

Summarized  
separate  
non-financial  
report

# CompuGroup Medical SE

Corporate Social Responsibility  
for the fiscal year 2017



Synchronizing Healthcare



CompuGroup  
Medical

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## EXPLANATION

First separate non-financial report of CompuGroup Medical SE for the fiscal year 2017

# PROCEDURE FOR REPORTING AND GENERAL INFORMATION ABOUT THE REPORT

## REPORTING PERIOD

The reporting period is the 2017 calendar year. It corresponds, as long as nothing to the contrary has been noted, to the reporting period of the corporate annual report.

## DATE OF THE CURRENT REPORT

The independently summarized separate non-financial report of CompuGroup Medical SE was published on 30 April 2017.

## REPORTING CYCLE

The independently summarized separate non-financial report will be created and published annually, starting with the 2017 financial year.

## GENERAL REPORT INFORMATION

The independently summarized separate non-financial report of the CompuGroup Medical SE and the group of companies which is being published independently for the first time concerns itself, provided nothing to the contrary is stated in the report, with the 2017 financial year and was created in accordance with §§ 289b et seq., and 315b et seq. of the German Commercial Code (HGB) and published outside the Management Report of the CompuGroup Medical.

The company headquarter of CompuGroup Medical SE's parent company is located in Koblenz, Germany. The operational business is up to the independent subsidiaries, both foreign and domestic. The management of the group companies takes place primarily at the group level which is why the following statements and concept descriptions, unless otherwise noted, apply to CompuGroup Medical SE as well as to the group.

In accordance with § 171 para 1 p. 4 of the German Stock Corporations Act (AktG), the Board of Supervisors must verify the non-financial report. In support of this, the Supervisory Board had a business audit conducted in accordance with ISAE 3000 (revised) in order to gain limited assurance from the accounting firm of PricewaterhouseCoopers GmbH. PricewaterhouseCoopers GmbH accounting firm has conferred an unqualified opinion (see page 19 et seq.).

For each of the five aspects required by commercial law (employee matters, social matters, respect for human rights, combat of corruption and bribery, as well as environmental matters), the reporting of the non-financial report under discussion here is based on the core issues identified in the course of the materiality analysis. The aspect of respect for human rights was identified as a non-material topic in accordance with HGB. As basis for the creation of the non-financial report, we have oriented ourselves towards the GRI standard. The non-financial report does not fulfill the "core" requirements of the GRI reporting and furthermore, does not apply a standard framework. References to statements outside of the group management report/consolidated financial statement are to be seen as secondary information and not as a component of the separate summarized non-financial report.

After applying the net method, CompuGroup Medical has no risks being subject to report according to § 289c para 3 No. 3 HGB with regard to its own business activity, business relationships, products and services identified which are very likely to have or will have serious negative effects on the material aspect. All further information on opportunities and risks are shown in Risk Report and Report on Opportunities in the consolidated management report. (see page 39 et seq. of the group management report).

## DESCRIPTION OF THE BUSINESS MODEL

CompuGroup Medical SE is one of the leading eHealth companies in the world and earned annual revenue of 582.4 million euro in the 2017 financial year. Its software products in support of all medical and organizational activities in doctors' practices and hospitals, its information services for all participants in healthcare sector and its web-based personal health records help to provide safer and more efficient health care services.

The foundation of CompuGroup Medical's services is the unique customer base worldwide, among them doctors, dentists, pharmacists and other service providers in outpatient and fixed facilities. With locations of its own in 19 countries and products in 55 countries worldwide, CompuGroup Medical is the eHealth company with one of the broadest coverages among service providers. Around 4,600 highly qualified employees stand for sustainable solutions in the face of constantly growing demands in healthcare.

### BUSINESS SEGMENTS

CompuGroup Medical stands for medical information technologies for health markets worldwide. Its business activity encompasses four business units for the development and deployment of intelligent IT solutions:

- **Ambulatory Information Systems (AIS)** concentrates on practice management software, connectors, and electronic patient files for resident physician and dental practices, laboratories, medical care centers and physician networks. In addition, internet/intranet solutions (ISP) are offered to service providers in healthcare (doctors, dentists, hospitals and clinics) that serve to exchange information among themselves.
- **Pharmacy Information Systems (PCS)** focuses on integrated clinical, administrative and financial software applications for apothecaries and bulk mail apothecaries.
- **Hospital Information Systems (HIS)** Hospital information systems, laboratory information systems and nursing information systems for the inpatient sector (clinic software).
- **Health Connectivity Services (HCS)** offer the manufacturers of pharmaceuticals and medical devices software solutions with which information can be made available to doctors across interfaces. Alongside, the funding agencies in healthcare (health insurance, caregiving institutions and public sector enterprises) and doctors are offered an information channel on software solutions that supports them during optimization of decision processes.

