

## Stakeholder Engagement and s172

# Effective engagement with our key stakeholders and managing our impact on stakeholder interests

**Effective engagement with our stakeholders is critical to the business. It helps us to appreciate the impact our decisions have on stakeholder interests and better understand their needs and concerns. It strengthens our relationship with them, is an ongoing part of the operational management and governance of the Group, and is key for long-term sustainable growth.**

### S172 Statement

As required by s172 of the Companies Act 2006, a Director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In so doing, the Director must have regards, amongst other matters, to the:

- Likely consequences of any decision in the long-term.
- Interests of the company's employees.
- Need to foster the company's business relationships with suppliers, customers and others.
- Impact of the company's actions on the community and environment.
- Desirability of the company maintaining a reputation for high standards of business conduct.
- Need to act fairly between members of the company.

## Our Stakeholders

### Patients

The patient is at the heart of everything we do and patient needs are fundamental to our success. We develop innovative products for our patients to create quality outcomes, minimise complications and improve patient safety and comfort.



### Employees

We are a people-centric, equal opportunity business driven by our Care, Fair, Dare values and employ over 700 people in 11 international locations, aiming to develop them to the best of their abilities whilst maintaining their safety and well-being.



### Investors

Effective communication with shareholders on strategy and governance is critical. External strategic communications advisors provide support to manage the relationship with investors and analysts and assist with market interactions and announcements.



## How AMS met s172 requirements in 2020

The Board received regular updates on how the business has engaged with stakeholders, any feedback received and the impact on existing policies and procedures. Board reports consider the impact on stakeholders. Enhanced Environment, Health and Safety Reporting was put in place to better understand how to reduce the impact on our communities. The move from sustainability to Environmental, Social and Governance (ESG) reporting, and how to best meet market expectations, is now a key project for the Group and stakeholders will be engaged in the ESG process in 2021.

Ensuring high standards of business conduct is critical for the success of the Group. The Board receives regular updates throughout the year on ethical and compliance issues. Our Corporate Governance Report on pages 56 to 62 identifies policies and guidelines governing our approach to anti-corruption, anti-bribery, social matters and human rights. Consideration of the long-term impact of decisions is integral to approval of the strategy. Our strategic progress in 2020 is disclosed in the Chief Executive's Q&A on pages 14 and 15 and in the review of Our Strategy on pages 18 to 23.

### Engagement in 2020

- Worked closely with industry bodies and charities in our markets to enable us to keep informed of any trends or changes that will affect our patients.
- Pre-Market Approval (PMA) on LiquiBandFIX8® and other clinical work to develop products with ambition to improve quality of life and outcomes from surgery.
- Post-market surveillance to garner end user feedback.
- Recruitment of end users for clinical studies to help validate products to improve patient experience.

- Focused on providing a COVID-19 safe workplace for our employees, customers, suppliers and sub-contractors, requesting regular feedback on any issues at sites. Our safety performance improved with an All Incident Rate (AIR) score of 2.8 (2019: 2.9).
- Enhanced Environment, Health and Safety reporting to the Board and SMT, increasing the focus on reducing our environmental impact.
- Employee Forums, Works Council and Safety Committees acted as forums to achieve closer engagement with employees and allow regular access to Group HR.
- Communication with employees through our intranet, newsletters, an SMT portal, CEO roundtables and Group Whistleblowing Policy.
- Care, Fair, Dare further developed through cultural workshops, employee engagement surveys and appraisals.

- 139 investor or analyst meetings covering areas including results, strategy, markets, R&D pipeline, acquisitions and dividends.
- Consulted with major shareholders and proxy agencies ahead of 2020 AGM on issues such as Director independence, tenure and number of Board appointments.
- Brokers provided analysis of investor and analyst feedback.
- Notified of any concerns of retail shareholders which provides a good perspective on drivers for investment.
- Our AGM provides an opportunity for engagement with investors to provide updates on performance and activities, however, due to COVID-19 the 2020 AGM was a closed meeting.
- Trading updates, full and half-year announcements, product approvals and COVID-19 updates kept shareholders informed regularly on performance.

