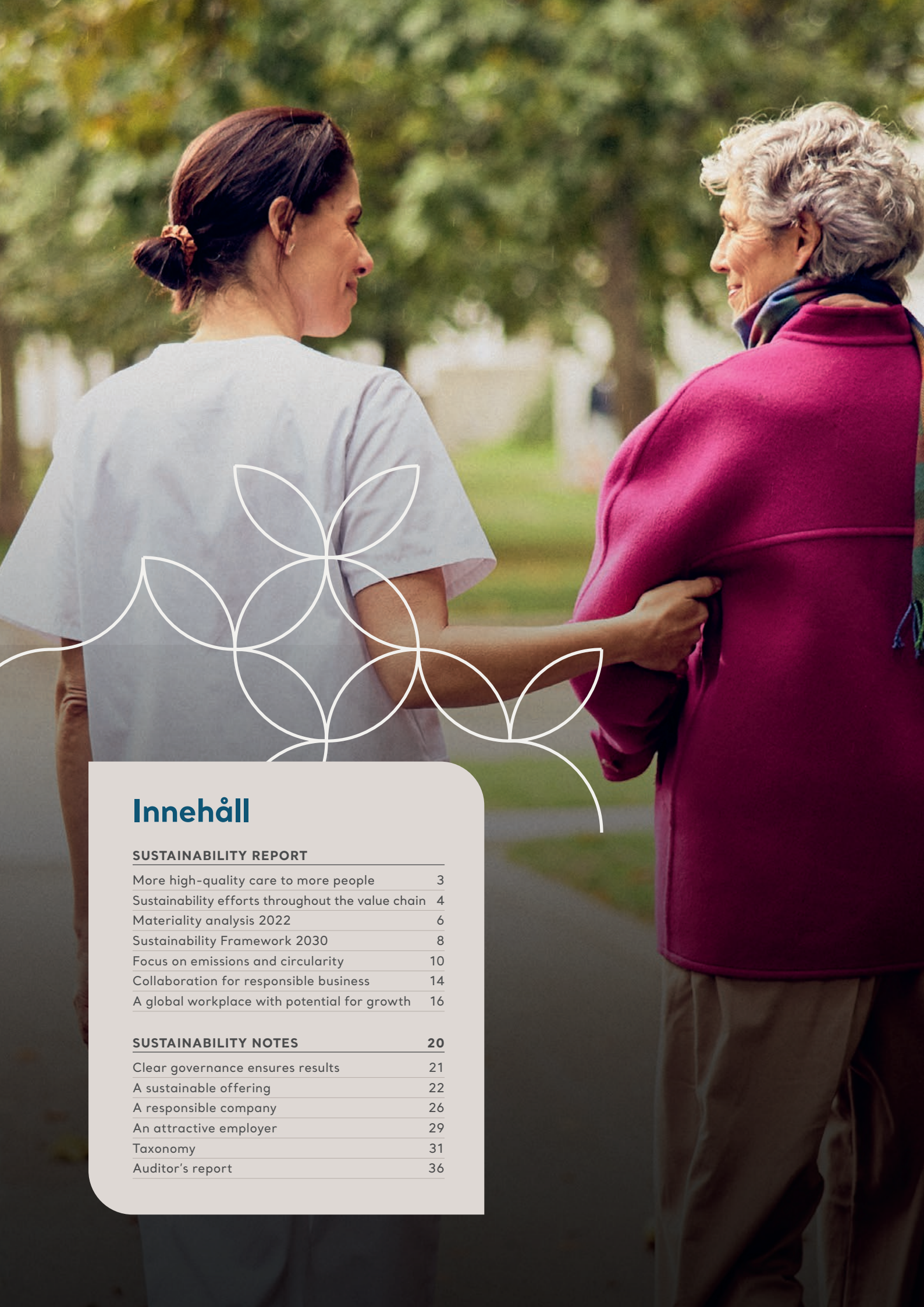




A sustainable healthcare – the core of our business



Innehåll

SUSTAINABILITY REPORT

More high-quality care to more people	3
Sustainability efforts throughout the value chain	4
Materiality analysis 2022	6
Sustainability Framework 2030	8
Focus on emissions and circularity	10
Collaboration for responsible business	14
A global workplace with potential for growth	16

SUSTAINABILITY NOTES 20

Clear governance ensures results	21
A sustainable offering	22
A responsible company	26
An attractive employer	29
Taxonomy	31
Auditor's report	36



More high-quality care to more people

Sustainable healthcare is the core of Arjo's business model. With solutions for improved mobility, Arjo makes more high-quality care available to more people. Given the increasing pressure on healthcare's limited resources, this is a valuable contribution to a sustainable healthcare system that can meet the growing needs of tomorrow.

For more than 65 years, Arjo has developed innovative product and solutions to offer safe and dignified care for people with reduced mobility and safe working conditions for healthcare professionals.

By supporting the prevention of hospital-acquired conditions, improving the work environment for the staff and more effective use of resources, Arjo helps healthcare providers to face some of today's greatest challenges.

Arjo's solutions contribute to better and more sustainable healthcare on multiple levels:

- Helping patients become more mobile reduces unnecessary physical and mental suffering, while improving clinical outcomes.
- Arjo makes it possible for healthcare staff to care for people with reduced mobility in a safe way, and thereby reduce the risk of work-related injuries.
- Through complete solutions based on the right equipment, expertise and work methods, Arjo contributes to developing resource-efficient processes within healthcare, benefiting healthcare and society at large.
- Energy and resource-efficient operations have a limited environmental impact, and Arjo strives to continuously reduce both the company's and its customers' environmental footprint.
- Arjo helps to increase circularity through product development based on resource-efficient use of materials with optimum recycling quality and a focus on maximizing each product's lifecycle.

Dedicated sustainability efforts throughout the value chain

In addition to the overall objective of contributing to sustainable healthcare, Arjo continuously works to assess and improve the company's sustainability impact in every step of the value chain.



Research and development

Arjo develops new solutions based on an in-depth understanding of healthcare's challenges and needs as well as a long-standing and close collaboration with care providers. Through customer-oriented research and development processes, Arjo creates products and solutions that contribute to better, more efficient healthcare – with constant dedication to safety and user-friendliness. Arjo's development activities adhere to the principles of eco-design to ensure sustainable products with long life cycles and limited environmental impact during the product's entire life cycle.

Purchasing

The medical device industry has rigorous requirements in terms of factors such as quality, safety and hygiene which provides the framework for purchasing materials and components. Arjo considers sustainability aspects in its purchasing decisions and collaborates with suppliers concerning work environment conditions and measures to reduce environmental impact, with clear requirements and controls. Arjo's separate Code of Conduct for suppliers and other business partners is a standard part of purchasing agreements. Carbon emissions in the supply chain – which account for the largest share of the Group's total carbon emissions – are, for example, also being reviewed in dialog with the company's global supplier base.

Production

Arjo strives to have an efficient and flexible production that can meet customers' fluctuating needs. Arjo's five production facilities have advanced expertise in both product areas and sustainable production. All facilities fulfill the relevant criteria for the manufacturing of medical devices and are ISO 14001 and ISO 13485 certified. Arjo works continuously to streamline production, reduce environmental impact and safeguard its employees' health, safety and skills development.

[READ MORE ON PAGE 27](#)



Sales

Arjo is a global company with well-established routines to secure transparency and control throughout the entire sales process. Sound business ethics and well-defined principles for compliance are at the core of Arjo's long-term business relations. The company's ambition is to contribute to the development of a fair global market. Arjo markets its products and solutions in accordance with high ethical and regulatory standards as well as applicable legal requirements.

READ MORE ON PAGE 26



Distribution

Every day, Arjo has more than 1,000 deliveries in transit to customers across the globe, and transportation accounts for a significant part of the company's environmental impact. Efficiency improvements in the logistics chain and gradual transitions to fossil-free fuel reduce the environmental impact while enabling the company to offer fast, reliable and sustainable deliveries.



Use

Arjo endeavors to supply products that are easy and safe for care professionals to use. At the same time, the solutions support the prevention of hospital-acquired conditions among patients. Overall, this contributes to a sustainable healthcare system. Central aspects in the company's product development involve ensuring a long life cycle and reducing the products' environmental impact in the use phase through, for example, efficient water and energy consumption and the option of easy cleaning. Arjo's global network of service technicians maintain the products so that they function as they should throughout their life span.

Final disposal

Arjo's products have a long life cycle which favorably affects the sustainability aspect. By weighing in principles for eco-design in product development – for example, in selecting materials that have good recycling attributes and design, and enabling upgrades and facilitating disassembly – Arjo minimizes the environmental impact of its products throughout their entire life cycle.