### VISION

CompuGroup Medical pursues the vision that health is our greatest good. Using intelligent software, CompuGroup Medical helps to preserve it. We support the dialogue in healthcare and see to it that costs are reduced sensibly. Every human being should benefit from medical advances with the help of IT.

- ▶ Taking optimal care of human beings

We, CompuGroup Medical support medical service providers in providing patients with the best possible and cost-conscious care. Medical and administrative data are available where they are needed. With our broad client base and many years of market experience, we are the driving force for more collaboration and efficient care.

- ▶ Patient involvement

Every person should be able to help shape his/her treatment and have fun retaining their own good health. S/he must become informed and actively involved. We involve patients and make their personal medical data electronically available — holistically and safely.

## STRATEGY

The strategy that CompuGroup Medical is pursuing in order to reach its business goals can be described as follows: All over the world, medical care is increasingly gaining importance: people are getting older and medical advances make new therapies possible. IT plays a decisive role in holding costs in check and in treating people successfully. For this reason, CompuGroup Medical is counting on:

► More Dialogue in healthcare

Several hundred thousand customers trust CompuGroup Medical. We are developing new effective solutions by working closely with them. Our large and wide-ranging customer base is making it possible for us to find ever better ways to work together for our customers.

► Worldwide responsibility

Whether it's personnel shortages or diabetes care: Health systems in western industrial countries are all facing similar challenges. We carry our experience into international markets and improve treatments for the good of the patient.

## CGM IN FIGURES

in EUR '000 (IFRS)	2017	2016
Total revenue	582,375	560,195
EBITDA	128,444	125,667
Investments	56,107	49,387
thereof research and development	35,219	31,819
Income taxes	33,814	29,743
Operational performance	271,686	262,711
thereof salaries and wages	210,114	207,145
thereof social charges	46,006	42,031
thereof old-age pension care	15,566	13,535
Equity	236,06	218,653
Balance sheet total	825,009	807,905

Further information on business activity can be found in CompuGroup Medical's annual report which is available at [https://www.cgm.com/corp/ueber\\_uns\\_1/investor\\_relations/finanzberichte/geschaeftsberichte/geschaeftsbericht.de.jsp](https://www.cgm.com/corp/ueber_uns_1/investor_relations/finanzberichte/geschaeftsberichte/geschaeftsbericht.de.jsp). We refer here above all to the further information on the strategic direction and management on pages 22 et seq. as well as 27 et seq. in the "The CGM Group" and "Report On Economic Position" chapters.

## DETERMINATION OF MATERIALITY

### CSR-UNDERSTANDING AND MANAGEMENT APPROACH

When it comes to CompuGroup Medical's business operations, Corporate Social Responsibility (CSR) and sustainability mean bringing economic, ecological and societal requirements together in harmony. The key is to integrate significant aspects of sustainability into all of the company's realms and processes.

CompuGroup Medical's corporate understanding of Corporate Social Responsibility (CSR) can be summarized in the following maxims:

- We are committed to our customers and users.
- We treat data with absolute confidentiality and communicate professionally.
- We value the diversity and commitment of our employees and do not tolerate any discrimination.
- In all our business activities, we always keep an eye on the meaning of corporate responsibility.

These values are laid down in our Code of Ethics and our explanation to top management, both of which are accessible to the public on our website. The standards and principles described therein form a mandatory operational framework for all employees of CompuGroup Medical, including of course, management.

CompuGroup Medical strives to incorporate or better said, institutionalize the subject of sustainability in all its complexity ever more strongly in the company so that sustainability becomes a regular requirement. That includes that we systematically analyze the ecological effects of our future business activity in order to identify the potential for improvement.

The non-financial reporting will be edited operationally and strategically by the Group Risk Management and Management Reporting Divisions, which answer to CFO Christian B. Teig. In addition, the divisions responsible for the non-financial reporting will, for strategic decisions, be involved in regular exchanges with senior management of relevant departments such as HR, Legal, Purchasing, Marketing, Product and IT.

