

2021 Sustainability Report

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Sustainable healthcare at our core

At Arjo, sustainability is in our DNA. We help our customers to free up resources that create room for more high-quality care available to more people. This contributes to a sustainable healthcare system that can meet the growing needs of tomorrow.

Sustainability is a fundamental part of Arjo's history and culture. Ever since Arne Johansson, Arjo's founder, designed a series of innovative equipment for patient transfers, we have devoted our energy to improving the conditions for patient mobility within the healthcare sector. In this way, we contribute to preventing hospital-acquired conditions and thereby help our customers with some of their greatest challenges, with the aim to create a more sustainable healthcare.

We contribute to better and more sustainable healthcare

Arjo's solutions generate sustainable value at multiple levels in healthcare, thereby contributing to our customers' sustainability agenda.

- We support patients by creating opportunities for improved mobility and clinical outcomes, thereby reducing unnecessary physical and mental suffering.
- We give healthcare professionals the opportunity to safely provide high-quality care, and thereby reduce the risk of work-related injuries.
- Through complete solutions based on the right equipment, expertise and work methods, we contribute to developing effective processes within healthcare, benefitting healthcare and society at large.
- An energy and resource efficient production and the long life cycle of our products generate a limited environmental impact, and we strive continuously to further reduce our environmental footprint throughout the value chain.



Arjo solutions contribute to sustainable healthcare in over 100 countries.

800

Arjo's outcome-based programs have reduced the number of work-related injuries among healthcare professionals at over 800 healthcare facilities around the world.



In 2021, Arjo arranged clinical webinars for a total of 3,500 healthcare participants.

Clear governance ensures results

Arjo's sustainability efforts are based on directives, policies and clear governance involving all levels in the company – a systematic way of working enabling the implementation of decided initiatives and that the Board of Directors is responsible for the sustainability report.

The Arjo Sustainability Framework 2030 (see pages 36-47) is an integral part of our daily decisions and activities. Through a clear governance process, we make sure to work methodically and prioritize correctly to achieve the desired results.

The governance process involves all levels

Ultimate responsibility for the company's sustainability efforts lies with the Arjo Management Team, and is followed up as a standing item on the agenda for every management team meeting. The CEO and Arjo Management Team are responsible for and participate actively in these efforts by deciding on targets, providing guidance for moving forward, evaluating reported results, identifying items for improvement, as well as implementing plans and activities throughout the organization.

Starting 2022, 10 percent of the Arjo Management Team's short term incentive will be based on sustainability targets. Two targets have been identified for 2022: reducing the Group's carbon emissions and preparing the organization to be able to set science-based climate targets in line with the Paris Climate Agreement.

In 2021, a sustainability forum was established, led by Arjo's President & CEO, aimed at reinforcing the implementation, development and governance of the sustainability related efforts.

Arjo's Board of Directors monitors and participates actively in the sustainability work and receives regular updates on the

current status, target realization and plans for the future. The Board of Directors also conducts an assessment of the sustainability agenda twice a year.

Projects are led by cross-functional teams

The operational responsibility for Arjo's sustainability efforts is carried by the line organization. Cross-functional teams are in charge of leading projects, achieving targets and subsequent follow-up. Line managers are responsible for ensuring their employees understand and act in accordance with our Code of Conduct and sustainability agenda.

Reporting is done through internal data collection that is compiled and presented to the Arjo Management Team every quarter, and to the Board of Directors every six months. Arjo is working to modify the reporting process in accordance with the Global Reporting Initiative (GRI) guidelines, which will be introduced as of 2022.

Clear guidelines for business ethics

Our sustainability efforts are governed also by ethical guidelines. Arjo's Code of Conduct applies to all employees and we hold regular training sessions at all levels in the organization.

Our principles are based on complying with all relevant, local laws in the countries where we operate. Arjo's anti-corruption policy has zero tolerance for all types of fraud and bribery. Employees can, via an anonymous whistleblowing service, report suspected incidents of any violations of laws and regulations.

Arjo's Directive for Occupational Health and Safety aims to realize a high level of health and safety at the workplace. The directive provides a framework for identifying and managing physical and psychological safety in the work environment, as well as employees' personal and collective wellbeing.

Arjo's Directive for Diversity, Equity and Inclusion aims to assume clear responsibility for our employees and the communities in which we operate. This is reflected in our commitments in the Arjo Sustainability Framework 2030, our Guiding Principles and Leadership Behaviors. By offering equal opportunities to all, we provide the right conditions for making the most of every employee's talent, potential and contribution to our operations.

Starting 2022, the Arjo Management Team's short term incentive will also be based on sustainability targets, including the reduction of carbon emissions and the Group's preparation for Science Based Targets.