### Outcomes in 2020

- Gained real world data on products as part of the product lifecycle.
- Certification of a number of new Woundcare and Surgical products.
- Endorsement from Tissue Viability Society on education and training.
- Consolidated view in market that silicone is the adhesive of choice.

- Updated training and information for employees regarding COVID-19 and developed a Health and Well-being platform for mental health. Implemented ways of supporting employees, including home working.
- Introduced environmental and energy management systems.
- Women in all recruitment selection pools and on all interview panels with diversity a focus in the recruitment process.
- Nominated Penny Freer as the designated Non-Executive Director for workforce engagement. Penny reviewed the work carried out during the global pandemic.
- Board analysed talent reviews included five-year training and development plans, which lead to the restructuring of the Surgical Business Unit.
- In 2021 there will be a review of culture to assess understanding and perception.

- Board refreshment and succession plan implemented for the Non-Executive members following feedback from shareholders and proxy agencies.
- Improved guidance to market on impact of COVID-19, financial performance, product approvals and R&D pipeline, clinical studies, acquisitions and impact of Brexit.
- Increased investment in major R&D and regulatory projects and continued to look for further acquisitions that meet our criteria.
- More insight into what our shareholders expect.

## Stakeholder Engagement and s172 continued

Engagement with our stakeholders helps us to appreciate the impact our decisions have on their interests and better understand their needs and concerns

	Our Stakeholders	Engagement in 2020
	<p><b>Clinicians</b></p> <p>We work with clinicians and Key Opinion Leaders to ensure our products are clinically safe and meet regulatory requirements as swiftly as possible.</p>	<ul style="list-style-type: none"> <li>• Invested in industry-leading training and education such as our ActivHeal® Academy to deliver free educational programmes endorsed by UK Tissue Viability Society.</li> <li>• Developed new clinical articles for our newer product lines (Aquafiber Extra, Silicone Foam and Silicone Foam Lite).</li> <li>• Continued to build our subscription database to keep them informed of our brands and current activities.</li> <li>• Maintained the Sealantis CMO relationship and initiated development of Clinical Advisory Boards for guidance, clinical trial development and PMA preparation of clinical use and market development for Seal-G®.</li> <li>• Conducted virtual symposia and market surveys and 'Voice of Customer' for key Surgical products focusing on Perception, Price and Positioning ahead of clinicals, training and launches.</li> </ul>
	<p><b>Partners</b></p> <p>Our network of over 100 distribution partners for our branded products and our global OEM partners allow us to provide quality outcomes for patients we cannot reach directly.</p>	<ul style="list-style-type: none"> <li>• Ensured partners have the opportunity to speak to key employees at any time regarding any concerns.</li> <li>• Provided education and training through dedicated websites and online tools, including social media platforms such as launching ActivHeal® on Facebook and Instagram.</li> <li>• Provided value-based incentives and pricing schemes that created win/win relationships with our partners.</li> <li>• Quarterly Business Reviews (QBRs) with major partners to gain market and product feedback.</li> <li>• Provided masterclasses, allowed Key Opinion Leaders the opportunity to learn our products and participated in industry clinician groups.</li> <li>• Aligned our pipeline of new products and value-added services and customer support programmes with partners.</li> </ul>
	<p><b>Regulators</b></p> <p>We engage with Competent Authorities and Notified Bodies in order to operate within the appropriate regulatory and legal framework and successfully ensure our products have approval for use in the target markets.</p>	<ul style="list-style-type: none"> <li>• Committed to being open and transparent with regulators and to work closely with them.</li> <li>• Worked in partnership with Notified Bodies to ensure we understand the latest regulatory programme and that our products are approved as quickly as possible. This included monthly meetings, clear contacts and lines of communication, and attending workshops on MDR.</li> <li>• Continued to work with multiple Notified Bodies to get our products approvals extended under MDD.</li> </ul>

