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2020 CORPORATE  
RESPONSIBILITY AND  
SUSTAINABILITY REPORT

**Tactile**  
MEDICAL®

## ABOUT TACTILE MEDICAL

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Tactile Medical is a leader in developing and marketing at-home therapy devices that treat lymphedema and chronic venous insufficiency. Our unique offering includes advanced, clinically proven pneumatic compression devices, as well as continuity-of-care services provided by a national network of product specialists and trainers, reimbursement experts, patient advocates and clinical staff.

This combination of products and services ensures that tens of thousands of patients annually receive the at-home treatment necessary to better manage their chronic conditions. In addition to improving the quality of life for patients with chronic conditions, our solutions help increase clinical efficacy and reduce overall healthcare costs.

## OUR MISSION

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To help people suffering from chronic diseases live better and care for themselves at home.

## OUR PROMISE

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Tactile Medical provides clinically proven, at-home treatment options for lymphedema and chronic venous insufficiency with our continuity of care, service and support that helps improve outcomes, reduce costs and give people their lives back.



## A MESSAGE FROM OUR CEO

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2020 was extraordinary in many ways. We faced a global health pandemic, a volatile political environment and a social and racial injustice reckoning. It was a year of disruptions at work and at home, as we all grappled with the consequences of COVID-19. I began leading Tactile Medical as the pandemic was upending households, work environments and healthcare delivery systems across the nation. Yet, from my very first day, our team demonstrated resilience and creativity, working tirelessly to prevent delays in business operations, ensuring continuity of care for the patients we serve, and virtually educating more customers about the importance of our therapies. As a result, I'm incredibly proud of how the Tactile Medical team advanced our Mission of helping people with chronic conditions live better and care for themselves at home.

Ours is a good-news story in a year of adversity. We proved the ability to pull together in difficult times, all the while positioning for our return to growth as conditions improved. We did this with a commitment to creating a culture where our team members can grow and thrive. We also believe that transparency is central to responsible business practices, resulting in our first-ever corporate responsibility and sustainability report. I'd like to call out a few notable areas of progress:

- Treated nearly 60,000 patients in 2020
- Increased gender diversity on our Board
- Enhanced our health coverage, 401k, PTO
- Improved processes which led to reductions in energy and paper consumption, minimizing our carbon footprint

I am energized every day by the spirit, passion and expertise of our employees, and I'm confident that together we will continue to make a difference in patients' lives and the communities where we operate.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Reuvers', written in a cursive style.

**Dan Reuvers**  
President and CEO

## COMPANY OVERVIEW

At Tactile Medical, our Mission is to help people suffering from chronic disease live better and care for themselves at home. Our unique platform includes clinically proven pneumatic compression devices for treatment of lymphedema and chronic venous insufficiency. In combination with the service and support we provide caregivers and patients, our products help improve outcomes, reduce costs and give people back their lives. Every aspect of our business incorporates our company values:

- focus on and advocate for the patient;
- manage all relationships with respect, honesty and authenticity;
- earn a fair profit and return value to our shareholders;
- adhere to quality standards;
- offer a fun, fulfilling and safe workplace;
- provide opportunities for professional growth; and
- help caregivers provide quality care.

Though Tactile Medical has always valued corporate responsibility and sustainability, we are focused more than ever on our commitment to environmental, social and corporate governance matters. We understand the importance of being a responsible corporate citizen and the value of providing transparency to our employees, patients, business partners and shareholders.



BRITNEY C.



KELLY O.



ALLISON W.



ERIC M.



HILLARY W.

Tactile Medical takes pride in the fact that our solutions improve the lives of tens of thousands each year.

## CORPORATE GOVERNANCE

### Business Code

Tactile Medical's Code of Business Conduct and Ethics ("[Code of Conduct](#)") emphasizes the principles of integrity, trustworthiness, evenhandedness, respect, stewardship, confidentiality and responsibility. Our employees are expected to embrace our Code of Conduct and align their behavior accordingly.