KOBBY OKYERE, IT

GIULIA BERTORELLI,
PRODUCT MANAGEMENT

HENRIK RUNNERSTRÖM,
PRODUCT MANAGEMENT

RANA MOUSSA, FINANCE

Arjo's sustainability forum

Arjo's sustainability forum focuses primarily on the task of creating a sustainable offering throughout the value chain. The forum aims to increase collaboration concerning concrete improvement potential and raise awareness for how initiatives affect both our customers and various parts of the company. A standing item on the agenda is the status for improvement activities in progress.

The forum includes parts of the Arjo Management Team and senior executives within Arjo. In addition to the sustainability team, the participants comprise the following:

- President & CEO
- EVP HR & Sustainability
- CFO
- President, Global Sales & Service
- EVP Supply Chain & Operations

- Head of Product Development
- Head of Purchasing
- Head of Global Transportation
- Head of Inventory and Spare Parts
- Head of Products and Categories

Meetings are held quarterly, and the sustainability forum convened three times in 2021.

Work based on international principles and global initiatives

Arjo's Code of Conduct and the Arjo Sustainability Framework are based on international principles and acknowledged global initiatives.

- UN Global Compact – Arjo supports and follows the ten principles that apply to human rights, labour, the environment and anti-corruption
- UN Climate Agreement – the Paris Climate Agreement
- OECD Guidelines for Multinational Enterprises
- International Labour Organization (ILO) – The UN's labour organization for work and employment issues
- UN Sustainable Development Goals – based on our materiality analysis 2020, we have chosen to present our activities in relation to the SDGs that are most relevant to us

"Contributing to a more sustainable future is one of the most critical challenges of our time, one that we must all assume responsibility for solving. I am convinced that a pivotal part of Arjo's long-term success lies in our efforts to reduce emissions and use of resources, to conduct business in an ethical and responsible manner and to care for our employees – while ensuring a profitable business."

JOACIM LINDOFF, PRESIDENT & CEO

The EU Taxonomy Regulation was established in 2021 as a tool for identifying environmentally sustainable economic activities based on an EU-wide classification system for sustainable activities. The Regulation describes which economic activities fall under the framework of the taxonomy and whether they meet the technical screening criteria. The EU Taxonomy Regulation is still under development and we continuously follow its implementation and future changes. Find more information on page 54.

UN Sustainability Development Goals

By working in line with the UN SDGs, we reinforce the correlation between the company's and society's shared values. Our activities support the following seven SDGs since they are relevant to global and local initiatives in our operations.



Good health and well-being

Improving overall health for patients and residents, as well as work conditions for caregivers, is at the very core of our operations.



Quality education

Access to high quality education for all is one of the primary premises for prosperity, health and equal opportunities. We have a long tradition of targeted advisory and training initiatives for healthcare professionals. Further, we support a research project within the Swedish Industry for Quality Education in India focused on children in grade school.



Gender equality

Arjo values its employees and advocates fairness, gender equality and non-discrimination. Our goal is to cultivate a diverse and inclusive workplace that maximizes every employee's talent, potential and contribution by providing equal opportunities for all.



Decent work and economic growth

The correlation between health, safety and development of our employees is central in our operations, and is backed by Arjo's Directive for Occupational Health and Safety. We emphasize the importance of sound work conditions and a healthy work-life balance.

"By working with R&D at Arjo, I can contribute to creating a better society"

For Panagiota Biba, it was the fact that the solutions really make a difference for people who need to be cared for, that drew her to Arjo. Today she works in Product Development, ensuring that the products meet all requirements, from both technical and user experience perspectives.

"For me and my team, it is a matter of looking holistically at all the relevant parameters, both regulatory standards for medical devices and our own high quality requirements. Nothing can be overlooked, for the product to be able to deliver the desired functionality, safety and comfort – not only for patients and residents but also for caregivers."

WHAT MOVES YOU?

meaningfulness

PANAGIOTA BIBA, R&D



Responsible consumption and production

Collaborating throughout the value chain to reduce emissions is central to global health in the long term. We endeavor to constantly reduce our environmental impact and ensure a more effective use of energy and resources.



Climate action

Climate change has a significant impact on global health. Setting goals for carbon emission that are in line with the Paris Climate Agreement, and encouraging suppliers and business partners to do the same, is critical in realizing the ambition of good health for all.



Promote just, peaceful and inclusive societies

We assume a major ethical responsibility for employees, customers and partners. Business ethics and well-defined principles for compliance are the foundation of Arjo's long-term business relations. We continue to strive for high business ethics on all levels and to ensure that compliance is part of our daily work.

Our Sustainability Framework is a central element of Arjo's strategy and a natural part of our core business. With clear targets and activities, we ensure continuous improvements in our own operations and for our customers. The framework derives from our materiality analysis and acknowledged global principles and initiatives.

Arjo Sustainability Framework 2030

A sustainable healthcare

We create sustainable value for patients, care staff and caregivers, and for the society at large. To contribute to sustainable healthcare is the overall goal for our sustainability work.