Materiality analysis forming a base for priorities

In 2022, Arjo carried out the Group's third materiality analysis, this time based on the requirements in the Global Reporting Initiatives (GRI) standard from 2021.

Through interviews with internal and external stakeholders such as customers and suppliers, Arjo has identified and analyzed the relevance of different sustainability factors for the company.

These interviews provided valuable insights concerning external parties' views of Arjo's sustainability agenda and priorities, and reinforced

the Group's existing understanding of priority areas.

In all, changes in the outcome were small compared with Arjo's previous materiality analyses. The prioritized areas already identified by the company are therefore intact, but with the addition of two development areas.

Prioritized areas since before:

- Product quality and safety
- Compliance, ethics and anti-corruption
- Occupational health and safety
- Employment and fair treatment
- Carbon emissions/energy-efficiency enhancement

Areas that have become more important – and that Arjo will develop further:

- Sustainable product development – through product development in accordance with eco-design principles
- Purchasing – through the start-up of additional sustainability projects within purchasing

"The overall ambition of our sustainability efforts is to reduce our climate footprint – an aim increasingly shared with our customers. Accordingly, all the progress we make also results in increased customer value. To ensure the right priorities, we work closely with all our stakeholders who provide us with valuable insights along the way."

MARION GULLSTRAND,
EVP HR & SUSTAINABILITY

motivation
customer value
insights





Arjo Sustainability Framework 2030

Through Arjo's sustainability framework, the company works in a structured manner on constant improvements throughout the value chain. Contributing to sustainable healthcare and creating customer value through more resource-efficient solutions for the healthcare sector are the overarching goals of our work. Efforts are driven forward by both our own ambitions and by greater demands from customers worldwide, and are based on regular materiality analyses combined with acknowledged international principles and global initiatives.

Arjo's Sustainability Framework and Code of Conduct are based on international principles and acknowledged global initiatives such as UN Global Compact, the Paris Climate Agreement, OECD Guidelines, ILO's Guidelines and the UN Sustainability Development Goals.

READ MORE ON PAGE 20

SUSTAINABLE HEALTHCARE

Arjo creates sustainable value for patients, caregivers and care providers, and society at large. Contributing to sustainable healthcare is the overall goal for our sustainability work.



A sustainable offering

Arjo's objective is to reduce its carbon emissions by 50 percent by 2030, aligning to the Paris Climate Agreement. In parallel, the company will strive towards greater circularity by reducing resource consumption and improving performance and customer value.

READ MORE ON PAGES 10-13

A responsible company

Arjo strives for high business ethics on all levels and to ensure that compliance is part of our daily work. Arjo's separate Code of Conduct for suppliers and other business partners regulates how an Arjo partner is expected to act and contribute to set targets.

READ MORE ON PAGES 14-15

An attractive employer

Arjo promotes a culture based on diversity, equity, inclusion and continuous learning. The Group puts a premium on good health and safety for employees and partners, and has a strong community engagement.

READ MORE ON PAGES 16-19

Clear governance ensures results

Arjo's sustainability efforts are based on directives, policies and clear governance involving all levels in the company - a systematic work process that enables the implementation of decided initiatives. **READ MORE ON PAGE 21**



Focus on lower emissions and greater circularity

In 2022, three more Arjo production facilities started using renewable electricity, meaning that **all of the Group's production facilities now use renewable electricity** in their operations.

[READ MORE ON PAGE 23](#)

Arjo strives for a sustainable use of energy and resources, and regularly conducts controls and improvements to reduce the company's climate footprint. Arjo also endeavors to expand its contribution to a circular economy – in order to actively participate in long-term sustainable development.

To better understand the key drivers of Arjo's environmental impact, the company worked throughout 2022 to put internal processes and critical infrastructures in place via, among other things, a new sustainability reporting system called Position Green. The objective is to upgrade Arjo's plan to reduce carbon emissions by assigning targets in a structured and standardized manner, and to improve the reporting quality. This means that the basis for calculations will be partly changed, which will affect the sustainability reporting process as of 2023.

[READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGES 22–25](#)



↓ 50%

Arjo's goal is to reduce the Group's carbon emissions by 50 percent by 2030, with 2019 as the base year.

Expanded collaboration towards clear targets

Given the ambition to shoulder responsibility for the Group’s environmental impact throughout the value chain, Arjo is gearing up its efforts to involve suppliers in sustainability-related improvements. Closer partnerships with suppliers will ultimately present more opportunities to enhance the sustainability profile of Arjo’s products and solutions, which in turn will also help Arjo’s customers to achieve their sustainability targets.

As of 2022, 10 percent of the Management Team’s variable remuneration has been based on two identified sustainability targets – to reduce the Group’s carbon emissions and to facilitate for the organization to set science-based targets in line with the Paris Climate Agreement.

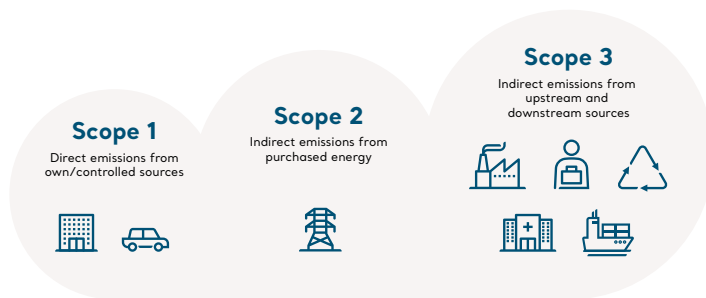
CARBON EMISSION REDUCTION

18%

Since the base year 2019, Arjo has reduced the Group’s carbon emissions by 18 percent.

“We analyze every aspect of Arjo’s products from a sustainability perspective so that we can give our purchasers the documentation they need to find materials and components with the least environmental impact. We can then closely collaborate with our suppliers to assess various alternatives in order find the solutions that provide the greatest possible sustainability value without compromising product quality and safety.”

JOHAN ÖSTBLAD
HEAD OF SUSTAINABILITY



Important steps towards Science Based Targets

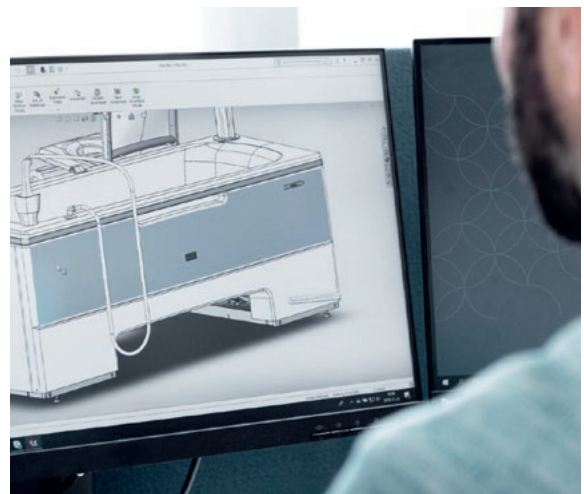
In 2022, Arjo mapped the organization’s total carbon emissions in order to be able to set targets for Scope 1 and 2. 2023 will involve mapping and setting targets for Scope 3 with the aim of securing reduction targets approval from Science Based Targets.

Eco-design for sustainable products and greater circularity

To enable Arjo’s contribution to increased circularity, all product development adheres to the principles for eco-design. The method takes into consideration the environmental impact throughout a product’s life cycle by ensuring resource-efficient use of materials of optimum recycling quality. In addition, eco-design makes it easy to maintain and update products in order to maximize the life cycle, and it helps customers reduce their consumption of energy, water and other resources. To assess the products’ environmental impact and identify improvement potential, Arjo also conducts life cycle analyses of already existing products.

Eco-design principles address aspects such as:

- Do we use material that has recycled content and is of optimum recycling quality?
- Can we make our production processes and products more energy efficient?
- How do we ensure that our customers can use eco-friendly cleaning products?
- Are our products easy to disassemble and recycle at the end of their life cycle?



“A detailed life cycle analysis is a valuable compass in the pursuit of better environmental performance for future products.”

MAGNUS KARLBERG
VP RESEARCH & DEVELOPMENT

Initiatives to save electricity and recycle textile waste

When it became necessary to expand warehouse capacity at Arjo’s production facility in Suzhou, China, the air conditioning system was also inspected. Rebuilding and optimizing the system made it possible to reduce the warehouse’s electricity consumption by 25 percent. This was done without any adverse impact on the work environment which was a prerequisite for the project.

The production team also initiated a project that involved reusing the textile waste that had to date been unavoidable or that could not be recycled or reused. By collaborating with an external partner, 80 percent of the facility’s textile waste is now reused as raw material for other purposes.