### Board Oversight

Our Board of Directors is composed of eight professionals specifically engaged to guide and challenge Tactile Medical based on their unique set of experiences and backgrounds. The Board is an active governing body that provides oversight for our organization within a framework of committees: Audit, Compensation and Organization, Compliance and Reimbursement, and Nominating and Corporate Governance.

The Board reviews the Company's performance and progress on each environmental, social and corporate governance objective and provides guidance to management with respect to significant sustainability and corporate responsibility initiatives. In addition, our Compensation and Organization and our Compliance and Reimbursement Committees have oversight and review responsibilities related to human capital management and corporate responsibility.

More information on the role and structure of Tactile Medical's Board of Directors can be found in our [Corporate Governance Guidelines](#).



**DANIEL REUVERS**  
President and Chief Executive Officer, Tactile Medical;  
Former EVP and President of Codman Specialty Surgical, a division of Integra LifeSciences



**WILLIAM BURKE, CHAIRMAN**  
President, Austin Highlands Advisors, LLC  
Nominating and Corporate Governance Committee, member



**PETER SODERBERG, FORMER CHAIRMAN**  
Managing Partner, Worthly Venture Resources, LLC  
Nominating and Corporate Governance Committee, chair



**SHERI DODD**  
Vice President and General Manager, Medtronic Care Management Services  
Compensation and Organization Committee, member;  
Nominating and Corporate Governance Committee, member



**RAYMOND HUGGENBERGER**  
Former President and CEO of Inogen  
Compensation and Organization Committee, chair;  
Compliance and Reimbursement Committee, member



**DEEPTI JAIN**  
Former President, IngenioRx (Anthem PBM)  
Audit Committee, member;  
Compliance and Reimbursement Committee, member



**RICHARD NIGON**  
Senior Vice President, Cedar Point Capital, Inc.  
Audit Committee, chair;  
Compensation and Organization Committee, member



**KEVIN ROCHE**  
Former General Counsel, UnitedHealth Group  
Audit Committee, member;  
Compliance and Reimbursement Committee, chair

## BUSINESS ETHICS

Tactile Medical is committed to implementing sound and ethical business practices. We maintain an active and collaborative Compliance team that serves as a resource and trusted partner. The Compliance team works with leaders and employees throughout the organization to support strong and ethical business operations consistent with our Code of Conduct and corporate values. The Compliance team actively monitors the Company's business operations through regular internal and external compliance reviews. This ensures that practices conform to Company policies and procedures, and that the Company's compliance program is evolving effectively.

The Compliance team provides effective training programs; develops and implements cohesive and understandable policies; and implements monitoring and auditing activities that support effective risk management. To ensure continuity of strong and compliant business practices and to exercise oversight, the Compliance team also works alongside the functional teams as initiatives are developed and business practices evolve and mature. This integrated approach provides the Compliance team visibility to business operations and supports the integration of ethical and compliant business practices at all levels of the Company.

The Compliance team is also responsible for the Company's anonymous reporting hotline, which is available 24/7. Employees complete annual compliance and Code of Conduct training to reinforce expectations and key concepts. The Compliance team actively monitors the Company's business operations through regular internal and external compliance reviews. This ensures that practices conform to Company policies and procedures, and that the Company's compliance program is evolving effectively.

### Fair Business

Tactile Medical believes in fair and ethical business practices. We support fair competition, truthful and balanced promotion of our products and professional business practices that can be held up as a model for the industry. We maintain policies and processes that support these values and expect our employees to follow them.

### Privacy and Security

Maintaining a robust Information Security Program is essential to our business. We conduct risk and vulnerability

assessments on an annual basis to ensure our controls and processes are current and effective. We encrypt data at rest and in transit and conduct ongoing monitoring to identify possible security events and mitigate risk. All employees participate in ongoing Information Security Awareness training. Access to confidential information is granted on a need-to-know basis and protected by multifactor authentication. Our [Notice of Privacy Practices](#) is available on our website and provided to our patients.