### SIGNIFICANT STAKEHOLDERS AND THEIR INVOLVEMENT

For CompuGroup Medical, its relationship to customers and employees is of the highest priority. As a listed company in the Prime Standard segment of the Frankfurt Stock Exchange where it is included as a member of the TecDAX index, which includes the 30 largest companies in market capitalization and number of shares traded in the tech industry under the key DAX index. Here, the capital market and its participants are significant interest groups. The identification of the most important stakeholders as well as of their interests is decisive for successful stakeholder dialogues. The categorization and prioritization of the stakeholders is made in accordance with the following criteria:

- Interests of the Stakeholder,
- Influence of the Stakeholder,
- Expectations of the Stakeholder from CompuGroup Medical,
- Dependence of the Stakeholder on CompuGroup Medical, and
- Relevance for CompuGroup Medical to carry on a dialogue with this stakeholder.

Since stakeholders can change as a result of new technologies, markets, customers and regulations as well as social developments, the determination of the most important stakeholders and their categorization will be checked regularly in the future and brought up-to-date, as needed.

Especially because it is a group of companies that is active internationally, CompuGroup Medical maintains reciprocal relationships to the environment and its various stakeholders through its research and development as well as through the service and distribution of its products.

CompuGroup Medical conducts the most varied forms of dialogue in regular exchanges with its most important stakeholders: customers, employees, stockholders, suppliers, public officials, politicians, and media representatives as well as scientists and researchers. The dialogue between CompuGroup Medical and its stakeholders should, in addition, contribute to an understanding of their points of view, achieving trusting relationships and securing existing cooperation and partnership. This will help CompuGroup Medical to recognize which expectations need to be managed actively, and to determine which measures are possible and necessary to do justice to the interests of the stakeholder groups. Regular dialogue with stakeholder groups offers, in addition, a possibility of showing which scopes for action can be seen in social concerns and environmental questions and which requirements or boundary conditions are important for that.

The following table provides information of the exchange that CompuGroup Medical leads with the stakeholder groups:

Stakeholder groups	Form of dialogue
Capital market	Roadshows and conferences Quarterly reporting Annual financial statements and annual report Annual general meeting Sustainability report
Customer	Support from experts CompuGroup After Sales Product requirements Common development with the customer Fairs and conferences
Suppliers and Business partners	Evaluation of suppliers Purchasing principles
Political Decision-Makers	Guided tour of the company Conversations with politicians
Employee	Intranet Staff meetings Internal publications
Science and College/University	Own program of study „Medical Software Engineering“ Research projects Events
Media Representatives	Interviews Press reports Business reception

### DEDUCED KEY CSR ACTIVITIES

CompuGroup Medical is oriented towards the aspects examined in this report. It is guided in the selection and ranking of these aspects and issues by the materiality analysis it has carried out in accordance with the Global Reporting Initiative (GRI) as well as by the effects on their business activity.

In the materiality analysis carried out in November 2017, the sustainability issues important to CompuGroup Medical were identified and prioritized. Selected representatives of relevant Group functions and labor representatives were surveyed in connection with this. A separate survey of stakeholder groups relevant to CompuGroup Medical on report topics was not undertaken for the first consolidated special non-financial report. However, CompuGroup Medical intends to undertake a separate and special surveys of relevant stakeholder groups for future reporting periods. Nevertheless, CompuGroup Medical, as presented above, stands in regular dialogue with its relevant stakeholder groups which makes it possible to exchange and discuss views and interests.

The results of the materiality analysis were confirmed and released by the executive department responsible for the non-financial reporting. A review of this materiality analysis will be carried out regularly in the future by the concerned and affected parties. As a result, new subjects for the non-financial reporting will be taken up in this framework where appropriate and to the extent that these have become meaningful in the period under review. Likewise, current subjects covered in the non-financial report can be dropped from the reporting of future reporting periods, to the extent that their significance in the ranking has significantly fallen.