A sustainable offering throughout the value chain

Arjo's objective is to reduce corporate CO₂ emissions by 50 per cent by 2030, aligning to the Paris Climate Agreement. Our contribution to a circular economy is to reduce resource consumption while simultaneously improving performance and customer value.

Read more about activities, targets and results in this area on pages 38–41.



A responsible company

Arjo strives for high business ethics on all levels and to ensure that compliance is part of our daily work. Suppliers and business partners will contribute to our sustainability goals and follow Arjo's Code of Conduct.

Read more about activities, targets and results in this area on pages 42–43.



An attractive employer

Arjo works to build a culture based on diversity, equity and inclusion. We put a premium on good health and safety for employees, visitors and partners, and we have a Zero Accident Vision for our workplace.

Read more about activities, targets and results in this area on pages 44–45.

Arjo conducted materiality analyses in 2018 and 2020 to identify the key elements of the Group's sustainability efforts. The analyses involved key personnel in the entire organization, including both the Arjo Management Team and the Board of Directors. We intend to perform a materiality analysis every second year and add an analysis that involves external stakeholders in 2022.



"Our sustainability efforts are integrated in our strategy and daily operations. We work hard to ensure that all activities in the value chain contribute to a more sustainable future, from life cycle analyses in our product development, and material and resource efficiency in production, to responsible purchasing and transportation."

MARION GULLSTRAND
EVP HUMAN RESOURCES & SUSTAINABILITY



A sustainable offering throughout the value chain

Arjo strives for a sustainable use of energy and resources, and regularly conducts controls and improvements to reduce the company's climate footprint. In line with the Paris Climate Agreement, the goal is to lower our total carbon emissions by 50 percent by 2030*, from 100,000 tons (2019) to 50,000 tons per year. We also strive to increase our contribution to a circular economy toward long-term sustainable development.

In 2021, life cycle analyses were conducted for two of Arjo's products to determine where the environmental impact occurs. On the basis of these, cross-functional teams have worked to identify areas of improvement ahead of future product development. Education in life cycle analysis and design for circularity were organized

to optimize new products from sustainability aspects such as climate impact, reuse/recycling and hazardous waste.

Our largest production facility, in Poznan, Poland, and the one in Cardiff, UK, have both transitioned to 100 percent renewable electricity in their operations. We also

conducted workshops on sustainability with all local Supply Chain & Operations managers to find synergies and share experiences in terms of purchasing, transport, inventory, warehouse/logistics and sustainability reporting.

*The areas that Arjo has identified as primary for reducing carbon emissions are production, vehicles, transport and business travel since these areas are under our own control. Emissions were estimated using tools from the GHG Protocol, Scope 3, for transport and business travel. Emissions from production are compiled based on mapping from every production unit.



PRODUCTION IN POZNAN, POLAND

Purposeful product development

Arjo's products for the prevention of venous blood clots (venous thrombosis embolism, VTE) are now further developed in several ways to promote better resource efficiency. User instructions are printed directly on the garment instead of an enclosed piece of paper, and the garments are packed in a more waste-efficient way. The new garment design reduces the use of plastic by 4,320 kg per year, and the further developed pump uses considerably less energy.



4.4%



Healthcare is one of the most carbon intensive service sectors in the industrialized world. It accounts for 4.4 percent of the global emission of greenhouse gases* – more than twice as much as the entire airline industry. About 60 percent stem from the supply chain**, of which 10 percent come from medical devices such as consumables that are typically thrown away after use.

*HealthAffairs, December 2020 **nih.gov

USA

2.5 million consumables reused every year through environmentally friendly process

Since 2018, ReNu Medical is a part of the Arjo Group. ReNu Medical specializes in environmentally friendly medical reprocessing of consumable medical devices such as garments for the prevention of venous thrombosis embolism (VTE). ReNu Medical has secured an attractive position in a growing market, and currently delivers 2.5 million articles to hundreds of hospitals all over the US.

"Reprocessed single-use devices are a triple win for healthcare. They provide a circular solution that lowers costs, improves supply chain resiliency, and can immediately help reduce greenhouse gas emissions."

DAN VUKELICH, PRESIDENT, ASSOCIATION OF MEDICAL DEVICE REPROCESSORS (AMDR), USA

POZNAN, POLAND

New packaging cuts container need by 33 percent

— and reduces our carbon emissions

Arjo's medical beds are used in hospitals and care facilities worldwide. When they leave the Group's plants, they are packaged in different ways depending on how they will be transported to the customers.

"When shipping, we used to be able to stack three beds on top of each other in the container space. We saw the potential for a fourth with just some modifications to the packaging and pallet. We started a project aimed at finding a solution that would also satisfy all our rigorous quality and safety requirements," says Johan Johannesson, Director, Global Transport.