### Conflicts of Interest

Conflicts of interest can interfere with effective decision making, affect professional judgment and create divided loyalty between the interests of the Company and the individual. Tactile maintains policies to manage and address potential or actual conflicts of interest. Employees are obligated to notify the company of a potential conflict and seek review of the situation to ensure effective oversight. These processes are intended to mitigate the negative effects of potential conflicts and avoid even the perception of impropriety.

### Ethical Sourcing

In 2020, Tactile Medical adopted and implemented a Supplier Code of Conduct (the "Code"). The Code calls for key suppliers to affirm that they maintain policies and procedures that align with Tactile Medical's ethical, humane and appropriate business practices. These practices include providing safe and fair working conditions; prohibiting human trafficking and exploitation; and prohibiting bribery, kickback schemes and other unethical or illegal business conduct. These expectations are included in our supplier qualification and validation processes. We are pleased to confirm that all of our key suppliers have affirmed that they adhere to our Supplier Code of Conduct.

### Human Rights

Tactile Medical's commitment to respect for human rights—including dignity, equality and respect for one another—is unwavering. Last year we adopted a Company Human Rights Policy to formalize our stance on this vital issue. Employee training on our Human Rights Policy includes the relevancy and importance of Human Rights to our Company and education on human trafficking and exploitation prevention.

## SOCIAL RESPONSIBILITY

### Human Capital Management

The success and growth of Tactile Medical's business depends in large part on our ability to attract, retain and develop a diverse population of talented and high-performing employees at all levels of our organization. To succeed in a competitive labor market, Tactile Medical has developed key recruitment and retention strategies, objectives and measures as part of the overall management of our business. Our employees' high levels of engagement and satisfaction attest to our success. Tactile Medical has been named a "Top Workplace" by the Minneapolis Star Tribune newspaper for eleven consecutive years.

As of December 31, 2020, we had 707 employees, a 12% increase over 2019. We have 285 employees based throughout the United States and 422 primarily based in our corporate and manufacturing locations in the Minneapolis metropolitan area. We provide both full-time and part-time opportunities.

We believe that maintaining a strong, motivated workforce is fundamental to achieving our goals. Because our employees are our most important asset, Tactile Medical is committed to providing a fair, fun and safe workplace. We do this by emphasizing safety in our everyday operations, offering competitive benefits, providing an inclusive environment that fosters employee development and advancement, and encouraging community involvement.

### Benefits

To promote employee health and productivity, Tactile Medical offers a comprehensive benefits program at an affordable cost. We offer benefit choices designed to support the different needs of our growing and diverse workforce. To attract and retain employees, we strive to remain competitive with other employers' benefits.

Most of our employees participate in some level of medical benefits (77% of women and 80% of men), which can include coverage for employees, spouses, dependents, FSA and HSA accounts, options for dental and vision coverage and discounts on fitness and healthy foods. We also offer a variety of other benefits for financial and personal needs, such as retirement savings, an employee stock purchase plan, disability insurance and life insurance. We continually explore benefit options and strive to maximize cost effectiveness for both our employees and the organization, and provide health, fitness and financial programs that support our employees' health and financial goals.

We take into account the importance of work-life balance and family in our expanded benefit options, which include paid maternity and paternity leave to employees who qualify. Our remote work policy provides the opportunity for flexible work schedules and locations depending on the position held and Company needs.

### Safety at Tactile Medical

Safety is a top priority at Tactile Medical. Safety management is the responsibility of each employee, at all times, in a clinical setting or while serving a patient in their home. Employee safety training occurs at the time of hire and annually thereafter. We review a host of topics, including infection control, sanitization processes, safe lifting, safe operation of equipment, and emergency and disaster preparedness.

Our Safety Committee is composed of employee volunteers from various departments. The Safety Committee meets quarterly to address concerns, identify areas for improvement and develop plans or processes when needed. This committee also facilitates safety evaluations of facility work environments at least annually. Employees can email the Safety Committee directly with questions, concerns or suggestions regarding workplace safety.

