

Our focus on sustainability

Sustainability is a central part of AddLife's vision to improve people's life by being a leading, value-creating player in Life Sciences.



Rising healthcare needs and costs for a growing and ageing population will drive a change in healthcare. Interconnected devices, advances in data-analytics and AI will support the transition from acute treatment to support lifelong well-being and early diagnostics. Transparency on human rights, labor rights and business ethics of suppliers and business partners is increasingly baseline criteria for some of our stakeholders. Meanwhile, all sectors in society must contribute to tackling the challenge of climate change and resource scarcity.

AddLife aims to be flexible and agile to meet these changing expectations and keep delivering on our vision. The organisation is decentralised and entrepreneurial, which is an essential part of our culture.

In 2021 we conducted a new materiality assessment to better understand the sustainability topics that influence our ability to create lasting value for customers, employees, investors, suppliers and society at large. For more information, see [Materiality assessment](#)

Several topics have evolved since the 2017 materiality assessment, and now a shift of expectations is foreseen with more focus on environmental impact. The materiality assessment also shows that AddLife and the stakeholders are more aligned regarding the prioritised topics. The assessment not only informs the topics addressed in this sustainability report, but it will also be the backbone for our plan to integrate sustainability more deeply in our business, including setting targets and KPIs that will be announced in 2022.

SUSTAINABILITY REPORT 2021

AddLife has prepared a sustainability report for the 2021 financial year that covers the parent company AddLife AB (publ) company ID no. 556995-8126 and its 100 subsidiaries. The board of directors approved the sustainability report at the same time that it signed the 2021 annual report. No standard template for sustainability reporting has been applied in full. The purpose of the sustainability report is to provide an overarching description of AddLife's business from the perspective of sustainability and to inform about the sustainability aspects that are necessary to understand the company's development, position, and performance, as well as the consequences of its operations. AddLife's sustainability report is integrated in part into the annual report. [AddLife's business model](#) and [Strategy for sustainable growth](#) for sustainable growth can be found on pages 6- 10 in the printed annual report. Pages 6- 10 and 25- 38 comprise AddLife's statutory sustainability report.

Our role in the value chain

Integrating responsible business practices is an essential part of how we do business, and how we deliver business value. We address our impacts in relationships throughout the value chain, as producer and distributor, an employer as well as in our role as a market participant. Since 2018 our approach to sustainability has been through the lens of three pillars.



Our role as distributor represents approximately 80 percent of our sales. Sourcing raw material and production lies largely with a third-party. Our impact on the environment is therefore mainly indirect. We work with suppliers whose production facilities are located all over the world. Through well-established relationships with these partners, we aim to positively influence their thinking across areas such as material choice, product development, logistics and efficient production, human and labor rights and business ethics. We monitor risks by supplier evaluation and encourage change through close dialogues

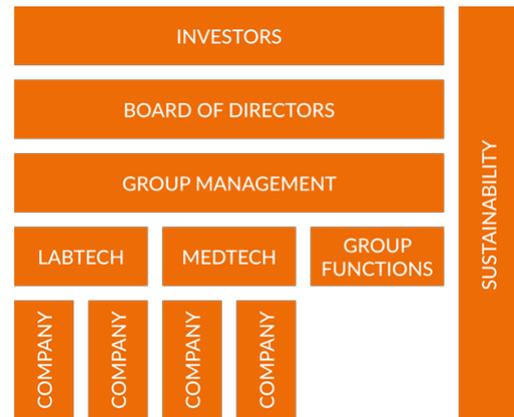
In our role as producer, which corresponds to approximately 20 percent of sales, we can control the supply chain and choice of material to a greater degree.

Our subsidiaries are responsible for obtaining and delivering the products they sell. Consequently, efficient logistics and warehouse management are essential, which helps both reduce environmental impact and increase profitability.

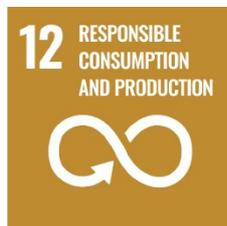
The dedication of each employee makes AddLife's success possible. We offer all employees the opportunity to grow, to thrive and to be challenged. As employers, we take responsibility for creating a safe and positive work environment. We want to attract and retain employees who support our core values and who have the right skills to grow our business. Our employees are continually trained in our corporate culture and can hone their business skills through the courses offered at our business school, AddLife Academy.

As a market participant, it is important for us to maintain high ethical conduct. All our employees have a duty to understand and reflect expectations as outlined in our Code of Conduct in their work and relationships with others. We also expect our suppliers to respect internationally recognised principles of business conduct that cover environmental protection, human and labour rights, business ethics and workplace health and safety. Compliance with our code of conduct is evaluated in ongoing contractual relationships.