The project team designed a packaging that was sufficiently stable to handle both weight and operations, and taken into use in March 2021.



"Being able to load four beds instead of three on top of each other reduces the number of containers by 33 percent, contributing to lower carbon emissions. This is an important step toward increasingly more efficient and sustainable transports."

SANTA DOMINGO, DOMINICAN REPUBLIC

Optimized use of material cuts the amount of waste by 4,500 kg per year

Local infrastructure and capacity for recycling is underdeveloped in many parts of the Dominican Republic, meaning that waste is often sent to landfills – the worst alternative in the waste hierarchy.

The very best way to manage waste is to not create it in the first place, which was the starting point for several projects aimed to reduce waste at our production facility in the Dominican Republic. Three projects were chosen with the ambition to optimize the use of material in the production of textile products such as slings and alike. The result was a reduction of the total amount of waste by about 4,500 kg per year.



WORK TEAM IN SUZHOU, CHINA

SUZHOU, CHINA

Deliveries in reusable plastic boxes lower total waste by 4–5 percent

Arjo's production facility in Suzhou, China, now receives material from local suppliers in reusable boxes instead of paper cartons. This facilitates handling in production and saves about 5,000 paper cartons each year, the equivalent of 4–5 percent of the facilities total waste.

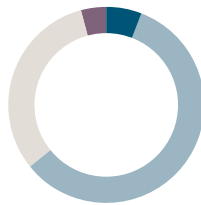
"This project is an excellent example of how efforts toward common goals truly make a difference. It's essential that we learn from each other, and we will apply the experiences from this project to inspire other teams and facilities," says Johan Östblad, Sustainability Manager.

TOTAL CARBON EMISSION REDUCTION

18%

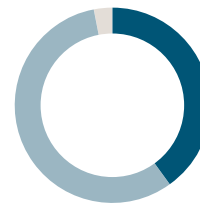
Since the base year 2019, we have reduced carbon emissions by 18%

CARBON EMISSIONS, %



- Production, 5%
- Transport, 61%
- Vehicles, 30%
- Business travel, 4%

WASTE, %



- Non-recyclable/reusable waste, 40%
- Recyclable/reusable waste, 57%
- Hazardous waste, 3%



Goals	Key activities	Status 2021
Production (Scope 1, 2)		
<ul style="list-style-type: none"> Reduce carbon emissions from production by 50% (equivalent to 4,000 tons CO₂e*, baseline 2019) by 2030 	<ul style="list-style-type: none"> Program for energy-efficiency enhancement has been initiated at every production unit Increased use of renewable energy 	<ul style="list-style-type: none"> Total carbon emissions from production: 2,509 tons CO₂e* Share of renewable energy: 42% CO₂ emissions in relation to production area: 0.05 (CO₂e*/m²) Two production units have transitioned to 100% renewable electricity
Vehicles (Scope 1)		
<ul style="list-style-type: none"> Reduce carbon emissions from production by 50% (equivalent to 1,218 tons CO₂e*, baseline 2019) by 2030 	<ul style="list-style-type: none"> Gradual transition to low emission vehicles Improved calculation method for CO₂e* emission using the GHG protocol tool as calculation tool and method. 	<ul style="list-style-type: none"> Total carbon emissions from vehicles: 22,000 tons CO₂e* Average emission for passenger cars and vans: 178 g CO₂e*/km
Transport (Scope 3)		
<ul style="list-style-type: none"> Reduce carbon emissions from transportation by 50% (equivalent to 41,000 tons CO₂e*, baseline 2019) by 2030 	<ul style="list-style-type: none"> Increased efficiency through consolidation of customer deliveries Continued collaboration with suppliers to reduce carbon emissions Enhanced fill rate in transportation 	<ul style="list-style-type: none"> Total carbon emissions from transports: 45,200 tons CO₂e* The amount of air transport rose during the year due to challenges in the global supply chain caused by the pandemic
Business travel (Scope 3)		
<ul style="list-style-type: none"> Reduce carbon emissions from transportation by 50% (equivalent to 20,000 tons CO₂e*, baseline 2019) by 2030 	<ul style="list-style-type: none"> Reduced travel and increased number of digital meetings, and opting for sustainable alternatives such as rail instead of air travel 	<ul style="list-style-type: none"> Total carbon emissions from business travel: 1,200 tons CO₂e* Business travel dropped significantly during the year due to the pandemic
Waste management – hazardous and non-hazardous (Scope 3)		
<ul style="list-style-type: none"> Reduce carbon emissions from waste (hazardous and non-hazardous) by 50% (equivalent to 1,218 tons, baseline 2021) by 2030 Reduce environmental impact from non-recyclable waste (hazardous and non-hazardous) by 50% (baseline 2021, 495 tons) by 2030 	<ul style="list-style-type: none"> Waste management improved through the use of the waste hierarchy principle based on the strategy to minimize, reuse and recycle material Improvement project for waste reduction 	<ul style="list-style-type: none"> Total waste from production: 1,218 tons Non-recyclable production waste in relation to total production waste: 40% (495 tons) Total hazardous waste in relation to total production waste: 3% (38 tons) Total waste related to sales: 0.13 (tons/MSEK)
Packaging		
<ul style="list-style-type: none"> All packaging will be made of 100% recycled or recyclable material (baseline to be defined in 2022) by 2030 	<ul style="list-style-type: none"> Reduction of total amount of packaging Increased share of recycled or recyclable packaging Increased demands on subsuppliers regarding recycled and recyclable packaging 	<ul style="list-style-type: none"> Packaging material with recycled contents: 25% (520 tons) Packaging material using renewable material (paper, wood): 98%
Circular economy		
<ul style="list-style-type: none"> Reduce total resource consumption while simultaneously improving performance and customer value 	<ul style="list-style-type: none"> All new product development follows eco-design principles Continuous product portfolio life cycle analyses followed-up by plans to reduce footprint Implementation of cross-functional life cycle analysis training starting in 2021 	<ul style="list-style-type: none"> Life cycle analyses for two products completed Two workshops completed globally with 75 participants from all relevant functions
Governance		
<p>Arjo's Board of Directors monitors progress twice per year, and is responsible for contributing to and approving plans. As a standing item on a monthly agenda, the Arjo Management Team follows the implementation of the plans across the company. Smart, cross-functional teams drive initiatives and projects that proactively contribute to the agenda's key goals. Every quarter, a sustainability forum is held comprised of managers from all functions and under the management of Arjo's President and CEO.</p>		