## Outcomes in 2020

- Increased loyalty and positive feedback in the market for ActivHeal®, with 96% of clinicians viewing the provision of educational materials as important and 100% indicating that they benefited greatly from it.
  - ActivHeal® awarded best website and finalist status for the best education campaign (Wound Care Today) and finalist status for the best education campaign with the Chartered Institute of Marketing.
  - Expanded use of clinicians and advisory bodies to expedite product approvals.
  - Extensive survey through industry-leading journal gained insight as to how our ActivHeal® brand is perceived by clinicians.
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- Following clinical feedback from the NHS Clinical Evaluation Team, made further improvements to our best in class packaging.
  - Conducted 'Voice of Customer' and focus groups to review products and ideas to provide feedback on a regular basis.
  - Leveraged our 'best in class' LiquiBand® evaluation support tools to train and support evaluation and implementation of our products.
  - In 2021 we will work to establish clinician/advisory panels focusing on woundcare and microbiology, identifying technologies to meet clinical need.
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- Gained increased understanding of regulatory requirements during the extended MDR transition period, improving regulatory guidance and service to partners and clinicians.
  - Improved success on new product approvals, taking advantage of the MDD extension by renewing further CE Marks under MDD, with a full product range achieving this for a further five years.
  - Significantly increased resources available to invest in regulatory affairs following increased Board exposure to the issues.
  - Broader understanding of MDR and other legislation affecting the Group, ensuring Board decisions are based on the full understanding.
  - Improved Board understanding of key drivers for the Notified Bodies and Competent Authorities, leading to more informed decisions.

## Our Stakeholders



Our Patients



Our Employees



Our Investors



Our Clinicians



Our Partners



Our Regulators



Our Communities



Our Supply Chain

## Stakeholder Engagement and s172 continued

Strengthening our relationships with stakeholders is an ongoing part of operational management and governance, supporting the implementation of ESG

Our Stakeholders	Engagement in 2020
 <p data-bbox="501 651 675 678"><b>Communities</b></p> <p data-bbox="501 703 855 875">Our values encourage us to support charitable causes, both locally and nationally, and to contribute to the local community. We want to further engage with our communities as part of our ESG framework which will be implemented over the next 12 months.</p>	<ul data-bbox="890 703 1441 1133" style="list-style-type: none"> <li>• Encourage employees to participate, taking part in Passion for Learning, an organisation focused on boosting children’s confidence and self-esteem and providing resource for St Luke’s Hospice.</li> <li>• Participate in the local communities through charitable giving and other activities, such as local business groups.</li> <li>• Allocated matching charity funding (with an appropriate financial cap) raised by each site and individuals for their chosen charities.</li> <li>• Long-standing relationship with selected charities, including St Luke’s Hospice and Jeremiah’s Journey, who provide free support to children, parents and carers who have experienced the death of someone special.</li> <li>• Sponsor local community events and sports teams, and sports teams of employees and their close family members.</li> </ul>
 <p data-bbox="501 1155 719 1182"><b>Our Supply Chain</b></p> <p data-bbox="501 1211 863 1458">We work with suppliers to ensure continuity of supply to customers, achieving this through robust supply agreements, minimising sole supply of materials and a comprehensive supplier audit programme, whilst developing supplier relationships, adapting to remote supply management and ensuring suppliers comply with our Ethical Sourcing Policy.</p>	<ul data-bbox="890 1211 1441 1619" style="list-style-type: none"> <li>• Met with suppliers and sub-contractors to ensure we receive the level of service expected, contracting on favourable commercial terms.</li> <li>• Held business briefings for new and existing sub-contractors to ensure they are aware of our plans and can provide performance feedback.</li> <li>• Numerous remote meetings were held with a key supplier who experienced capacity constraints due to COVID-19.</li> <li>• Enhanced sourcing function to support R&amp;D in project delivery and de-risking supply chain.</li> <li>• Awareness of importance of complying with all payment terms and complying with requirements to disclose payment terms as required by Section 3 of Small Business, Enterprise and Employment Act 2015.</li> <li>• Enhanced Supplier Approval Scheme.</li> </ul>

