

**COMMUNICATION ON PROGRESS (COP)**

Period covered by your Communication on Progress (COP)

From: Dec 2020

To: Dec 2021

01 December 2021

To our stakeholders:

I am pleased to confirm that Arjo AB (publ) reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Mr. Joacim Lindoff  
President and CEO

## 1. DESCRIPTION OF ACTIONS

### Human Rights

Arjo have relevant Policies and Directives in place based on international principles and acknowledged global initiatives: UN framework Guiding Principles, e.g. UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, Slavery and Human Trafficking Statement.

- Code of Conduct
- Business Partner Code of Conduct
- Health and Safety Directive
- Anti-Corruption Policy
- Diversity Equity and Inclusion Directive
- Business Compliance Directive
- Global Competition Policy
- Quality Policy, Product risk management ISO 13485
- Product Risk Management Directive
- Risk Management and Internal Control Policy
- Whistle Blowing Directive

Annual targets are set as part of the Arjo Sustainability Agenda 2030 – Attractive workplace that includes activities promoting diversity and inclusion, succession planning and talent programs, employee development, as well as occupational health and safety. Target for the total workforce to be comprised of minimum 40% female employees, with 50% female managers in senior positions, and an even gender distribution in global and local talent programs. Arjo Australia and UK & Ireland are fully ISO 45001 Certified.

Arjo devotes significant efforts and resources to implementing and applying guidelines to ensure regulatory compliance. Annual audits are performed by designated accreditation bodies to ensure compliance for continued CE marking of Arjo's products and international legal requirements, including the FDA, MDSAP and EU MDR.

Arjo Group are also certified according to ISO 13485 (Medical devices – quality management systems) and/or ISO 9001 (Quality management systems) from BSI The Netherlands. Arjo Manufacturing facilities are also ISO 14001 Certified.

## Labour

Arjo have relevant Policies and Directives in place based on international principles and acknowledged global initiatives: UN framework Guiding Principles, e.g. UN Global Compact, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, Slavery and Human Trafficking Statement:

- Occupational Health & Safety Directive
- Salary Review Guidelines
- Compensation and Benefit Directive
- Business Compliance Directive
- Arjo Code of Conduct
- Business Partner Code of Conduct
- Diversity Equity and Inclusion Directive
- Business Compliance Committee
- EWC European Workers Council agreement
- Performance and Development Directive
- Strategic Workforce Planning Directive

Arjo's Business Partner Code of Conduct (the "Arjo Code") sets requirements for its Business Partners and Suppliers; it is based on the principles in UN Global Compact, OECD Directive for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights as well as international standards and guidelines. The Arjo Code consists of three focus areas: human rights and labor conditions, environment, and business ethics and anti-corruption. Annual targets are set as part of the Arjo Sustainability Agenda 2030 – Responsible Company, that 90% of Arjo's total purchases to be made from suppliers who have signed the Business Partner Code of Conduct.

Arjo strives to maintain a good communication with each employee through company information and consultation procedures, recognizing the right of organization for employees and the right to collective bargaining and agreements. Arjo also strives to maintain good communication with and involvement of the unions where applicable and to always work for openness and an open atmosphere where experience and ideas are shared in a collaborative way.

Arjo signs cooperation agreement with European Works Council. The purpose of introducing a works council is to strengthen the collaboration between employees and management, and the council should be regarded as a complement to existing structures of representation and rights to information and codetermination.

The Coaching & Development process is linked to other HR processes and has its core in our Guiding Principles. It promotes strong leadership at all levels.

## Environment

- Arjo Manufacturing facilities are also ISO 14001 Certified.
- Code of Conduct
- Environmental policy
- Sustainability Forum
- Sustainability targets and indicators.
- Eco-design & LCA
- Sustainability reporting, KPIs
- Sustainability information to stakeholders in annual report & web page.

All company employees and Business partner adheres to our Code of Conduct.

Arjo continuously conducts controls and improvements in its operations to reduce the company's climate footprint. This work is carried out in line with the goals of the Paris Climate Agreement, and we are convinced that a circular economy is the key to long-term sustainable development. Our key goal is to lower our total carbon emissions by 50% by 2030, from 100,000 tons (2019) to 50,000 tons per year, and increase our contribution to a circular economy.

Sustainability forums are held regularly under the management of CEO to facilitate a continued strong governance process in the sustainability area. Smart, cross-functional teams drive initiatives and projects that proactively contribute to the agenda's key goals.

Annual targets are set as part of the Arjo Sustainability Agenda 2030 – A sustainable offering throughout the value chain.

- Reduce carbon emissions by 50%, from own production, transportation, business travel and vehicles.
- Reduce environmental impact from waste (hazardous and non-hazardous) by 50%
- All packaging will be made of 100% recycled or recyclable material
- Reduce total resource consumption while simultaneously improving performance and customer value

As a standing item on a monthly agenda, the Arjo Management. Arjo's Board of Directors monitors progress twice per year, and is responsible for contributing to and approving the plans.

Regular internal audits to assure that our facilities meet environmental requirements.

Corporate Sustainability team together with Sustainability Ambassadors reporting progress on environmental improvements on a quarterly basis.

Corporate sustainability team support the organization with training and workshops to share best practice and align on Sustainability Agenda 2030.

## Anti-Corruption

- Business Compliance Directive
- Arjo Code of Conduct
- Business Partner Code of Conduct
- Risk management and internal control Policy.
- Anti-corruption policy and programs
- Whistle blowing Directive
- Competition directive
- Export and Sanctions Directive

Business Compliance Directive covers:

- a) Anti-corruption;
- b) Competition;
- c) Export & Sanctions; and
- d) Coordination of Whistleblowing
- e)

Arjo's Business Compliance work is organized according to the three lines of defence principle, which includes the different roles of ownership, control and advice, and assurance:

- a) All managers within line management provides the first line of defence.
- b) The second line of defence is provided by Legal & Business Compliance and Internal Control.
- c) The third line of defence is provided by the external auditing function.

Business Compliance education and training is offered by Legal & Business Compliance e.g. as face-to-face training or through e-learning modules. Business Compliance is part of the introduction and compliance program offered through Arjo's global training portal.

Arjo does business across the globe and has abroad 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.

The Arjo Business Compliance Committee (BCC) is, on behalf of Arjo's Management Team (AMT), safeguarding Arjo's commitment to conduct its business with the highest degree of ethical standards and to comply with applicable laws, regulations and standards in the countries where Arjo operates. We publicly report on Code of Conduct violations.

Annual targets are set as part of the Arjo Sustainability Agenda 2030 – Responsible Company

- Code of Conduct and Business ethics
- Incidents and whistleblowing
- Fraud prevention

## 2. MEASUREMENT OF OUTCOMES

KPIs and targets from sections above are publicly available in Arjo annual report and Sustainability report available at [Arjo.com](http://Arjo.com).