REDUCED ELECTRICITY CONSUMPTION

25%



Elimination of PVC waste in production

As of 2012, employees at Arjo’s largest production facility in Poznan, Poland, have implemented a number of measures to minimize the use of PVC in the production of garments for the prevention of blood clots. Following further investments in production in 2022, the facility has now successfully eliminated PVC waste completely. So far, the measures have resulted in accumulated saving of 935 tons of PVC.

“All PVC we buy is now used in the products. We’ve even managed to reduce the amount of PVC in every product by about 6%. Given that the volumes are so high, every saved centimeter becomes several kilometers of material that we do not have to buy.”

KAMIL RACHOWSKI, PRODUCTION DIRECTOR

Arjo ReNu: Eco-friendly method for reusing consumables

It is becoming increasingly more common to reuse single-use devices in the healthcare sector. During the pandemic in particular, this became a way of dealing with material shortages due to disruptions in the supply chain. Many established methods for reuse involve chemicals or other hazardous substances, which limits the sustainability value. Through a seven-step, water-based process that takes the environment into consideration every step of the way, Arjo ReNu is helping healthcare providers in the US to reuse more than 200,000 single-use medical devices every month. In 2022, a prestudy was launched to assess the potential for conducting a life cycle analysis in order to define in concrete terms the sustainability value of reusing consumables.



1,000 days without any injuries

As a result of consistent rigorous safety efforts, the staff at Arjo's US-based distribution centers in Roselle, Miami and Oakland could celebrate 1,000 days without any incidents involving someone being injured at any of these three facilities. Safety is high on the agenda. For example, every morning meeting includes a review of a relevant safety issue - typically including a visit to the warehouse for a demonstration on how to work safely. Arjo works proactively to share best practices between the facilities with the aim of establishing a safety culture across the entire organization.





Active collaboration for responsible business

Arjo is a global company building long-term relationships with both customers and suppliers based on sound business ethics and clear principles for compliance.

Arjo has a broad network of suppliers and other business partners, and place the same high demands on them as on the own operations, with zero tolerance for all forms of corruption, fraud and bribery. Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group. To meet local regulatory requirements in North America, two support committees have been established in the US and Canada. Moreover, 15 specially trained ambassadors provide further support in other regions.



Focus on anti-corruption and compliance

In 2022, Arjo's anti-corruption directive and guidelines were updated to make them more relevant and easier to use. Meanwhile, risk assessments were conducted to identify and manage corruption risks within the entire organization.

One area that the Group has particularly focused on during the year is purchasing. To provide Arjo's purchasing organization with more knowledge and better tools to further integrate sustainability aspects related to purchasing, a targeted training in business ethics and compliance was carried out in 2022. The training included all active purchasing organization employees, and offered space for joint discussions and reflections about dilemmas related to real-life business situations.

READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGES 26-28

100%

All active employees within Arjo's purchasing organization have completed a dilemma-based training in sustainable procurement from a business-ethical perspective.

"After having established Arjo's Code of Conduct within our own organization, we are now enhancing internal efforts while advancing collaborations with our suppliers and other business partners. Our ambition is to work together to beat corruption and contribute to the development of a fair global market."

INGRID CARLSSON,
EVP, GROUP LEGAL & BUSINESS COMPLIANCE



Local initiatives in response to intensified demands in North America

In response to intensified demands in the US and Canada, related to both regulatory demands and those from customers involved in procurement processes, Arjo introduced local policies for compliance and anti-corruption in North America during the year. These were implemented through targeted employee training sessions. To further facilitate the reporting of suspected violations in the region, a secure telephone hot-line was added to Arjo's global whistleblowing service.

"For the North American organization, 2022 was an active year with a number of initiatives towards further implementing ethics and compliance in our business practice. An open internal dialogue has improved knowledge and awareness concerning these issues, and we look forward to continuing this vital work in 2023."

GRETCHEN STEWART
BUSINESS COMPLIANCE DIRECTOR IN NORTH AMERICA

Expanded collaboration with suppliers and business partners

Arjo is taking an increasingly more active approach to sustainability issues concerning its supplier base. To make more progress in the area, the Group has drafted a new strategic framework, expanded the dedicated team and initiated implementation of new improved processes.

Arjo's separate Code of Conduct for suppliers and other business partners is part of the commercial contracts signed with these parties and efforts to cultivate acceptance for this are ongoing. For instance, a training was arranged with select business partners in identified regions in 2022. Arjo also maps sustainability risks among its suppliers and other business partners and, when needed, supports improvement efforts.

During the year, the Group's process for reviewing and auditing distributors and intermediaries from a business ethical perspective was further developed. One business unit that has a large number of distributors was tested and evaluated during the year. The purpose was to monitor target realization and further improve the process.

READ MORE ON PAGE 27

Extensive cyber safety efforts

Arjo works actively with risk assessments of its IT infrastructure and data security in order to protect systems and data as well as to comply with rules and laws. Arjo has an extensive control environment with a framework for cyber security as well as operative measures and procedures to monitor, control and manage disruptions, unauthorized access and cyber attacks. In 2022, Arjo validated its cyber security activities in accordance with the recognized auditing standard International Standard on Assurance Engagements (ISAE 3402).





A global workplace that offers potential for growth

Arjo comprises of knowledgeable and committed employees who come from all over the world and who work closely towards common goals. By focusing on openness and continuous learning, Arjo builds a culture that nurtures every employee's talent, potential and contribution to the business.

Using Arjo Guiding Principles and Leadership Behaviors as the starting point, the company strives to create sound work conditions that offer all employees opportunities for incentive working and growth. Arjo builds a culture based on diversity, equity and inclusion, and puts a premium on a high level of occupational health and safety for employees and partners.

Arjo's annual global People Survey reveals, among other things, a constantly high level of engagement in day-to-day activities and a solid understanding of Arjo's strategy and goals. The results are applied actively to draft action plans for continuous improvement aimed at attracting and retaining talent and expertise.

8/10

In Arjo's global 2022 People Survey, the average engagement score increased from 7.9 (2021) to 8.0 out of 10, thereby surpassing the industry average.

Focus on attracting and developing the right competences

Based on the company's business needs, Arjo identifies the right competencies in a structured process with the help of various assessment tools. There are numerous established initiatives within Arjo that are designed to make the most of the employees' experience and drive, to foster development and to improve skills within key areas. For example, the company cultivates the best requisites to help and motivate the employees to develop and grow together with the company through talent programs, mentorship programs and development plans at both individual and team levels. Arjo's global concept for a flexible work arrangement gives every employee the opportunity to work with their manager to find the best solution for more flexibility.

READ MORE ABOUT ACTIVITIES, TARGETS AND RESULTS ON PAGE 29

WHAT MOVES YOU?

confidence

"The encouraging work environment creates a willingness to take on new challenges. I am glad to have had the opportunity to grow within the organization – because I feel strongly about Arjo and our contribution to healthcare and the society."

MATILDA LEVIN,
INTERNAL COMMUNICATION AND PROJECTS



WHAT MOVES YOU?

creativity

"The opportunity to work with so many specialists with different skills gives me a greater understanding of the entirety. This enables us as a team to continue to develop within new areas. I really do appreciate the wealth of opportunities here at Arjo."

PIOTR GÓRNY,
PRODUCT ENGINEERING MANAGER



Arjo supports Ukrainian refugees

After Russia's invasion of Ukraine, many millions of people fled over the border into the neighboring country of Poland. Arjo's employees in Poznan band together to help as many refugees as possible in an emergency situation. With economic backing from the company and internal fundraising, employees welcomed Ukrainian families into their homes to provide the children with a safe place and give them the best possible start in Poland. Arjo also made it possible for a number of Ukrainian refugees to gain employment at the company's production facility in Poznan. Additionally, Arjo donated 100 medical beds to field hospitals near the Ukrainian border. The Group's relief efforts will continue in 2023.



Arjo proud partner of the Swedish national handball team

In 2022, Arjo signed a three-year partner agreement with the Swedish national handball team. In addition to both the men's and the women's national teams, the partnership focuses particularly on wheelchair handball. The Swedish Handball Federation is also carrying out an integration project in disadvantaged areas, based on values related to an active lifestyle and communication, specifically highlighting inclusion, community, equality and fair play. Arjo is working together with the Swedish Handball Federation to promote mobility for all and help bring about a positive change in society. Handball is one of Sweden's most popular team sports and its inclusive nature and strong team spirit are well aligned with Arjo's own culture.

Photo: Christoffer Borg Mattisson

Community engagement and partnership

Arjo's contribution to the community is primarily to be part of and work towards sustainable healthcare – in accordance with the UN Sustainability Development Goal 3, Good health and well-being.

Arjo is engaged in the local communities where the company operates, and there is a strong interest and ownership from the employees to actively take part in social projects that improve the community. For example, within the framework of the Swedish Industry for Quality Education, Arjo has been cooperating since 2017 with the non-profit organization Pratham, which works to improve the education system in India.