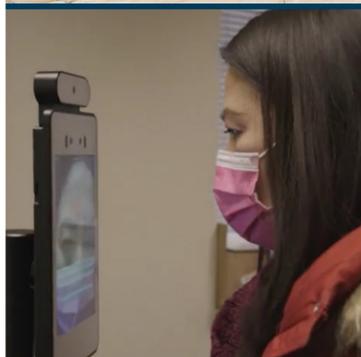
Our commitment to the health, safety and wellness of employees, patients and business partners alike was evident in our expedient COVID-19 response. To limit face-to-face interactions, we pivoted our business practices to address the need for social distancing and virtual operations. We also provided additional personal protective equipment for applicable employees. Even in these unprecedented times, we effectively served over 60,000 patients, supporting their effective home care with our devices. We also avoided any employee layoffs.



**60%**  
new hire  
women



**52%**  
women  
in senior  
management



**8%**  
Black, Indigenous  
and people of  
color (BIPOC) in  
management

### Our Commitment to Diversity, Equity and Inclusion

Our diverse and inclusive workplace encourages different perspectives and ideas, which we believe enable better business decisions and rapid innovation. Diversity, equity and inclusion within the workplace starts with the recruitment process. Today, we are expanding our recruitment efforts beyond traditional methods by implementing an applicant tracking system to support continuous improvement in hiring. We intend to leverage this system for employee growth and performance improvement.

We are committed to constructive and critical self-evaluation processes which lead to concrete steps that serve to continually enhance and strengthen our corporate culture. In 2020, we rolled out a diversity, equity and inclusion training program for executive leadership, with plans to engage all employees in 2021. Tactile Medical conducted a survey to gauge employee perspective on inclusion within the Company and assess areas of improvement. Four hundred and fifteen employees participated. We will use this information to address areas of improvement and develop our diversity, equity and inclusion plans for upcoming years with three broad objectives:

- Increase diversity awareness programs for all areas of our organization;
- Increase focus on enhancing inclusiveness in our culture; and
- Increase our knowledge and understanding of unintentional bias.



**20%**  
BIPOC  
in workforce



Women make up  
**63%**  
of our workforce



**12%**  
women  
identify as  
BIPOC

**37**  
average age  
of employees



## Philanthropy

Tactile Medical recognizes the importance of philanthropy and community involvement to expand access to healthcare and to advocate for our patients. In 2020, Tactile Medical provided two educational grants and five charitable grants. Of the seven new grants, one included equipment donations for a mission trip in support of lymphedema patients in need. We also maintain a financial hardship program to support qualified individuals with copay assistance or reduced-cost equipment so that financial hardship does not impede patient access to care.

We are in the process of developing an employee volunteer program. Many of our employees are already very civic minded. Our volunteer program will better support and encourage ongoing community involvement. This program will allow Tactile Medical employees to give back to the communities where they work by volunteering their time as individuals or groups. To encourage employees to participate and be active community members, Tactile Medical will allow employees up to 16 paid hours off per year to volunteer.



## Environmental Stewardship

At Tactile Medical, we understand we have an obligation to be aware of our environmental impact and evaluate how we can reduce our environmental footprint in a responsible manner. We have taken tangible steps by completing a large scale transition to paperless systems. This transition required a strong commitment to changing how we operate our business, from the initial patient intake to patient training to billing processes. These changes decreased our paper consumption by over 50%, which in turn reduced our consumption of copy machine toner, file cabinets and thousands of file folders. Our corporate office and manufacturing facility recycle paper, plastic, aluminum and cardboard used by the Company.

In 2020, Tactile Medical upgraded to LED lighting and installed circulation fans at the Company's manufacturing site to reduce energy consumption. In addition, the corporate office implemented smart technology lighting that automatically dims or brightens based on ambient light conditions.

Recognizing that there is always room for improvement, we are actively evaluating reasonable and effective opportunities to improve our environmental stewardship.





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lymphedema and chronic venous insufficiency.

**Tactile Medical**

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