According to the international standard for measuring greenhouse gas emissions, the GHG Protocol, greenhouse gas emissions are divided into three scopes: Read more under Definitions on page 126.

*CO₂e (carbon dioxide equivalent) is a measure used to compare and/or calculate emissions from various greenhouse gases on the basis of their global-warming potential.



A responsible company

Sound business ethics and well-defined principles for compliance are at the core of Arjo's long-term business relations. Arjo does business across the globe and has a broad network of suppliers and business partners. We place the same high demands on them as on our own business, and have zero tolerance for all forms of corruption, fraud and bribery. Our ambition is to influence other stakeholders in contributing to the development of a fair global market.

Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group. To further meet local regulatory requirements in major markets, two support committees have been established in North America. For other regions in need of additional support, we have 15 business ethics ambassadors who serve as resources in properly navigating gray zones.

In 2021, the Group's business compliance function carried out an information and training activity with all management teams in the sales organization. Training addressed the company's regulatory framework on business ethics and related management system, as well as discussions on business-related dilemmas linked to Arjo's various directives.

"We were able to go into detail in order to understand the challenges facing each region, meaning that we can offer even better support from the central organization. Additionally, local risk analyses were performed that were verified against those performed centrally. These showed substantial coherence in terms of how we work with our distributors in especially vulnerable regions," says Adam Leismark, VP Business Compliance.

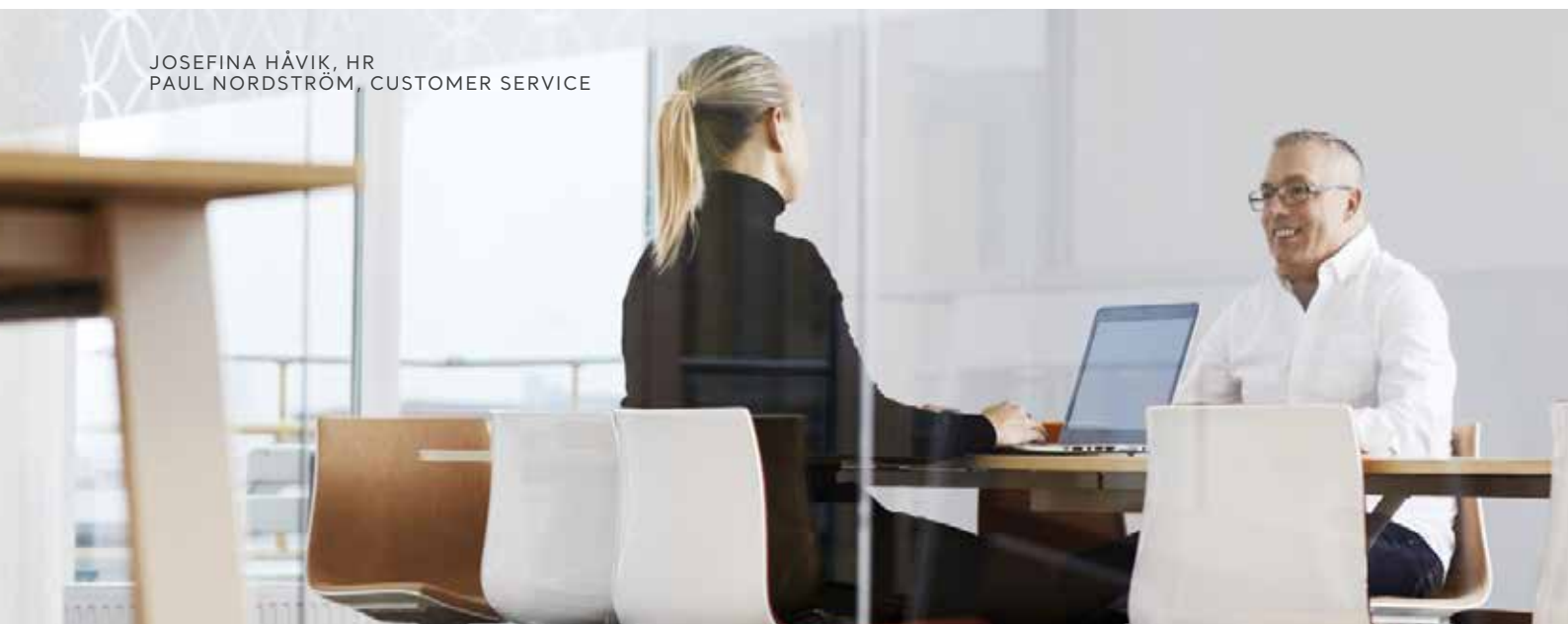
Arjo's process for evaluating and auditing distributors and intermediaries from a business ethical perspective was tested and evaluated during the year. The purpose was to control target realization and further improve an already well-functioning process.