Examples of the types of community engagements in which Arjo's employees are active:

- Volunteer work
- Collection and distribution of food
- Cleaning for sustainability in public spaces
- Various charity programs related to health and care services including dementia and cancer
- Support under-represented and vulnerable groups toward greater diversity
- Activities to promote movement and improve well-being

"After working for two years on Arjo's development projects, I felt a desire to get closer to the day-to-day business and meet customers. I was appointed Managing Director of Arjo's Nordic sales company, even though the appointment coincided with parental leave. Having new opportunities to constantly grow and develop within the company, and at the same time balance my work and private life, is extremely stimulating."



**ANKER NYSTAD
WITTENDORFF,**
MANAGING DIRECTOR
NORDICS

Sustainability notes

Work based on international principles and global initiatives

ARJO'S SUSTAINABILITY FRAMEWORK AND CODE OF CONDUCT ARE BASED ON INTERNATIONAL PRINCIPLES AND ACKNOWLEDGED GLOBAL INITIATIVES, SUCH AS:

- UN Global Compact - Arjo supports and follows the ten principles that apply to human rights, labor, the environment and anti-corruption.
- UN Climate Agreement - the Paris Climate Agreement.
- OECD Guidelines for Multinational Enterprises.
- International Labour Organization (ILO) - The UN's labor organization for work and employment issues.
- UN Sustainable Development Goals - on the basis of Arjo's materiality analysis, the company has chosen to present its sustainability activities in relation to the seven most relevant SDGs.



Good health and well-being

Improving general health for patients and residents, as well as work conditions for caregivers, is at the very core of Arjo's business.



Quality education

Access to high quality education for all is one of the primary premises for prosperity, health and equal opportunities. Arjo has a long tradition of targeted advisory and training initiatives for healthcare professionals. Further, the company supports a research project within the Swedish Industry for Quality Education in India that focuses on improving education opportunities for children in grade school.



Gender equality

Arjo values the company's employees and advocates fairness, gender equality and non-discrimination. The company's 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 conditions and economic growth

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



Responsible consumption and production

Collaborating throughout the value chain to reduce environmental impact is central to global health in the long term. Arjo endeavors to constantly reduce the company's environmental impact and ensure a more effective use of resources.



Climate action

Climate change has already a considerable adverse impact on global health, and efforts to reduce greenhouse gas emissions are paramount to realizing the goal of good health for all. Arjo has set goals to reduce the Group's carbon emission that are in line with the Paris Climate Agreement, and encourages suppliers and other business partners to do the same.



Peaceful and inclusive societies

Arjo assumes 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. The company continues to strive for ultimate business ethics on all levels and to ensure that compliance is part of the daily work.

Clear governance ensures results

To meet the ambitions and goals, Arjo's sustainability agenda follows a clear structure that involves all levels of the company. The governance model is based on relevant directives and policies, and ensures systematic implementation and follow up of approved activities.

The Arjo Sustainability Framework 2030 (see pages 8-9) is an integral part of the business, through both daily decisions and more far-reaching activities. A clear governance process ensures that the work is carried out methodically and with the right priorities to achieve the desired results. Starting 2022, 10 percent of Arjo Management Team's variable remuneration is based on sustainability targets. Two targets have been identified for 2023: reducing the Group's carbon emissions and making it possible for the organization to set Science Based Targets in line with the Paris Climate Agreement.

A governance process that involves all levels

The Arjo Management Team has the ultimate responsibility for sustainability efforts and sustainability issues are followed up at management team meetings. The CEO and Arjo Management Team participate actively in these efforts by taking responsibility for deciding on priorities and targets, evaluating reported results, identifying areas for improvement, as well as implementing plans and activities throughout the organization.

The operational responsibility for Arjo's sustainability efforts is carried by the Group's line organization, often through cross-functional teams in charge of conducting projects. 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's Board of Directors is responsible for determining the required guidelines and policies and monitors sustainability efforts through regular current status reports, target realization and plans for the future. The Board of Directors also conducts an assessment of the sustainability agenda twice a year and is responsible for the sustainability report.

Code of Conduct

Conducting business in an ethically responsible manner is a central part of the Group's sustainability agenda. Arjo's Code of Conduct applies to all employees and the company holds regular training at all levels in the organization in an effort to ensure compliance. Read more on page 26.

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

Arjo's sustainability forum regularly brings together members of Arjo Management Team and central executives with the ambition of reinforcing the development, implementation and governance of the sustainability efforts. A standing item on the agenda is the status for improvement activities in progress. The Forum is headed by Arjo's President & CEO and, in addition to the sustainability team, participants also include EVP HR & Sustainability, CFO, President Global Sales & Service, EVP Supply Chain & Operations, EVP Global Marketing and the heads of product development, purchasing, global transportation, and inventory and spare parts.

Sustainability data and reporting

To gather and report information about Arjo's sustainability measures, the company applies principles for balance, clarity, accuracy, reliability, relevance and comparability. Arjo works continuously to improve data quality and modify reporting procedures. Every year the company arranges training for the reporters to help local units to improve the data quality and make correct and reliable reports. In 2022, Arjo has implemented a new sustainability reporting system to better gather data from local units and facilitate consolidation at Group level. The new reporting system gives the company a higher degree of control over data collection, thereby helping local units to compare data over time and facilitate internal and external reviews.

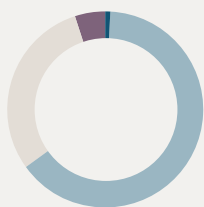
A sustainable offering

CARBON EMISSIONS AND ENERGY

In 2022, the UN Intergovernmental Panel on Climate Change (IPCC) published a new report on climate change that further underscored the need to drastically reduce emissions of greenhouse gases. Subsequently, Arjo is striving to reduce all forms of actual and potential carbon emissions throughout the value chain in order to actively contribute to sustainable development.

Arjo's goal is to reduce the company's carbon emissions by 50 percent by 2030, with 2019 as the base year, by reducing resource consumption while improving performance and customer benefits.

CARBON EMISSIONS, %



● Production, 1% ● Vehicles, 30 %
● Transportation, 64 % ● Business travel, 5 %

Total emissions from Arjo's focus areas (Scope 1, 2 and 3) was 71,383 tons CO₂e in 2022. A large part of the company's climate impact stems from transportation and service vehicles.

Carbon emissions per focus area

Scope 1 (tons CO ₂ e) – direct emissions	2022	2021	2020	2019 (base year)
Natural gas consumption	294	377	302	350
Oil/diesel consumption	20	24	98	50
Vehicle fuel, global	21,100	22,000	20,000	22,000
Total Scope 1	21,414	22,401	20,400	22,362
Scope 2 (tons CO ₂ e) – indirect emissions	2022	2021	2020	2019 (base year)
Electricity consumption (market based ¹⁾)	0,5	1,972	3,100	3,600
District heating consumption	0	0	0	0
Total Scope 2	0,5	1,972	3,100	3,380
Scope 3 (tons CO ₂ e) – indirect emissions	2022	2021	2020	2019 (base year)
Downstream transportation and distribution	45,800	45,200	37,000	41,000
Business travel	3,600	1,200	2,800	20,000
Total Scope 3	49,400	46,400	39,800	61,000

1. In 2022, Arjo changed to market-based reporting and the figures for 2022 and 2021 are based on the new calculation method. This is the reason that figures for 2021 are slightly different to those previously reported. For the market-based calculation, 96.7 percent of carbon emissions are covered by EAC certificates and 3.3 percent by commercial contracts with suppliers. Since the electricity supplier (in the commercial contract) did not have its emission calculations revised by an external party when publishing this report, we have chosen to calculate the emissions on the 2021 data.

Principles for considering the operation's environmental impact are included in both Arjo's Code of Conduct and the company's environmental policy and sustainability agenda. Arjo makes annual calculations of the Group's carbon emissions to better understand where they occur and how they can be limited. In 2022, the 15 categories in Scope 3 were reviewed as part of the work to set Science Based Targets. In addition, targets for Scope 1 and 2 have been identified and the Group will continue its efforts to map and set targets in 2023.

CARBON EMISSION REDUCTION

18%

Since the base year 2019, Arjo has reduced the Group's carbon emissions by 18 percent.

50%

Arjo's goal is to reduce the Group's total carbon emissions by 50 percent by 2030, with 2019 as the base year.