In 2017 as described above, CompuGroup Medical analyzed the significant economic, ecological, social and ethical aspects that have a significant impact on the company from internal and external points-of-view. The determination of the strategically relevant topics took place on the basis of the guidelines in the Global Reporting Initiative (GRI) as well as by means of the criteria in the CSR Guideline Implementation Law (CSR-RUG) in the form of a materiality matrix. In addition, possible influencing factors were named and evaluated from the point-of-view of the company and the stakeholders. This iterative process led to the determination of several significant key activities upon which the company in its orientation towards sustainability issues will be focusing on and elaborating in this report. Future dialogues with stakeholders will, as foreseen, build on these results.

Aspects (According to CSR-RUG)	Issues/Key CSR Activities by CompuGroup Medical
Environmental issues	Energy consumption
Employee matters	Health protection; personnel development and advanced education, equality and diversity, balance between work and private life
Social concerns	Data protection and information security
Respect for human rights	Respect for human rights (not material in the meaning of HGB)
Fight against corruption and bribery	Fight against corruption and bribery

*The presentation above shows the aspects according to CSR-RUG as well as the significant areas of activity of CompuGroup Medical SE that were identified on the basis of a materiality matrix that was carried out and to which the aspects have been assigned.*

The general topic „Supply Chain and Procurement“ is no material aspect in the meaning of HGB, but treats all reportable statements in relation to the non-financial subject areas in a separate chapter.

*Please note, that the scope of the Provider reach as a non-financial performance indicator is described in the management report on page 26 et seq.. There is no further reporting of the Provider reach in the context of the non-financial report, since there is no direct connection to the main non-financial aspects.*

## RISK MANAGEMENT

Responsible handling of corporate risk is one of the doctrines of good Corporate Governance. The management of CompuGroup Medical SE has at its disposal group-wide and company-specific reporting and control systems that assure the capture, evaluation and control of these risks. The systems are continually being developed further and adapted to changing boundary conditions. Management informs the Supervisory Board regularly about ongoing risks and their development. The audit committee deals primarily with the monitoring of the accounting process, including the reporting, the effectiveness of the internal control system, risk management, compliance as well as the final audit.

Details about the risk management of CompuGroup Medical will be shown in the Management Report under the Risk Report (page 39 et seq.). In addition, the report required by the Accounting Law Modernization Act (BilMoG) on the accounting-related internal control and risk management system is included in the (group) Management Report (page 45 et seq.).

## SUPPLY CHAIN

In contrast to manufacturing companies, CompuGroup Medical's management does not focus so much on a supply chain but on the quality of the services being offered and the functionality of the infrastructure that it requires. Independent of this, the careful choice of business partners and suppliers is of considerable importance. The group companies each have at their disposal their own supply management.

Besides paying attention to economic aspects such as quality, ability to deliver on time and price, which enter into supplier evaluation, the regionality of the suppliers and an environmentally friendly product life cycle are, for CompuGroup Medical, significant criteria for procurement.

The supply chain supports, on the one hand, software development and on the other hand, makes it possible to assure the business operations of CompuGroup Medical. In its business operations, CompuGroup Medical includes, for example, distribution, support, advisory services, marketing and such administrative functions as accounting, personnel, vehicle fleet and internal IT.

For the manufacture of products and delivery of services, the group companies work together with business partners, service providers and suppliers. We obligate them to meet the same standards that apply to CompuGroup Medical, whereby as a rule, the maintenance of applicable standards and laws in connection with the general terms and conditions (AGB) stand in the foreground. We expect our business partners, service providers and suppliers in the supply chain to have established or to establish suitable processes to assure that the standards applicable to CompuGroup Medical are met.

In the Code of Ethics, the correct way to deal with employees, among others the respect for human rights as well as integrity in business transactions such as, for example, the prohibition of corruption and bribery, are covered. Violations by suppliers against these can lead to termination of the business relationship.

## EMPLOYEE MATTERS

The decisive success factor for CompuGroup Medical is its employees. In a dynamic environment like ours, looking to the future means the anticipation of political and market development, the adjustment of the organization and just as important, the development of the personnel. CompuGroup Medical is approaching this proactively, in order to aspire to and to safeguard the ideal framework for the advancement of all employees.

### PERSONNEL DEVELOPMENT AND CONTINUING EDUCATION

In our opinion, personnel development begins already with the recruitment of qualified professional and executive talent and includes effective measures of staff retention that extend ideally all the way to retirement. This process happens out of a series of elements, which all contribute to the development of our employees personally, professionally, interpersonally and inter-culturally. That is why personnel development includes, among other things, a targeted recruitment strategy, creating a coordinated training and continuing education offering, future-oriented demographic management as well as — and this is especially important — the demonstration of individual career possibilities.