### Business Conduct

The Group aims to maintain a reputation for high standards of business conduct. We aim to comply with, and in many cases exceed, the requirements for an AIM-Listed Company. This is highlighted by the Group policies outlined in the Non-Financial Reporting Statement on page 35. In particular, we have an increased focus on our impact on the environment, with more comprehensive reporting across the Group and voluntary disclosures on our environmental impact. The Stakeholder Engagement section on pages 30 to 35 outlines our commitments to our investors, customers, communities, environment and supply chain, and builds on our aim to act as a good corporate citizen.

In addition we follow the 2018 UK Corporate Governance Code (Code), which is the most comprehensive and stringent governance code in the UK. Reporting against the Code ensures we maintain our high standards of corporate governance and act in the way our stakeholders would expect.

## Outcomes in 2020

- Employees gained a better understanding of the needs of their local community and the work our chosen charities carry out.
  - Substantially increased focus on charities and charitable giving.
  - Increased focus on employee volunteering and contributions.
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- Risk mitigation plans resulted in continuity of supply.
  - Ongoing discussions with suppliers have led to mutually beneficial arrangements, for example improved sterilisation turnaround.
  - Supported innovation team, helping manage R&D investment.
  - Robust supplier audit schedule to enhance regulatory compliance.
  - Payment practices compare favourably with industry norms.
  - Increased number of suppliers have contractual terms in place.

## Non-Financial Reporting Statement

This Annual Report contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, taken together, comprises the Non-Financial Reporting Statement for 2020.

Reporting requirement	Group Policies that guide our approach	Information and risk management, with page references
Environmental matters	<ul style="list-style-type: none"> <li>– Environmental Policy</li> <li>– Ethical Sourcing Policy</li> <li>– Sustainability Policy</li> </ul>	<p>Reporting on our environmental impact – pages 38 to 41</p> <p>Business at a Glance – pages 2 and 3</p> <p>Risk Management – pages 46 to 49</p>
Employees and social matters	<ul style="list-style-type: none"> <li>– Equality, Diversity and Inclusion Policy</li> <li>– Community Support</li> <li>– Health and Safety Policy</li> <li>– Environmental Policy</li> <li>– Ethical Sourcing Policy</li> </ul>	<p>Reporting on our environmental impact – pages 38 to 41</p> <p>Business at a Glance – pages 2 and 3</p> <p>Risk Management – pages 46 to 49</p> <p>Stakeholder Engagement – pages 30 to 35</p> <p>Our Strategy – pages 18 to 23</p>
Respect for human rights	<ul style="list-style-type: none"> <li>– Anti-Slavery Policy</li> <li>– Ethical Sourcing Policy</li> <li>– Modern Slavery Act Policy</li> </ul>	<p>Corporate Governance Report – pages 56 to 62</p>
Anti-corruption and anti-bribery matters	<ul style="list-style-type: none"> <li>– Anti-Bribery Policy</li> <li>– Gift Policy</li> <li>– Sanctions Policy</li> <li>– Whistleblowing Policy</li> <li>– Ethical Sourcing Policy</li> </ul>	<p>Audit Committee Report – pages 63 to 65</p> <p>Risk Management – pages 46 to 49</p>
Description of the business model		<p>Business at a Glance – pages 2 and 3</p>
Description of the principal risks in relation to the above matters, including business relationships, products and services likely to affect those areas of risk, and how the Company manages the risks		<p>Risk Management – pages 46 to 49</p>
Non-financial key performance indicators		<p>Key Performance Indicators – pages 24 and 25</p>