Effectiveness ratio for Scope 1 and 2 related to gross profit and/or number of employees	2022	2021	2020	2019 (base year)
Scope 1 and 2 emissions related to gross profit (tons CO ₂ e/SEK M)	2.2	2.7	2.6	2.9
Scope 1 and 2 emissions related to number of employees (tons CO ₂ e/total number of employees on December 31)	3.1	3.7	3.9	4.3

PRODUCTION

During the year, all of the Group's production facilities reported their energy consumption every quarter to a global function that oversees data collection. The results were presented to the Arjo Management Team, the Board of Directors and other relevant functions for analysis, follow-up and monitoring. At the end of 2022, a new reporting system was implemented that means the measurement quality will be improved in the future and the system will also enable measurements in accordance with the GHG Protocol's guidelines.

To reduce carbon emissions from Arjo's production facilities, the company is working on energy-efficiency enhancements by, for example, optimizing ventilation and cooling systems and transitioning to renewable electricity. In 2022, all five of Arjo's production facilities used renewable electricity, four of them by purchasing energy certificates and the fifth via a commercial contract with its supplier. This led to a reduction in carbon emissions from production. High demand and more production in primarily Poland and the Dominican Republic have contributed to higher consumption of electricity, while at the same time lower use of natural gas resulted in a reduction in total energy consumption.

Total energy consumption in production

Energy (MWh)	2022	2021	2020	2019
Natural gas	1,597	2,046	1,523	1,858
Oil	1.5	73	384	160
Diesel for generators	74	4	-	-
District heating/cooling	0	0	0	0
Electricity	6,419	6,138	5,510	5,414
Total	8,091.5	8,261	7,417	7,432

Carbon emissions from production

Scope 1 (tons CO ₂ e) – direct emissions	2022	2021	2020	2019
Natural gas	294	377	302	350
Oil	1	24	98	50
Diesel	19	1	0	0
Total Scope 1	314	402	400	400

Carbon emissions from production

Scope 2 (tons CO ₂ e) – indirect emissions	2022		2021		2020	2019
	Market-based	Location-based	Market-based	Location-based		
Electricity ¹⁾	0,5	3,522	1,972	3,240	3,100	3,600
District heating/cooling	0	0	0	0	0	0
Total Scope 2	0,5	3,522	1,972	3,240	3,100	3,600

1. In 2022, Arjo change to market-based and location-based reporting and the figures for 2022 and 2021 are based on the new calculation method. This is the reason that figures for 2021 are slightly different to those previously reported. For the market-based calculation, 96.7 percent of carbon emissions are covered by EAC certificates and 3.3 percent by commercial contracts with suppliers.

VEHICLES

Arjo's Global Vehicle Directive includes guidelines and principles concerning the company's fleet of vehicles to ensure that it is cost-efficient, environment friendly and safe. The goal is a 50 percent decrease in total emissions from the cars/fleet by 2030.

In 2022, discussions were held with Arjo's sales and service companies to map local needs and requisites for electrifying fleet vehicles. Legislation, transition costs, charging infrastructure,

vehicle specifications and safety are a few of the areas addressed during the discussions.

Reporting on emissions from company vehicles has improved through quicker access to data from leasing companies. Carbon emissions calculations have been based on a number of assumptions and have improved during the year – work that will continue throughout 2023.

Total carbon emissions – vehicles

Scope 1 (tons CO ₂ e)	2022	2021	2020	2019
Total	21,100	22,000	20,000	22,000

Emissions from vehicles are calculated on the budgeted driving distances and the car manufacturer's emission level.

TRANSPORTATION

Transporting products and components to customers worldwide is a critical part of Arjo's value chain, and also accounts for a large portion of the company's total emissions. Arjo's sustainability agenda goal is to reduce carbon emissions 50 percent by 2030. To lower emissions from transportation, Arjo is introducing a program for internal optimization and efficiency improvements, and intensifying its collaboration with carriers concerning this issue.

The majority of Arjo's products are transported by ground freight or shipping, and only a small portion are sent by air carrier.

During the year, Arjo has worked on a number of initiatives to reduce the environmental impact from transportation. This includes improved filling ratio in packaging, as well as optimizing and consolidating both intercontinental and continental transportation flows. Furthermore, Arjo has started more in-depth discussions with carriers in terms of sustainability during the year. Among other things, an assessment has been made of various carriers' sustainability efforts and the services they can offer. Arjo has also shared the Group's Code of Conduct for business partners and sent out a survey in which the carriers themselves assess their sustainability work. This mapping helps Arjo to make informed decisions regarding the choice of carriers, which by extension is expected to contribute to further shrinking the footprint in this area.

In 2022, an increase in production caused an increase in the amount of transportation from Arjo's production facilities. Total emissions from transportation increased only marginally despite external global challenges, such as logistics, transportation flows and higher production.

Total carbon emissions – downstream transportation and distribution

Scope 3 (tons CO ₂ e)	2022	2021	2020	2019
Total	45,800	45,200	37,000	41,000

An estimate of carbon emissions for transportation was made using the GHG Protocol's calculation tool for Scope 3.

BUSINESS TRAVEL

Before the pandemic, business travel accounted for a considerable proportion of Arjo's carbon emissions. During the pandemic, business travel ceased completely. This means that travel increased in 2022 compared with extremely low levels in 2021. Since the pandemic, however, the organization has increasingly replaced travel with virtual meetings and, to a certain extent, remote work. Arjo's directive for meetings and business travel stipulates maintaining strict limitations concerning many types of travel in order to reduce both the environmental impact and costs.

Total carbon emissions from business travel

Scope 3 (tons CO ₂ e)	2022	2021	2020	2019
Total	3,600	1,200	2,800	20,000

Business travel refers to air travel.

PACKAGING MATERIAL

Arjo's products are well packaged to ensure that the products can be handled and transported safely. Arjo's goal is to reduce the total amount of packaging, increase the share of recyclable packaging and increase the share of reused material in packaging, while also ensuring that the products are always delivered safely to customers worldwide.

Total amount of packaging from production

Weight (tons)	2022	2021
Corrugated cardboard	1,072	813
Plastic	57	34
Wood	1,529	1,227
Total weight	2,658	2,074

Percentage of renewable packaging in relation to total amount of packaging (tons)

Percentage (%)	2022	2021
Total percentage	98	98

CIRCULARITY

A close collaboration with both customers and suppliers is key for sustainable product development. Arjo's product development follows the principles for eco-design at every stage, from concept to finished product. Product development also complies with the Group's environmental policy. The objective is to reduce the environmental impact of the products while simultaneously improving performance and customer value. The product development process complies with all regulatory requirements for medical devices. Arjo recently carried out life cycle analyses on two products and, based on the results, several potential sustainability-related improvements were identified.

Arjo has also set targets to increase collaboration on sustainability issues between all of Arjo's product development units. During the year, several meetings were arranged, focusing on sustainability and generating concrete ideas to improve awareness, and spread the know-how and engagement that already exists within the organization. Armed with lessons learned from internal collaborations and the life cycle analyses carried out, the organization has gained a deeper insight and can make fact-based decisions when developing the next generation of sustainable products.

In 2023, focus will be on further improving products' energy efficiency in response to more advanced customer requirements. One step in this work involves collaborating with suppliers to drive strategies for greater sustainability in various material categories.

Sustainability ranks highly on many of the company suppliers' agendas. Through long-term collaboration and regular follow ups, Arjo can influence suppliers to make sustainable investments in order to together further advance sustainability efforts.

TOTAL WASTE FROM PRODUCTION

Arjo's goal is to reduce environmental impact from waste by 50 percent by 2030. Waste management will improve by applying the waste hierarchy principle – that is based on the strategy to minimize, reuse and recycle material. Due to improved waste reporting, 2021 constitutes the company's baseline.

During the year, the total amount of waste increased largely due to an increase in production, particularly in Poland and the Dominican Republic. Arjo's production is constantly striving to find solutions to reduce the proportion of waste. This includes improving material efficiency and initiating collaborations with other companies to reuse, for example, textile waste. Approved waste management contractors manage all waste.

The proportion of hazardous waste comprises mainly empty chemicals packaging, light sources and oils. The work of reducing

hazardous waste and identifying alternatives for those chemicals considered to be substances of very high concern (SVHC) is constantly in progress. All employees who handle chemicals receive instructions on how to handle these in a safe manner. Arjo's production facilities are ISO 14001 certified and have processes for safe chemicals management and waste management. Textiles that are not recycled are primarily material mixes that are difficult to separate from each other with technology available today.

Plastic sent to landfills or incineration are plastic mixes that are difficult to recycle in the region where the waste has been produced. Handling complies with the local rules and regulations. In 2023, work will continue to identify opportunities to reduce the total amount of waste and increase the share of recycled or reused waste.