The task of ensuring acceptance for our separate Code of Conduct for suppliers and business partners has progressed throughout the year.

"The feedback has been extremely positive and suppliers equivalent to 95 percent of our total purchasing volume have signed the Code of Conduct," says Jimmy Hermansson, VP Procurement.

Arjo works actively on risk assessments of its IT infrastructure and sensitive data, and has a robust control system in place to manage cyber security, including IT General Control (ITGC), operative measures and procedures to monitor and respond to unauthorized data access and cyber-attacks. Read more on page 55.

JOSEFINA HÅVIK, HR
PAUL NORDSTRÖM, CUSTOMER SERVICE





Goals	Key activities	Status 2021
Code of Conduct		
<ul style="list-style-type: none"> 100% of employees receive training in Arjo's Code of Conduct 	<ul style="list-style-type: none"> All employees have access to digital and on-site training which is repeated regularly In a number of countries (when permitted by law), the Code of Conduct constitutes a part of select personnel's employment contracts 	<ul style="list-style-type: none"> 86% of new employees have completed training in 2021
Business ethics		
<ul style="list-style-type: none"> All managers and their teams understand and behave in accordance with Arjo's policies and directives on business ethics 	<ul style="list-style-type: none"> Training of all managers and their teams based on the Business Compliance Policy drafted in 2020 Training includes a review of the rules pertaining to anti-corruption, competition law, export and sanctions as well as whistleblowing 	<ul style="list-style-type: none"> Implementation and training was conducted according to plan
Incidents and whistleblowing		
<ul style="list-style-type: none"> All employees can report an incident or concerns about serious misconduct that may be suspected, prevented or rectified Arjo's external partners are to be afforded the same opportunities to report misconduct 	<ul style="list-style-type: none"> Preparation of a global system for the whistleblowing service including regular employee training about the Code of Conduct processes¹ The rules concerning investigation and reporting have been clarified 	<ul style="list-style-type: none"> Of those cases reported, one fell under the category of fraud. One employee has been forced to leave the company due to conduct that was in violation of the rules and Code of Conduct. The employee did not have a senior position and the case had no significant impact on the company's operation Arjo's system for whistleblowing has been made available to external partners
Advanced training and risk analysis		
<ul style="list-style-type: none"> The entire sales organization will actively work to prevent and detect risks related to business ethics, both from a global perspective and based on local risk analyses 	<ul style="list-style-type: none"> Advanced dilemma-based training with all management teams in the sales organization Preparation of local risk analyses 	<ul style="list-style-type: none"> More than 200 people from 28 management teams in the global sales organization have participated in advanced training and in completing local risk analyses
High ethics among business partners		
<ul style="list-style-type: none"> All Arjo's business partners are evaluated and audited according to a specially designed process² In high-risk regions, a more detailed process is carried out using a specific analysis and monitoring tool 	<ul style="list-style-type: none"> Preparation of evaluation and audit processes Establishment of business ethics ambassadors who support local organizations in high-risk regions 	<ul style="list-style-type: none"> The process for evaluating and auditing distributors and intermediaries was tested and evaluated during the year, and the outcome was favorable and confirmed that the processes work
Supplier assessment		
<ul style="list-style-type: none"> 90% of Arjo's total purchases to be made from suppliers who have signed the customized Code of Conduct for suppliers and business partners 	<ul style="list-style-type: none"> Continuous audits of suppliers and business partners 	<ul style="list-style-type: none"> 95% of Arjo's total purchases made from suppliers who have signed our customized Code of Conduct for suppliers and business partners In 2021, 31 assessments of suppliers and business partners were performed. The pandemic again caused delays this year, but the outstanding planned assessments from 2020 were performed, and outstanding assessments from 2021 will be performed in 2022
Governance		
<p>Arjo's Board of Directors approves the Code of Conduct and monitors compliance regularly. The Arjo Management Team is responsible for the implementation of the Code of Conduct, including the establishment and review of targets for improvement. The CEO is Chairperson of Arjo's Business Compliance Committee³, tasked with safeguarding that the company does business at the highest ethical level, and adheres to the laws, regulatory frameworks and standards that apply in the countries in which we operate⁴. The Committee held five minuted meetings in 2021. A global function manages supplier audits, using an approval process for all new suppliers while continuously auditing all suppliers. Furthermore, suppliers and business partners that are to work with Arjo are required to sign and follow a customized Code of Conduct.</p>		