Each subsidiary is responsible for its own business activities within the context of the requirements for growth, profitability and sustainable development as set by the Group. Our decentralized model, which is part of our DNA, also entails complexity. Local responsibility and entrepreneurship, combined with a wide range of company sizes makes it challenging to have a "one size fits all" model. Thus, rather than having an independent sustainability function, our sustainability approach is integrated across the different group elements and requires to be adapted case-by-case.



The UN's Sustainable Development Goals (SDGs) are a 17-point plan up to 2030, for ending extreme poverty, fighting inequality and injustice and protecting the planet. Achieving these global goals requires significant effort at all levels of society, not least in business, which has a critical role to play as a change agent. Based on our materiality assessment and stakeholder dialogue, we have identified three areas where we can contribute most to the SDGs.



3. Good Health and Well-being

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.B Support the research and development of vaccines and medicines for the communicable and noncommunicable diseases, provide access to affordable essential medicines and vaccines, and provide access to medicines for all.

8. Decent Work and Economic Growth

8.3 Promote decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.4 Improve resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.

12. Responsible Consumption and Production

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Governance

AddLife has a shared group approach regarding governance through our common values and culture.

Our business model encourages a mixed model of central and local management of sustainability risks and opportunities, often by policies and management systems where effectiveness is monitored through different activities.

AddLife is less exposed to non-financial risks in product development and production due to low share of own manufacturing. Still, the group faces risks in managing sourcing of suppliers and their operations. We also have, to some extent liabilities for the products put on the market.

Regarding environmental risks, AddLife has low direct upstream impact and manage the indirect ones through dialogue, influence and choice of suppliers. Logistics is a prioritised area for future assessment of indirect impact.

Our operations are subject to external review and monitoring by the Swedish Financial Supervisory Authority and Nasdaq Stockholm.

Focus area	Pillar	Risk covered	Policy & management systems	Monitoring effectiveness
Environmental risks in operations	Responsible producer and distributor	- Emissions - Hazardous waste - Packaging	- Local environmental policies - Local sustainability strategies - Green car policy (to be implemented) - ISO 14001 (26% of operational companies)	- Central sustainability report system (to be implemented)
Product safety	Responsible producer and distributor	- Incorrect instrument results - Incorrect product use, impacting patient or professionals health - Incorrect or lack of required product certifications	- ISO 9001 - ISO 13485 72% of operating companies have one or both - Certifications (CE, MDR, IVDR)	- System of Field Safety Notices - Field Safety Corrective Actions - Whistleblower function
Product lifecycle	Responsible producer and distributor	- Single-use products - Waste - Premature disposal of instruments and products	- Instrument maintenance extends product life span - Local reuse and recycling procedures - Local refurbishment business	n/a
Occupational health and safety	Responsible employer	- Employee health, safety and well-being - Workplace accidents - Psycho-social work environment	- ISO 45001 - Occupational health and safety procedures - Evaluation of risks	- Annual employee survey - External audits - Whistleblower function
Talent management	Responsible employer	- Recruitment and retention	- Incentive programs - Annual appraisal meeting (79% of operating companies and 70% of all employees) - AddLife Academy	- Company target process - Annual employee survey - Central representation in subsidiary boards
Ethical business practices	Responsible market participant	- Human and labor rights - Discrimination - Corruption and bribery by employees - Third-party misconduct - Export controls/ Trade sanctions	- Code of Conduct - Supplier and customer agreements - Insider trading policy - Local policies and regulations - Insider log	- Whistleblower function - Supplier evaluations - External audits - Central review: Companies' internal control - M&A: DD and target background check
Long-term growth	Responsible market participant	- Short term focus overrules strategy, vision and long term profitability	- Dividend policy - Company target processes	- Sustainability report - Materiality assessment and stakeholder dialogue

Responsible producer and distributor

AddLife's role in the value chain, mainly as a distributor, implies to both have a close dialogue with many customers on local level as well as to chose and influence among global leading suppliers. This is a unique opportunity to support a sustainable transition with our partners and together develop solutions that could also have a positive business impact.

The 2021 materiality assessment combined with the stakeholder dialogues shows that product quality and service, responsible sourcing and business model innovation are prioritised areas for Addlife for future growth. We will continue working with the material topics during 2022. For example, we will identify most relevant focus areas, integrate these into strategy and create concrete actions and KPIs.

In parallel with the materiality assessment, AddLife has evaluated how to strengthen the measurement of sustainability data, to increase transparency and enable future comparison. Implementation to be completed during 2022.

The majority of AddLife's product range is produced by leading suppliers around the world. As a distributor, we mainly have an indirect impact on matters such as choice of materials, raw materials, packaging and terms of employment. None of the Group's Swedish subsidiaries engage in activities that require a permit or notification under the Swedish Environmental Code. None of the foreign subsidiaries engage in activities subject to equivalent requirements for notification or permits. None of the Group's companies are engaged in any environment-related disputes.