Total amount of waste from production per category (tons)

	2022			2021		
	Total amount of waste (tons)	Waste to reuse and recycling	Waste to landfills and incineration	Total amount of waste (tons)	Waste to reuse and recycling	Waste to landfills and incineration
Corrugated cardboard	502	502	0	443	443	0
Textiles	275	13	262	252	9	243
Plastic	300	144	156	229	101	128
Metal	109	109	0	94	94	0
Wood	68	68	0	38	38	0
Other non-hazardous waste	138	20	118	123	31	92
Other hazardous waste*	14	3	11	39	8	31
Total amount of waste (tons)	1,405	858	547	1,218	723	495

Waste from production is based on mapping from every production unit.

*Hazardous waste is classified in accordance with the local rules where they originate.

Efficiency figures for amount of waste in relation to profit

Total waste in relation to profit (tons/SEK M)	2022	2021
Tons waste /SEK M	0.15	0.13

Total amount of reusable and recyclable waste in relation to total waste (hazardous and non-hazardous)

Percentage of recyclable waste (%)	2022	2021
Total percentage	61%	60%

WASTE, %



A responsible company

BUSINESS ETHICS

Sound business ethics, transparency, honesty and well-defined principles for compliance are at the core of Arjo's long-term business relations. This commitment starts with the Board of Directors and is solidified in the organization through the company's Code of Conduct for employees and through a separate Code of Conduct for suppliers and other business partners.

Arjo's Business Compliance Committee leads and coordinates efforts within business ethics and compliance in the Group, and makes decisions pertaining to Arjo's business ethics strategy. The Committee is comprised of the President & CEO (Chairperson), EVP Legal & Business Compliance (Vice Chairperson), CFO, EVP Communication & PR, EVP HR & Sustainability, Director Internal Control and other members who are appointed as needed. VP Business Compliance is responsible for the day-to-day administration of compliance and serves as secretary for the Committee. Documented meetings are to be held regularly, at least four times every year.

In 2021, two support committees were established in Canada and the US. In 2022, these have continued to enhance and improve the organization's compliance efforts in each market.

Arjo is a global player and has a broad network of distributors, suppliers and other business partners, placing the same high demands on them as on its own organization, with zero tolerance for all forms of corruption, fraud and bribery. Arjo's ambition is to influence other stakeholders in contributing to the development of a fair global market

Arjo works actively with risk assessments to identify and manage corruption risks within the entire organization. In addition to the global process, an in-depth risk assessment and an analysis of potential conflicts of interest were carried out in North America. Suitable follow-up measures will be taken based on the outcome of each risk assessment process.

Policies, directives and processes

In 2022, Arjo worked to simplify and update the company's anti-corruption directives and procedures to make them more relevant and user friendly. By including explicit examples in the Anti-corruption Directive and the company's ethical guidelines, particular support is given for interacting with business partners. In addition to updating the global directives, in 2022, Arjo's North American team launched local policies that were communicated through specific training sessions in response to local regulatory requirements.

Training

In cooperation with the sustainability team, the Group's compliance function arranged an information and training activity with the purchasing organization in 2022. The company's current and future regulations were addressed at a number of gatherings.

Sufficient time was given for discussions concerning dilemmas related to real-life business situations. The training sessions were carried out in small groups with all active employees in purchasing organizations in five countries.

Arjo's separate Code of Conduct for suppliers and other business partners covers multiple areas including business ethics and corruption, and is part of standard contracts for distributors and suppliers alike. In 2022, training sessions were conducted for business partners in two regions (Central and Eastern Europe as well as South-East Asia).

Monitoring

In 2022, Arjo continued to monitor the company's process for evaluating and auditing distributors and intermediaries from a business ethical and anti-corruption perspective. One business unit and a large number of distributors were tested and evaluated during the year. The objective was to control target realization and further improve an already well-functioning process.

Incidents and whistleblowing

Arjo encourages employees and other stakeholders to step forward and communicate any observed or suspected misconduct in terms of compliance, either directly to their supervisor, local HR or to the company's compliance function. Misconduct can also be reported anonymously to a whistleblowing service in the form of a safe external website that is always open and also available to external partners.

Arjo acknowledges that it can be difficult to decide to report a suspicion and is therefore committed to ensuring that an employee is protected when making a report in good faith. No employee will be subject to harassment, reprisals or negative consequences in their employment due to filing such a report.

To further facilitate the procedure of processing compliance-related questions in North America, at the end of 2022 a safe phone hotline was introduced that is available alongside the secure online whistleblowing channel.

Misconduct in compliance includes corruption, violation of competition laws, serious risks to the environment, health and safety, violation of laws, treaties or other forms of agreements and all other observed or suspected violations of laws or Arjo's Code of Conduct.

A total of 14 incidents have been reported in 2022, of which one was a potential conflict of interest and one was related to gifts and business entertainment. The two incidents were found to be minor in nature and could be managed through small corrections and extra training. Ten of the remaining incidents were personnel-related matters and were managed by the HR organization. Two incidents are still under investigation. There is no ongoing corruption-related case against Arjo in court.

Arjo Code of Conduct	Goal	2022
Incidents and whistleblowing	N/A	14
New employees who have completed training and accepted Arjo's Code of Conduct	100%	85%

SUPPLIER ASSESSMENT

Arjo's endeavor to improve sustainability is integrated in the entire supply chain and the company has worked intensively in 2022 to convert ambitions into tangible results. Decisive areas in terms of greater sustainability within the purchasing function is to reduce risks, comply with current regulatory requirements and deliver on the company's sustainability agenda.

As a result of coordinated and cross-functional efforts, 91 percent of the company's suppliers of direct material (in relation to total direct purchasing volume) signed Arjo's separate Code of Conduct for suppliers and other business partners. This indicates that a vast number of suppliers share Arjo's values and demonstrates substantial dedication to ethical business methods. During the year, yet another Group entity was included in the calculation of outcome for 2022.

To manage impediments to implementing sustainable procurement, Arjo adopts a proactive collaboration method to further develop supplier relationships.

In working towards sustainable purchasing, Arjo has defined a strategy that, on the one hand, promotes transparency and guarantees compliance in terms of the environment as well as ethical and social aspects among the company's suppliers, and on the other hand, supports sustainable development upstream in the supply chain in order to reduce the environmental impact from goods and services procured by the company. In this respect, Arjo has initiated a project to develop Science Based Targets in line with the Paris Climate Agreement. Targets for Scope 1 and 2 were identified in 2022 and targets for Scope 3 will be identified in 2023 with the ambition to ensure the adoption of all targets.

Arjo's Code of Conduct for business partners	2022	2021	2020
By 2030, 97% of Arjo's total purchases of direct materials are to be made from suppliers who have signed Arjo's Code of Conduct for suppliers and other business partners	91%	95%	82%

PRODUCT QUALITY AND SAFETY

Framework, regulatory requirements and Arjo's risk profile

Quality and safety are prerequisites for Arjo's operations. The company's products aim to improve the conditions for patient mobility and, in this way, contribute to preventing hospital-acquired complications. The products also enable healthcare professionals to safely provide high-quality care, thereby reducing the risk of work-related injuries.

Using a medical device for medical purposes involves risks for patients and users. Due to the products' impact on human lives, medical devices are strongly regulated in all countries where Arjo conducts business. The company's product range is subject to regulatory requirements from the EU and the US Food and Drugs Administration (FDA), medical device regulations and related quality system requirements that include extensive assessments, quality assurance and product documentation. The majority of Arjo's medical devices have a low-risk profile, risk classification 1.

Arjo has six quality system certificates issued by BSI:

- ISO 9001
- ISO 13485
- EU Medical Device Directive (MDD)
- EU Medical Device Regulations (MDR)
- Medical Device Single Audit Program (MDSAP) covering medical devices in the US, Canada, Australia, Japan and Brazil
- UK Conformity Assessed (UKCA) covering medical device regulations in the UK

The certificates show that the directives and processes in the company's global quality management system meet the supervisory requirements in regulatory standards and laws. Arjo's production units are certified for environmental quality in accordance with ISO 14001.

Compliance standards and controls

Certificate	Quality and environmental certifications 2022		Global certifications				
	Unit	ArjoHuntleigh AB	Suzhou, China	Poznan, Poland	Magog, Canada	San Cristobal, Dominican Republic	Cardiff, UK
ISO 90001		X	X	X	X	X	X
ISO 13485		X	X	X	X	X	X
MDSAP		X	X	X			X
CE (MDD)		X	X	X	X	X	X
CE (EU MDR)		X	X	X	X	X	X
UKCA (UK MDR)		X	X	X	X	X	X
ISO 14001			X	X	X	X	X

Arjo devotes massive efforts and resources in implementing and applying processes to ensure regulatory compliance. To meet the growing demands and expectations within the medical device industry, the company is directing its focus on continuously evaluating and improving products and processes. Arjo's global pro-

cess for managing customer complaints ensures that inquiries, cause analyses and assessments are carried out with the aim to continuously improve product quality processes and to serve as input to new product development.