NOTE 1: The system means that employees can make a report of concern or of suspicion regarding serious misconduct. The handling of incidents is coordinated in consultation between the business compliance team and the Group HR department. No employees will be subject to demotion, disciplinary measures or other negative consequences for reporting their concern or suspicions in good faith.

NOTE 2: The audit processes aim to minimize the risk of contact with unsuitable companies and individuals, and to safeguard that Arjo has a transparent and uniform management process for this in every aspect of the company's operations.

NOTE 3: The Business Compliance Committee makes decisions pertaining to Arjo's business ethics strategy, and is comprised of the CEO (Chairperson), EVP Legal & Business Compliance (Vice Chairperson), CFO, EVP Marketing Communication & PR, EVP HR & Sustainability, VP Director Internal Control & Process Development, and other members who are appointed as needed. Recorded meetings are to be held regularly, at least four times every year.

NOTE 4: Together with the Internal Control function, the Committee's key role is to identify risks related to Arjo's operations, prepare and implement directives and procedures, and ensure that these are updated and accessible.



An attractive employer

Arjo's culture is built on diversity, equity and inclusion, and puts a premium on good health and safety for employees, partners and the societies in which we operate. We value all employees and endeavor to cultivate work conditions that offer good opportunities for incentive and growth. This combined is the foundation of Arjo's Guiding Principles and Leadership Behaviors.

Arjo's Directive for Occupational Health and Safety was launched in January together with a practical handbook, and has been implemented throughout the organization during the year.

A new Directive for Diversity, Equity and Inclusion was launched in March, and in the autumn a project team conducted a current situation analysis and started implementing awareness-raising activities for managers. Plans and support material for future initiatives will be released in 2022.

Arjo's 2021 Global Talent Program includes 24 employees who, under the guidance of the Arjo Management Team, share their knowledge and experience, and work together on strategic business projects in order to find new ways forward.

Through the launch of a global mentorship program, we create space to support the development and growth of employees while enhancing skills in key areas. Mentorship offers the opportunity for practical guidance, advice and insights,

and prepares individuals for career advancement within the organization.

September marked the launch of Arjo's global concept for a flexible workplace, under which every employee together with their supervisor, evaluates the requisites for working from someplace other than the office. We believe in a high degree of personal accountability for finding the best solution for both employees and the company, though the office remains a key place for cooperation and creative processes.



Goals	Key activities	Status 2021
Occupational health and safety		
<ul style="list-style-type: none"> Zero Accident Vision Provide support and resources for personal health at the workplace 	<ul style="list-style-type: none"> Establish a company-wide safety culture through improvement programs and preventive measures at all units Regular internal and external audits of work environment 	<ul style="list-style-type: none"> No serious workplace accidents or fatal accidents Accidents per 100 employees: 1.8 Global Directive and Occupational Health and Safety Handbook implemented as of January 2021
Employee development		
<ul style="list-style-type: none"> An environment in which individuals with the right knowledge stay and develop with the company Average staff turnover: 8.5% 100% of Arjo employees participate in the annual global People Survey 	<ul style="list-style-type: none"> Talent programs (global and local) Succession planning to ensure skills development and secured resources Annual global People Survey conducted to map engagement Mentorship programs 	<ul style="list-style-type: none"> Staff turnover: 11.3% Talent programs conducted digitally Participation in the annual global People Survey: 89%
Diversity, equality and inclusion		
<ul style="list-style-type: none"> The total workforce to be comprised of minimum of 40% female employees, with 50% female managers in senior positions and an even gender distribution in global and local talent programs Equal pay for work of equal value, with fair and equal wage-setting 	<ul style="list-style-type: none"> Recruitment process that ensures diversity and equity Local and global talent programs that contribute to goals Training in Arjo Guiding Principles and Leadership Behaviors Implementation of the Directive for Diversity, Equity and Inclusion as well as further development projects Annual equal pay surveys in accordance with local laws and requirements 	<ul style="list-style-type: none"> Percentage of women in the total workforce: 40% Percentage of female managers in senior positions: 37.5% Percentage of women in the Management Team: 50% Percentage of women in the Board of Directors: 29% Percentage of female participants in talent programs (2020-21): 45% Equal pay surveys have been carried out and reported in accordance with laws and requirements in local markets
Governance		
<p>Annual targets are set as part of the strategic HR efforts, and include activities promoting diversity and inclusion, succession planning and talent programs, employee development as well as occupational health and safety. Arjo's Board of Directors contributes to the plan and approves it twice a year. The Arjo Management Team has overall responsibility for implementing the plan, and regularly follows up on reports from operations. Line managers and employees have operational responsibility for implementing the plan, and that tools and resources are supplied. Outcomes are followed-up regularly by HR at global and local levels.</p>		