Human Resource Management, a division reporting directly to the CEO, has set up HR Management strategically through a three-pillar model implemented in July 2015 and has significantly reduced the distance to the business.

The three pillars of the HR Management are:

- **The HR Service Center:** Execution of standardized administrative work that is carried out efficiently and with equally high quality.
- **The Center of Expertise (CoE):** The availability of specialized knowledge and of services that serve as effective solutions to specific HR tasks.
- **The HR Business Partner:** Support of the line organization with personnel planning and strategy implementation in the operational business.

In the course of this structural adaptation, recruiting for the German business units was centralized this past year in Koblenz. In addition, the CoE programs like the CGMaster Club has started along a path whereby selected interested employees are further encouraged. The HR Business Partners are in daily contact with the managers and senior executives of the operational business units and support them, among other ways, in strategic (personnel) development within their business units.

CompuGroup Medical supports the development of professionals and executives in the company. One of the foundations for this is the annually occurring employee conversation in which qualification needs for current and future assignments are transmitted.

In 2017, CompuGroup Medical invested, on average, over 404 EUR per employee in personnel development and continuing education. At the same time, the number of continuing education courses taken increased as well.

Naturally, employees control their development themselves and yet CompuGroup Medical will gladly support them through appropriate demands and funding in connection with personnel development.

Modern career management requires continuous alignment with company needs, responsible help shaping it on the part of the employee and regular feedback from senior executives to the employees with regard to performances and strengths. In the annual orientation conversations between supervisors and employees, which are directed in accordance with a unified standard, there is also the possibility of feedback. In addition to reciprocal feedback, senior executives and employees can decide how collaboration can be improved and how the strengths of the employee can be showcased. One additional important building block of the conversation with the employee is the agreement on development goals.

CompuGroup Medical is offering young men and women perspectives, not just in cooperative courses of study but also in different training professions — from trainee software development and IT, trainee service and support to trainee administration. Again and again, apprentices from CompuGroup Medical have been recognized for their outstanding performance by the Koblenz Chamber of Commerce.

In addition, it is important to the company to offer young persons a perspective after their successful apprenticeship. For that reason, most apprentices and cooperative students who wanted to stay in the company were accepted. In addition to that, CompuGroup Medical, through initiative of the HR Group, won the designation, "Best employer of 2017 and 2018" as well as "Germany's Best Jobs with a Future".

But CompuGroup Medical is not just active in Germany. INNOMED (a 70.3% subsidiary of CompuGroup Medical in Austria) is nominated in the category for companies with up to 49 employees for the state prize, "Best teaching operations - Fit for the Future" and thus finds itself among the top 3 teaching operations in Austria in this category.

## HEALTH PROTECTION

Corporate health management (BGM), in other words the health-promoting organization of operational structures and processes in the daily work routine, becomes ever more important against the background of demographic change and the ever stronger concentration and complexity of work itself. Only with an effective networking of in-house players and targeted offerings for promoting health can illness-caused absences, the lack of motivation and their consequences be countered.

Not only do the classic athletic offerings like fitness courses and strength and endurance training in the company's own health center (CGM HEALTH CENTER at the Koblenz location) show the holistic orientation of the promotion of health but also the establishment of a physiotherapy practice and various workplace-centered measures like ergonomic advice, moving breaks and Mobee Fit (agility test of the neck-shoulder region).

Alongside the mobility offerings at the Koblenz location, a "healthy" bistro, nutritional counseling, and a company sponsored child daycare center are the most important building blocks of corporate support for good health. They proof the sense of responsibility of our company for the health of our employees. The motto: "Be healthy; feel good" underlines this attitude and makes clear the special motivation for a holistically oriented health management.

The company management promotes occupational health management, for example in Germany, in addition to the company's own events and facilities, by organizing the sports tournament „Gotthardt Turnier“, for which the participants are rewarded with prizes for their commitment as well as the sporting challenge.

These measures apply to the German companies. The topic is organized decentral in the group companies in order to meet local requirements.

The Corporate Health Network has in cooperation with regional service providers and insurance companies started the "Healthy Workforce" initiative in order to strengthen corporate health promotion and to honor companies who are already engaged in it. CompuGroup Medical has successfully participated in this initiative: within a qualification process, we were distinguished with an outstanding result for special commitment according to the employees.