Internal audits as well as audits made by appointed authorities and audit organizations are conducted annually to ensure compliance for continued certification and CE marking.

In 2022, Arjo continued its efforts to comply with the EU MDR that came into force in May 2021. In 2021, Arjo's class Im products and class II systems for intermittent pneumatic compression and pressure area management were MDR certified. Activities continued in 2022 to ensure that the remaining product groups will be certified in accordance with the EU MDR in June 2023 when the company's current CE certificates under the MDD expire.

No major deviations were noted during audits of the quality management system or compliance controls in 2022, and there was no incident of non-compliance of regulatory requirements that resulted in fines, penalties or warnings from the authorities.

Incidents of regulatory non-compliance

Arjo has committed to meet or cooperate to remedy negative side-effects that have been identified as caused by or contributed to through the use of Arjo's products. As part of Arjo's global quality management system, processes are established to remedy any possible negative side-effects of products criticized by the market.

Incidents of regulatory non-compliance	2022	2021	2020
Incidents resulting in fines, sanctions or warnings issued by authorities related to customer health and safety, or health and safety aspects of Arjo's products and services, and due to non-compliance with quality management system requirements as defined by the standards, laws and regulations that the global QMS certificate held by ArjoHuntleigh AB is based on	0	0	0
Major deviations during external quality management system inspections or audits	0	0	0

Established process for ethical marketing

Arjo markets the company's products and solutions in accordance with high ethical and regulatory standards as well as applicable legal requirements. The activities are governed by Arjo's Code of Conduct, quality policy and the directive for design and development of customer solutions, that describes the procedure

for the development of sales and marketing material as well as the approval process for all external material containing statements regarding products or performance. Both internal and external audits are carried out regularly to ensure compliance with policies and standards. All relevant staff receive training in Arjo's ethical guidelines for interaction with business partners and healthcare professionals.

An attractive employer

DIVERSITY, EQUITY AND INCLUSION

It is imperative for Arjo to assume responsibility for diversity, equity and inclusion. Not only for its employees but also in the communities where the company operates. The Group's ambition is to be a workplace that cultivates every employee's talents and potential by providing equal opportunities to everyone. Arjo's Code of Conduct and Directive for Diversity, Equity and Inclusion describes the company's dedication and work process for creating a workplace where every employee is treated fairly and in a non-discriminatory manner. Compliance is ensured locally and followed up by Arjo's global team and steering committee that meet once a month to monitor implementation of the directive.

Progress 2022 and future priorities

Percentage of women per	2022	2021	2020
Percentage of women, total	42%	40%	38%
Percentage of female managers in senior positions	34%	38%	37%
Percentage of women in the Management Team	50%	50%	50%
Percentage of women in the Board of Directors	29%	29%	29%

In 2022, implementation continued of Arjo's Directive for Diversity, Equity and Inclusion through, among other things, development of a framework agenda for the implementation of the directive. In addition, an updated recruitment strategy was launched along with related training sessions for all of the company's local HR and management teams. Projects initiated during the year include a review of gender distribution within all functions and markets where Arjo operates, including goals for 2023, as well as a global project to ensure fair wage-setting and safeguarding labor rights.

ATTRACTING AND RETAINING EMPLOYEES

Attracting and retaining employees with the right competence profile is a strategic priority in meeting the organization's competence requirements. By regularly allowing employees to speak about what moves them and their experience of working at Arjo, by sharing their experiences both internally and externally, potential candidates and current employees have the chance to learn more about Arjo and what it means to work within the company.

There is a global recruitment process that includes assessment tools for specialist and management roles to ensure that the company hires the right competence based on business needs and values. All new employees complete a global induction process to learn about the company's vision, strategy, functions and value-creating solutions. New employee training also includes compulsory sessions concerning Arjo's Guiding Principles, the Code of Conduct, policies and directives. Employees in key positions follow plans for additional, function-modified sessions that concern matters such as the company's quality management system, design process and ethical marketing. The training includes education and digital courses on a learning platform.

Arjo has employees in a total of 30 countries, and at December 31, 2022, there were 6,841 (6,554) employees, of whom 217 (201) were employed in Sweden full-time employees.²⁾

Using Arjo's assessment processes and global development programs, the company works actively to give all employees at all levels the chance to grow and develop. Opportunities for variety, further development and work in a global environment are critical to offering an attractive workplace where employees choose to stay, and thereby guarantee that the company has the right competence to deliver on its set goals and strategies. The work is based on systematic succession planning and competence mapping. At an individual level, follow up and planning is done through regular discussions between employees and managers.

Arjo has a global talent program with a nomination process to identify participants who have potential to favorably contribute to the development of the company. Every year the program gathers 20-30 employees who take on an improvement project. The results are then reported to the concerned function and to the Arjo Management Team. Several of the projects have subsequently been implemented in the organization. Internal mentors are also appointed to the program participants through Arjo's global mentorship program.

	Target by 2030	2022	2021	2020	2019
Percentage of women participating in the talent program	50%	45%	45%	41%	44%

In 2022, the number of Group employees increased, primarily at the company's production facilities. The majority of those who left, and those who left after a brief period of employment, also worked within the company's production units. Interviews are held to determine the reasons why employees opt to leave the company, and thereby identify potential measures and improvement initiatives.

	2022	2021	2020
Employees who have chosen to resign	13%	11%	8%

Staff turnover is calculated annually and refers to permanent employees.

2. The calculations refer to full-time employees.

People Survey

Arjo's annual People Survey gives every employee the opportunity to provide feedback about what it is like to work at Arjo. The results show that Arjo's employees feel that they receive good, constructive feedback from their managers, that the work they do is appreciated and that Arjo's strategy and goals are understandable and well communicated. An analysis of the results forms the basis for perpetual work on action plans to foster engagement in both individuals and teams, but also to retain talent and skills within the company.

	2022	2021	2020	2019
Percentage of participants in the annual People Survey	88%	89%	89%	88%

Arjo's People Survey reveals positive results for all three topics concerning diversity and inclusion in comparison with the average for the survey. Those who completed the employee survey included the following results:

- 88% are satisfied with Arjo's diversity and inclusion efforts
- 84% feel that a diverse workforce is a definite priority
- 82% feel that Arjo's recruitment process attracts and selects a diverse workforce (in terms of gender, ethnicity, disabilities, and socioeconomic status)

Number of employees (individuals) per form of employment and gender

As of 31 December	2022		
	Men	Women	Total
Total number of employees	4,024	2,900	6,924
Number of permanent employees	3,836	2,661	6,497
Number of temporary employees	188	239	427
Number of full-time employees	3,933	2,729	6,662
Number of part-time employees	91	171	262

OCCUPATIONAL HEALTH AND SAFETY

After a process involving representatives from all Arjo facilities, the company launched a global Directive for Occupational Health and Safety in 2021. 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.

In 2022, local, dedicated work environment representatives and committees were appointed comprising employees from different functions and levels to foster consensus and enable needs-based decisions at every facility. The committees were tasked with ensuring implementation, follow up and continuity in efforts to integrate health and safety in the work culture. To facilitate communication regarding improvements, challenges and the exchange of knowledge in the entire organization, a global team was formed for the local committees. All participants in the committees have received training on-site or digitally. The work on the Directive for Occupational Health and Safety was followed up during the year to guarantee efficient local implementation. All Arjo facilities are reviewed annually to verify that the company's goals are realized and that occupational environment and safety rules and requirements are met.

Workplace inspections and corrective measures

	Goal	2022	2021
Percentage of planned inspections completed	100%	80%	91%
Percentage of corrective measures completed	100%	89%	81%
Accidents per 100 employees	0	1.6	1.8

The most significant risks identified are biological risks for those who work with product service, installation and cleaning. Thereafter, the risks are related to driving vehicles for service staff followed most commonly by the risk of slipping, tripping and falling. Arjo also follows up on other risks such as potentially physical, ergonomic and mental risks.

Total number of incidents and accidents	2022	2021
Incidents	286	117
Accidents with minor consequences	108	140
Accidents with major consequences	3	12
Fatalities	0	0

Taxonomy

EU TAXONOMY

The taxonomy is an EU regulation established to identify environmentally sustainable economic activities that are in line with the EU's sustainability targets for 2030. The purpose is to help investors and other stakeholders to compare investments based on a classification system. The base is a selection of economic activities that are listed in the taxonomy.

The taxonomy stipulates that an economic activity qualifies as sustainable if it:

1. Makes a substantial contribution to one or more of the following six environmental objectives:
 - a) Climate change mitigation
 - b) Climate change adaptation
 - c) The sustainable use and protection of water and marine resources
 - d) The transition to a circular economy
 - e) Pollution prevention and control
 - f) The protection and restoration of biodiversity and ecosystems
2. Doing no significant harm to any other environmental objective
3. Carried out in compliance with the minimum (social) safeguards as stipulated in Article 18 of the Taxonomy Regulation, and
4. Complying with technical screening criteria stipulated by the Commission through delegated acts. For 2022, technical screening criteria have only been prepared for objectives a. and b. above.