"The positive and inclusive atmosphere brings out the best in all of us"

When Rana Moussa realised that a mattress system from Arjo greatly improved her bedridden sister's quality of life, she had found her new employer. Today, Rana works with Group Accounting at Arjo.

"Everybody knows someone who is ill or old, so it is very easy to relate to the value our solutions can provide. Thanks to Arjo's pressure relieving mattress system, my sister didn't have to suffer from painful pressure injuries. I'm proud to be part of Arjo, and feel that I can really stand for what we do."

WHAT MOVES YOU?

empowerment

RANA MOUSSA, FINANCE

Good examples of social responsibility

Our community engagement is far-reaching and we support a number of organizations in the areas in which we operate. Arjo also encourages its employees to participate actively in social projects that improve the local community. Some of the initiatives we support include:

Pratham, India – within the framework of the Swedish Industry for Quality Education in India, we cooperate since 2017 with the non-profit organization Pratham, which works to improve the country's education system.

Volunteer Time Off, Canada – our volunteer program in which Arjo employees volunteer their time one day per year to get involved in local projects.

Förenade Care, Sweden – where employees at Arjo's head office can volunteer their time and work one full day per year at one of Förenade Care's 50 units for residential services.

Dementia Australia – aimed at supporting people who live with dementia and the dementia care staff. Our employees engage by participating in the Dementia Australia Memory Walk and Jog, as well as other activities.

Dominican Republic – where Arjo has a number of projects to improve the living situation for employees and their families through for instance activities to promote schooling, improve access to health and medical care, as well as activities for children with special needs.



Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Arjo AB (publ), Corp. Reg. No. 559092-8064

Assignment and distribution of responsibility

The Board of Directors is responsible for the sustainability report for 2021 on pages 30–45 and for it being prepared in accordance with the Annual Accounts Act.

Approach and scope of review

Our review was conducted in accordance with the recommendation by the institute for the accounting profession in Sweden, FAR, RevR 12 Auditor's opinion regarding the statutory sustainability report. This means

that our examination of the sustainability report is different and substantially less in scope than the approach and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review gives us an adequate basis for our opinion.

Opinion

A sustainability report has been prepared.

Malmö, March 23, 2022
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in Charge

Vicky Johansson
Authorized Public Accountant



WHAT MOVES YOU?

inclusiveness

"A genuine care for people – allowing growth for individual potential"

For Khaled Ghayoomi, the most distinguishing thing about Arjo is the strong focus on people – both out in the care facilities and for colleagues. Working as an HR Business Partner, Khaled feels that he can contribute to further strengthen the company culture of empowering people.

"With my insight into both day-to-day activities and HR matters, I have to say that Arjo is a company that truly values diversity. My colleagues, both at the head office in Malmö and worldwide, are a dynamic mix of people – all extremely talented, yet otherwise different in so many ways. This cultivates an open and inclusive atmosphere that allows everyone to grow according to their own strengths."

KHALED GHAYOOMI, HR

Arjo's journey began with entrepreneur and founder Arne Johansson in 1957. When he came to understand the burden his wife experienced in her work as a nurse, he had found his mission in life - to develop equipment that makes it safer to handle patients. The first Arjo products then saw the light of day, followed by many, many more. Today, our solutions help improve mobility in care settings around the world, and drive healthier outcomes for everyone involved.

For 65 years, we have had a close cooperation with healthcare providers, giving us an in-depth understanding of their daily challenges. Together, we strive to minimize patient challenges such as loss of muscle strength, blood clots, pressure injuries, falls, anxiety and depression as well as work-related injuries among staff. Our products and solutions for patient handling, hygiene, disinfection, diagnostics, treating leg ulcers, prevention of pressure injuries and blood clots, and our medical beds, are all designed to promote mobility, safety and dignity in all care situations.

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www.arjo.com