## EQUALITY AND DIVERSITY

CompuGroup Medical respects the worth of every individual and actively strives toward a safe and healthy work environment characterized by equality and diversity. CompuGroup Medical rejects every kind of discrimination, rejection or preference on the basis of race, gender, age, disability, sexual orientation, religious preference, political opinion, national or ethnic origin and all other circumstances that lead to a violation of the principle of equality. These principles are formalized in the Code of Ethics which is obligatory for all.

For the company, a workforce composed of various cultures, a reasonable balance of genders and a balanced age structure has produced a corporate culture that is alive and well.

Composition of workforce by gender and age as at 31.12.2017:

Diversity category	Number employed	Percentage of employed (in %)
Total work force	4,572	100%
By gender		
female	1,689	37%
male	2,883	63%
By age group		
< 30 years-of-age	882	19%
30 - 50 years-of-age	2,810	62%
> 50 years-of-age	880	19%

All employees experience the same high regard, the same respect and the same opportunities. The company strictly adheres to national legal requirements for the protection of worker rights. In the contractual arrangement of working relationships, national statutory regulations, in-house agreements and prescribed legal notification periods are also binding.

CompuGroup Medical operates in a rapidly changing economic environment and competes for highly qualified professional and executive talent in, for example, informatics as well as business administration. Since CompuGroup Medical recruits not just regionally but worldwide, the company places great value on equality of opportunity for all applicants.

In 2017, 1,110 employees from 25 countries were employed by CompuGroup Medical at the Koblenz location. In this diversity, we see a value-add/gain for the company, whether it is in its powers of innovation or in the strengthening of its competitive ability in which, for example, customer needs are better understood or solution approaches are developed from different perspectives.

The selection of employees at CompuGroup Medical takes place on the basis of the job specifications and depends on professional and personal qualifications as well as experience. Ideally, we recruit local employees and executives and offer them, as a rule, unlimited employment contracts.

To the extent that cases of discrimination do occur, contrary to CompuGroup Medical's concept of itself as described above, the line manager and naturally also the corresponding General Manager of the business unit will have a sympathetic ear. In addition, CompuGroup Medical's supervisory board is an independent point of contact.

Unless otherwise stated in the text, these measures apply to the German companies. The topic is organized decentral in the group companies in order to meet local requirements.

## **BALANCE BETWEEN WORK AND PRIVATE LIFE**

The advancing interconnectedness of people with one another does not only mean that information is available in real time but that people have to react to changes ever more quickly. Everyone is reachable always and everywhere. As a result, employers expect increased flexibility from their employees while in a countermove, the employee demands more flexibility in handling his own working hours.

CompuGroup Medical is anxious to bring the economic interests of the company into harmony with the private and family requirements of its employees.

Flexible working hours have been introduced as an important building block in order to give CompuGroup Medical employees, based on their time sheets, the freedom to determine for themselves to a large extent the hours they will be present at the company. By means of time sheets, the employees can configure their working times individually to correspond with their needs.

In order to simplify for young families the conjunction of work and private life, CompuGroup Medical has set up a day care center on company grounds at corporate headquarters in Koblenz. It offers 22 spaces for children under 3 years-of-age and 24 spaces for children from 3 years until matriculation in school. Two-thirds of the spaces were used by the children of company employees. The opening hours of 10 per day also provide comfort for employees working floating hours.

While the quality of the work is maintained in the development and evaluation conversations, the working hours can be checked by means of the available time sheets.

Alongside the pure comparison of target time with actual, a sickness ratio can be established, based on missed workdays. This sickness ratio is an important factor in the overall work development and is related indirectly to employee satisfaction. Workdays lost to sickness have an effect on productivity since additional costs are incurred when experienced and trained personnel have to be replaced by what are likely to be inexperienced helpers. Even though a certain level of absence attributed to sickness cannot be avoided and lies outside the control of management, there are many factors in the work environment that affect how minor health complaints impact working time. In addition, an especially bad work environment (poor organization, stress, poor support, poor products, poor customer satisfaction, etc.) causes employees to get sick. An important positive sign for the quality of the entire business administration is a sickness ratio that, when compared with national and international standards, is low.

