, we will engage with that supplier as appropriate.



## REPORTING ETHICS OR COMPLIANCE CONCERNS

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 Ops 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. Concerns may also be shared through a confidential [web form](#). Contact details for the reporting services are included in our Code and certain other policies.

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.





A background image showing the top of a person's head and shoulders behind a podium. The person has dark hair and is wearing glasses. The podium has the "Outset" logo on it. The background is a solid orange color.

## Information Security & Data Privacy

At Outset, we take extensive measures to protect the confidentiality, integrity and availability of the personal data entrusted to us.

In 2022 and 2023, we have made substantial investments in our information security tools and program to continually enhance our ability to prevent, detect, contain, and mitigate cybersecurity threats. These investments include adding key team members with responsibility for information security, company-wide cybersecurity and data privacy training, and the implementation of enhanced policies, processes, and procedures designed to keep us ahead of the evolving threat landscape and compliant with the evolving cybersecurity and data privacy laws that apply to our business.

### Risk Oversight

Our data privacy and information security programs are subject to the oversight of the Audit Committee of our Board. Outset's full Board receives written updates, generally on a quarterly basis, regarding the status of Outset's data privacy and information security programs. In addition, the Audit Committee and/or full Board will receive in-depth updates on Outset's data privacy and information security programs on at least an annual basis.

Outset has established a Data Privacy and Information Security Committee comprised of leaders from key functions across the company. This committee generally meets quarterly and is responsible for promoting a culture of awareness and accountability related to data privacy and information security. The committee also provides functional input to facilitate the development, articulation, implementation and operation of an effective information security and data privacy risk management program. Outset has appointed an Associate General Counsel, who reports to the General Counsel, to lead the company's data privacy program. We have also appointed a Director of Information Security, who reports to our Chief Technology Officer, to manage the company's information security program.



## Risk Management

We continue to invest in and mature our data privacy and information security programs. To protect personal and confidential data, we have implemented a robust set of information security and data privacy policies and controls, including those that address the following areas:

- ✓ Data classification
- ✓ Access controls
- ✓ Asset management
- ✓ Acceptable use of assets
- ✓ Application development
- ✓ Backup and recovery
- ✓ Workforce training

**SECURITY STANDARDS:** We have created a security architecture designed to be compliant with Health Insurance Portability and Accountability Act (HIPAA) privacy and security rules. For example, patient data, including Protected Health Information (PHI), is encrypted at rest and in transit. Our Tablo cloud security architecture is based upon industry-leading frameworks designed to protect customer data, including the National Institute of Standards and Technology (NIST) Cybersecurity Framework and relevant Center for Internet Security (CIS) Controls. We also align our cybersecurity and data privacy governance, risk management and compliance processes with the FDA’s cybersecurity guidance and voluntary industry standards such as the Systems and Organizations Controls 2 (SOC 2) framework.

**TECHNICAL SAFEGUARDS:** On an annual basis, we perform an information security maturity assessment and penetration testing for the Tablo device, Tablo cloud and our office infrastructure. We conduct vulnerability scans on a continuous basis across assets, core infrastructure and endpoints to identify potential vulnerabilities. We assess and prioritize any vulnerabilities identified for remediation.

**INSURANCE:** We maintain information security risk insurance coverage to mitigate potential losses in the event of a business disruption.

**TRAINING:** All Outset employees are assigned baseline HIPAA and 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 on how to recognize social engineering attempts (e.g., Phishing, Smishing, etc.). For employees whose jobs require access to sensitive data, including PHI, additional HIPAA and security training is required and tracked.

**WORKFORCE CONTROLS:** Outset has designated specific employees to manage the company’s information security and data privacy programs. We require background checks for all members of our workforce who have access to personal or confidential data.



## Third-Party Technology Partners

We leverage third-party technology providers to support our Tablo cloud ecosystem. Our cloud infrastructure provider meets SOC 2 requirements. It is the company's practice to enter into HIPAA Business Associate Agreements with third parties responsible for handling PHI and include data privacy addendums in contracts with technology partners that handle personal data that is subject to other privacy laws, such as the California Consumer Privacy Act.

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.





# Sustainability Accounting Standards Board (SASB) Index

The following index maps Outset’s disclosures to certain SASB indicators for our industry. Data and information in this Report pertain to efforts in 2020, 2021, and 2022. Disclosures made in accordance with the SASB standards are not necessarily material, within the meaning of the U.S. federal securities laws, to the company and the inclusion herein of such disclosures should not be considered as an admission of their materiality by the company.

Disclosure Topic	Accounting Metric(s)	2022	2021	2020	SASB Code
Affordability & Pricing	Description of how price information 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	Outset issued one Class II recall in January 2022. A total of 2,628 systems were included in the recall and updated at customer sites.	0	0	HC-MS-250a.1



Disclosure Topic	Accounting Metric(s)	2022	2021	2020	SASB Code
Product Safety	List of products listed in the FDA’s MedWatch Safety Alerts for Human Medical Products database	None	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	Reported in the <a href="https://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfmaude/search.cfm">FDA Manufacturer and User Facility Device Experience (MAUDE)</a> database <a href="https://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfmaude/search.cfm">www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfmaude/search.cfm</a>			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	0	HC-MS-250a.4
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	In 2022, 2021 and 2020, 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 SEC.			HC-MS-270a.1
Ethical Marketing	Description of code of ethics governing promotion of off-label use of products	Refer to <b>Ethical Sales and Marketing</b> in the Ethics and Compliance section, <a href="#">page 57</a> .			HC-MS-270a.2
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	Refer to the <b>Environmental Sustainability</b> section, <a href="#">pages 44-45</a> .  Refer to the <b>Product Design &amp; Lifecycle Management</b> section, <a href="#">pages 46-48</a> .			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	Refer to <b>Supplier Monitoring</b> in the Supply Chain Management section, <a href="#">page 25</a> . (1) 100% of Outset’s facilities participate in third-party (auditing organization) audits.  (2) Outset’s direct suppliers participate in audit programs determined by Outset’s quality team, which may include third-party audit programs such as ISO 13485 and ISO 9001. Over 90% of Outset’s strategic suppliers have received either ISO 13485 or ISO 9001 certification. We define strategic suppliers as suppliers that are critical to performance, critical to cost, or both.			HC-MS-430a.1



Disclosure Topic	Accounting Metric(s)	2022	2021	2020	SASB Code
Supply Chain Management	Description of efforts to maintain traceability within the distribution chain	Refer to <b>Maintaining Traceability</b> in the Supply Chain Management section, <a href="#">page 26</a> .  Our Tablo systems are serialized, Wi-Fi enabled and can be tracked through our cloud connected data infrastructure. We also keep records and databases that provide backward traceability for components and forward traceability for the location of consoles.			HC-MS-430a.2
Supply Chain Management	Description of the management of risks associated with the use of critical materials	Refer to <b>Critical Materials</b> in the Supply Chain Management section, <a href="#">page 26</a> .			HC-MS-430a.3
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	In 2022, 2021 and 2020, 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 SEC.			HC-MS-510a.1
Business Ethics	Description of code of ethics governing interactions with health care professionals	Refer to <b>Interactions with Healthcare Professionals</b> in the Ethics & Compliance section, <a href="#">page 56</a> .  Refer to <a href="#">Code of Business Conduct and Ethics</a> on our website.			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, 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; financial pressures faced by our customers including staffing shortages and increased costs and resulting cost-containment efforts; the impact of the recent pandemic, 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 our largest customer; 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; general economic or financial market conditions; 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.



**.Outset**

We welcome your feedback.  
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