APPROACH

Aimed at identifying taxonomy-eligible activities, Arjo appointed a team of representatives from the Group functions Finance and Sustainability. With support from external experts, the team has analyzed the company's economic activities and investments, and mapped these against the Taxonomy Regulation and its delegated acts.

Data was collected from all Group units via a digital platform that was implemented during the year. The collected data has then been analyzed in detail to examine if the activities are taxonomy-eligible and, if so, whether they are aligned with the regulation.

RESULTS

Turnover

The Group's total operations have been evaluated and when screened, Arjo's products and services were not deemed to be taxonomy-eligible, and the eligible turnover (sales) is thus 0 percent. For total turnover, see Note 2 Segment reporting.

Capital expenditure

According to the analysis conducted, the following CapEx (capital expenditure) fell under the taxonomy:

Activity according to the taxonomy's definition	Examples of CapEx
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Right-of-use assets related to passenger cars
7.3 Installation, maintenance and repair of energy efficiency equipment	Installation of solar energy vehicles
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments in charging stations
7.7 Acquisition and ownership of buildings	Right-of-use assets related to offices and plants

In order for CapEx to be classified as taxonomy-aligned, not only are they to substantially contribute to one or more of the established environmental objectives, but they are also to do no significant harm to any other environmental objective and comply with minimum safeguards.

None of the reported activities under the environmental objective "climate change mitigation" causes any significant harm to any of the other environmental objectives.

Arjo's team has worked intensively to analyze the minimum safeguards and has opted for a strict interpretation of the requirement for due diligence in terms of human rights throughout the value chain. Arjo has a Code of Conduct that is structured in accordance with the four focus areas identified in the UN Global Compact (human rights, labor, the environment and anti-corruption) and in which all employees receive training and sign. Arjo has several programs within the framework of the UN Global Compact, and works continuously on development, training and follow up of business ethics, diversity, health and safety and the environment in the value chain. More information about Arjo's sustainability framework, ambitions and activities can be found on pages 8-9.

In addition to the company's Code of Conduct, Arjo has a separate Code of Conduct for suppliers and other business partners, which is a requirement for all of Arjo's direct suppliers and other business partners. The company will start working in 2023 to gain acceptance for the Code of Conduct for suppliers and other business partners also from indirect suppliers. In 2023, Arjo will start an upgrade of the sustainability development program for suppliers in order to further highlight focus areas under the UN Global Compact. More information about the program is available on pages 52-53.

Based on a strict interpretation of the minimum safeguard requirements, Arjo deemed that the company at present does not meet the minimum safeguard requirements and thus cannot report any activities that are taxonomy-aligned in 2022.

An analysis of the data revealed that Arjo had CapEx of SEK 11.8 M related to investments in hybrid and electric vehicles in 2022. CapEx under the taxonomy has been allocated to the environmental objective "climate change mitigation" and not to the environmental objective "climate change adaptation" as the taxonomy does not allow double counting.

Operating expenditure

According to the analysis conducted, the following OpEx (operating expenditure) fell under the taxonomy:

Activity according to the taxonomy's definition	Examples of OpEx
7.3 Installation, maintenance and repair of energy efficiency equipment	Replace windows with more energy-efficient alternatives

Because the company does not meet the social minimum requirements, Arjo is unfortunately unable to report any activities that are taxonomy-aligned during 2022 (see the section Capital expenditure above).

OpEx under the taxonomy have been allocated to the environmental objective "climate change mitigation" and not to the environmental objective "climate change adaptation" as the taxonomy does not allow double counting.

APPLIED REPORTING PRINCIPLES

Definitions

Eligible activity: An economic activity that is specified in the EU taxonomy.

Aligned activity: An economic activity is considered aligned under the EU taxonomy if it:

- makes a substantial contribution to one or more of the environmental objectives in accordance with Articles 9–16 of the Taxonomy Directive
- does no significant harm to the environmental objectives in accordance with Article 17 of the Taxonomy Directive
- is carried out in compliance with the minimum safeguards as stipulated in Article 18 of the Taxonomy Regulation, and
- complies with technical screening criteria stipulated by the Commission in accordance with Article 10.3 or 11.3 of the Taxonomy Regulation.

The proportion of activities that are environmentally sustainable in accordance with the EU taxonomy is to be reported using three key performance indicators. To compute the three key performance indicators, turnover, capital expenditure (CapEx) and OpEx must be identified.

Total turnover: Net sales defined in accordance with IAS 1, item 82 a. Including IFRS 15, IFRS 16 and additional applicable items, although not intra-Group sales or turnover related to grants/support.

Turnover from sustainable activities: The proportion of net sales that stems from products/services associated with economic activities aligned with the taxonomy requirements.

Total CapEx: Additions to tangible and intangible assets during the year, before depreciation, write-ups and write-downs and excluding fair value changes.

For investments in intangible assets, see the row Investments in the first table of Note 12 in Arjo's Annual Report. For investments in tangible assets, see the row Investments in the first table of Note 13 in Arjo's Annual Report. For investments in right-of-use assets, see disclosure on additional right-of-use assets in Note 14 in Arjo's Annual Report.

CapEx from sustainable activities:

- Refers to the assets or procedures that are associated with economic activities aligned with the taxonomy requirements.
- Part of a plan to expand the economic activities that are taxonomy-aligned or to facilitate for taxonomy-eligible activities to become taxonomy-aligned.
- Refers to purchase of output from economic activities that are aligned with the taxonomy requirements, and separate measures that facilitate for target activities to become low-carbon or lead to reduced GHG emissions.

Total OpEx: Direct non-capitalized costs related to research and development (R&D), building renovation measures, short-term lease, maintenance and repair and direct costs related to ongoing maintenance of assets. In other words, not the total operating expenses, but only costs related to maintenance of the assets.

OpEx from sustainable activities:

- Refers to the assets or procedures that are associated with economic activities aligned with the taxonomy requirements.
- Part of a plan to expand the economic activities that are taxonomy-aligned or to facilitate for taxonomy-eligible activities to become taxonomy-aligned.
- Refers to purchase of output from economic activities that are aligned with the taxonomy requirements, and separate measures that facilitate for target activities to become low-carbon or lead to reduced greenhouse gas emissions.

Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover in 2022 (18)	Taxonomy-aligned proportion of turnover in 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	SEK M		%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	En-abling	Transi-tional
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of eligible taxonomy-aligned activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Eligible not taxonomy-aligned activities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of eligible not taxonomy-aligned activities (A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A.1 + A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		9,979	100%																	
Total (A+B)		9,979	100%																	

CapEx

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx in 2022 (18)	Taxonomy-aligned proportion of CapEx in 2021 (19)	Category (enabling activities) (20)	Category (transitional activities) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	SEK M	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	En-abling	Transi-tional
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities																				
CapEx of eligible taxonomy-aligned activities (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Eligible not taxonomy-aligned activities																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of energy efficient equipment	7.3	1	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	1	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition and ownership of buildings	7.7	0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of eligible not taxonomy-aligned activities (A.2)	2	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A.1 + A.2)	2	0%																		
B. NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)	1,069	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)	1,071	100%																		

OpEx

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx in 2022 (18)	Taxonomy-aligned proportion of OpEx in 2021 (19)	Enabling Category (enabling activities) (20)	Transitional Category (transitional activities) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
	SEK M		%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%		
A. ELIGIBLE ACTIVITIES																				
A.1 Eligible taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-
OpEx of eligible taxonomy-aligned activities (A.1)		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-
A.2 Eligible not taxonomy-aligned activities		-	-	-	-					-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of energy efficient equipment	7.3	0	0%														-	-	-	-
OpEx of eligible not taxonomy-aligned activities (A.2)		0	0%														-	-	-	-
Total (A.1 + A.2)		0	0%														-	-	-	-
B. NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)		211	100%														-	-	-	-
Total (A+B)		211	100%																	

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 3-19 and 20-35 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared. Öhrlings PricewaterhouseCoopers AB was appointed auditor of Arjo AB (publ) by the general meeting of the shareholders on the 22 April 2022 and has been the company's auditor since the 21 December 2016.

Malmö on the day shown by our electronic signature.
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius	Vicky Johansson
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	





*wellbeing
movement
emotion*

Arjo is **EMPOWERING MOVEMENT** in healthcare to drive healthier outcomes for people facing mobility challenges.



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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arjo

EMPOWERING MOVEMENT