Consequently, this indicator can be reviewed and used by the corresponding responsible General Manager of a business unit to control his unit. This means that it can be seen as a decentralized key performance indicator.

These measures apply to the German companies, the topic is organized decentral in the group companies in order to meet local requirements.

## ASPECT OF SOCIAL CONCERNS

### DATA PROTECTION AND INFORMATION SECURITY

CompuGroup Medical customers use the products and services offered in order to store, edit and transfer very confidential information on the health of their patients. Especially for this reason, we understand that data protection is an important discipline with external repercussions. That is why it is classified as a social interest.

The responsible handling of customer data and correspondingly effective measures to guarantee the security of information and data protection have enjoyed the highest priority at CompuGroup Medical for years. CompuGroup Medical feels obligated to protect the personal rights of everyone whose personal data is being processed. For this reason, CompuGroup Medical has issued binding internal guidelines to protect personal data. It is its goal to guarantee in the processes affected by CompuGroup Medical a consistent and high level for the protection of personal data and to safeguard compliance with the respective data protection laws; this pertains to the provisions of the federal data protection law, specific statutory regulations as well as data protection requirements of countries in which we are active. Employees will be instructed about statutory data protection requirements through internal guidelines and instructions.

To guarantee data security, suitable technical and organizational measures were implemented that also secure the protection of personal data against unauthorized access, improper processing, improper disclosure and inadvertent loss or destruction. They refer both to the electronic processing as well as to the processing in paper form. These measures will be adapted continuously to technical and organizational developments.

Part of this concept is the regular examination of the processes and measures through data protection audits in our business units by the company's data protection representatives. They report directly to the management of the CompuGroup Medical SE on measures for improving protective measures. The representative for data protection is an internal professional organ not subject to direction who corresponds with the data protection coordinators in the business areas.

The internal reporting paths for data protection violations and complaints are clearly governed and will be treated confidentially. No reportable incidents occurred in 2017.

During the course of the EU Basic Data Protection Regulation that will take effect on 25 May 2018, a project was initiated in 2017 with which the observance and implementation of the then applicable regulations was to be guaranteed. In this connection, data protection agents had already been named in companies in the European countries in 2017. Available guidelines will likely be adapted to the new legal environment in order to fulfill regulatory demands from the outset.



## ASPECTS OF ENVIRONMENTAL ISSUES

### ENERGY CONSUMPTION

Energy and in particular, the consumption of electrical energy is indispensable to CompuGroup Medical as communications and data service provider and therefore its conservation is unavoidable if its business operations are to continue. For CompuGroup Medical, the uninterrupted availability of energy at its main locations, especially the data centers, is a primary goal. We are in an expanding digitalized business of cross-industry importance. With the further increasing need for electrical energy, the protection of climate and environment becomes one of the significant global challenges of our time. It is part of our entrepreneurial obligation to protect the natural foundations of life for the generations to come.

That is why CompuGroup Medical is constantly striving to further reduce its use of energy at its domestic and foreign locations in order to lower costs and, for the most part at the same time, the CO<sub>2</sub> emissions.

In order to develop potentials for improvement and possibilities to improve energy efficiency, an energy audit was carried out in 2016 for the German business units. In particular, the consumption of electric current and heating was analyzed along with gathering the related data and figures. It was limited to the German units since the greatest potential for savings lay there because of the operation of the various data centers. This first stocktaking was important in order to be able to establish a starting point for future measures.

Comparable values for 2017 could not yet be determined since CompuGroup Medical is assigned in part to the auxiliary cost statements in their role as a tenant at its locations. In the future, CompuGroup Medical will pay attention to those rental contracts that are running out to see if possibly an early calculation of auxiliary costs as a component of the contract can be recorded.

As a result of the energy audit, a series of suggested improvements and measures was worked out and for their implementation, a position was named in the group of companies where progress would be continually monitored. The immediately implementable, mostly smaller measures were already realized in 2017. Protracted processes, such as the successive conversion from Desktop PCs to more economical notebooks are still in the process of implementation. While the energy optimization of the data centers and servers is an ongoing activity, they point again and again to new possibilities which result from further technical developments.

As long as they are not purely procedural nature, measures to be taken are often synonymous with investments to be made. That is why these are being basically incorporated into the annual budgetary process and coordinated with company management.

## ASPECT OF FIGHT AGAINST CORRUPTION AND BRIBERY

### **CORRUPTION, BRIBERY AND TRADING IN INFLUENCE**

CompuGroup Medical is opposed to all forms of corruption, bribery and “trading in influence” (business deals through misuse of influence) and seeks actively to avoid dealings of this type in the group’s business dealings.

In its publicly accessible Code of Ethics which applies to all in its supply chain, CompuGroup Medical forbids the offer, distribution and acceptance of the means of bribery and kickbacks of all kinds as well as the use of alternative paths and channels in order to provide improper advantage to customers, representatives, contractors, suppliers and their employees and government officials.

In addition, CompuGroup Medical forbids its employees to make available the means of bribery or kickbacks to customers, representatives, contractors, suppliers and their employees or government officials or to accept such from these persons in order to provide an advantage for themselves or their family, their friends, partners or acquaintances. The ban against bribery and “trading in influence” applies as well to the party that grants or offers unfair advantage, as also to the party that demands, receives and accepts such an advantage. The mere demand or offer of an unfair advantage is already impermissible.

CompuGroup Medical understands kickbacks (payments for which the recipient uses the authority of his/her official position where the consequences of non-payment can be completely out of proportion to the small payment) as a form of bribery that is thereby governed by the rules cited above.

As a control measure, CompuGroup Medical regularly conducts self-assessments as part of its monthly reporting to senior executives. Furthermore, controls are carried out by internal and external audits (for example in the context of Fraud and Management Override of Control Reporting).

CompuGroup Medical seeks to comply with CompuGroup Medical’s corporate policies as described in the Code of Ethics in its relationship with external business partners in its contractual agreements, partnerships and relationships. CompuGroup Medical achieves this by carefully examining the agreements entered into, partnerships and cooperation agreements prior to conclusion of the contracts, and carefully selecting its external business partner.

Compliance with the corporate principles described in the Code of Ethics of CompuGroup Medical by employees and management takes place on the one hand through information handed out at the start of work and on the other hand through specific training afterwards. In addition, employees are required to adhere to fundamental principles as part of their employment agreement.

The Code of Ethics is signed by the management of CompuGroup Medical (Management Board) and published on the CompuGroup Medical website. The Code of Ethics is reviewed once a year. Changes must be approved by the Executive Board.

In the reporting year, no reportable incidents are known or have been reported, either internally or externally.

## ASPECT OF RESPECT FOR HUMAN RIGHTS

The respect for human rights is seen by CompuGroup Medical as an inalienable part of its responsibility as a company that is active worldwide. Therefore, we are committed not only to strict compliance with all applicable legal requirements, but also to the resolute upholding of human rights in our sphere of influence.

Since CompuGroup Medical hires or has hired highly qualified employees in the IT-sector and due to the industry conditions, human rights issues are not classified as material because there is a low operative risk.

In order to emphasize this, CompuGroup Medical has in its generally applicable Code of Ethics, provided explicit recognition of socially responsible behavior. The respect for these rules of the game does not only apply to all employees of CompuGroup Medical but equally to all suppliers, business partners, advisors and third parties under contract to CompuGroup Medical.

## CONTACT INFORMATION FOR QUESTIONS ABOUT THE REPORT AND FRAMEWORK UTILIZED

Chief Financial Officer  
Christian B. Teig  
E-Mail: [investor@cgm.com](mailto:investor@cgm.com)

### **FRAMEWORK UTILIZED**

This report was created by using selected GRI standards or parts thereof in order to report on specific information. It does not fulfill the "core" requirements of GRI reporting.

# INDEPENDENT PRACTITIONER'S REPORT

## Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

To CompuGroup Medical SE, Koblenz

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB („Handelsgesetzbuch“: „German Commercial Code“) of CompuGroup Medical SE, Koblenz, (hereinafter the “Company“) for the period from 1 January to 31 December 2017 (hereinafter the “Non-financial Report“).

### Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

### Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP“) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

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<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

#### **Assurance Conclusion**

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2017 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

#### **Intended Use of the Assurance Report**

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon.

Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 27 April 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

ppa. Nicolette Behncke    ppa. Axel Faupel  
Wirtschaftsprüfer  
[German public auditor]

# IMPRINT

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## **Chairman of the Supervisory Board:**

Dr. Klaus Esser

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**Synchronizing Healthcare**



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Medical**