AddLife aims to work closely with suppliers to achieve long-term and sustainable development. The goal is for all suppliers to live up to AddLife's code of conduct and environmental requirements.

Furthermore, AddLife encourages suppliers to respect fundamental human rights and to treat employees in accordance with the ILO declaration on fundamental principles and rights at work.

Products must be CE-certified before they can be marketed in Europe. The new EU directive for medical devices, MDR, was implemented in 2021 and the new EU directive for in vitro diagnostics products, IVDR, has been delayed. For some products, these new directives may require renewed testing for CE-certification, which may be both expensive and challenging for small operators with limited resources and cause larger global players to opt out of smaller local markets.

During the year, AddLife has managed the MDR implementation well, without losing any supplier due to non-compliance. AddLife is working proactively through industry organisations to stay up to date regarding the IVDR implementation, though each company in the group is responsible for handling their suppliers and processes. Our subsidiaries continually work to assess new and existing suppliers. During 2022, AddLife will implement a new sustainability management system, which will be mandatory for all subsidiaries. This will allow an improved monitoring of the group's sustainability performance. AddLife also aims to increase the sustainability requirements for our suppliers across all companies in the

ENVIRONMENT AND SOCIAL CONDITIONS

57

CORRECTIVE MEASURES FOR PRODUCTS

Number of notices (FSN and FSCA) from suppliers that entailed corrective actions for products

Target	2021	2020	2019
0	57	50	33

SUPPLIER EVALUATION NEW SUPPLIERS

66%

Target	2021	2020	2019
100%	66%	54%	63%

group and improve the assessment of material or alternatives to material of our own manufactured products.

The market situation during 2021 has still been complicated due to the pandemic. AddLife's has been one of the key players to successfully supply the health systems with much needed diagnostic tests and other critical products, despite challenges in logistics, supply chain etc.

Due to strategic acquisitions, with large implications on the group's market presence, the foreseen geographic mapping of supply chain has not been completed.

ACTIVITIES COMPLETED DURING THE YEAR

- Developed the process for evaluation and approval of new suppliers
- Introduction of green car policy
- Evaluation of sustainability management system

OUTLOOK 2022

- Implementation of common supplier sustainability evaluation
- Implementation of green car policy
- Implementation of sustainability management system

Responsible employer

The AddLife Group is characterized by strong entrepreneurial energy with dedicated employees who are driven to improve both themselves and the company they work for. Employees are our most important resource and AddLife values secure forms of employment, a good work environment and individual growth opportunities.

The 2021 materiality assessment combined with the stakeholder dialogues shows that employee health and well-being and talent retention and attraction are prioritised areas for Addlife for future growth. We will continue working with the material topics during 2022. For example, we will identify most relevant focus areas, integrate these into strategy and create concrete actions and KPIs.

Our ambition is to keep and, when possible, strengthen our entrepreneurial culture which gives our employees freedom with responsibility, professional growth and contribute to AddLife's success. Apart from this we proactively work continued improvement of work environment, equal opportunities and zero tolerance against discrimination and harassment.

We conduct employee surveys to identify areas for improvement at the group level, in the subsidiaries and in work groups. In this year's employee survey, 1,512 people (84%) responded, compared with 828 people (85%) in 2020. A review is carried out at each company to prioritise activities by workplace. The survey also follows up the employee index, which is an important sustainability goal that measures the work environment with respect to health, safety, well-being.

Work environment is important and we have a zero vision regarding work-related accidents and illnesses.

AddLife has high business ethics standards and zero tolerance for discrimination. This year's employee survey shows that the relative number of cases of discrimination is unchanged. Our ambition is to continue to improve in this area and during 2022 we will implement a new Code of Conduct with strengthen focus on this topic, with training for all employees. We will also review the whistleblower function and increase the awareness of it.

WORKPLACE (safety, health and well-being)

3,90

EMPLOYEE INDEX
Maximum outcome 5.0

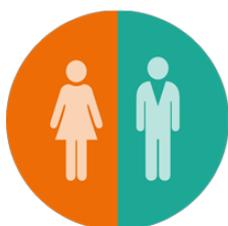
Target	2021	2020	2019
4.30	3,90	4.04	4.08

DISCRIMINATION AND HARASSMENT

4%

**EMPLOYEES EXPERIENCED
DISCRIMINATION**

Target	2021	2020	2019
0	4% (60)	4% (36)	2% (12)



WOMEN/MEN

45/55%

EMPLOYEES TOTAL

40/60%

GROUP MANAGEMENT

50/50%

BOARD OF DIRECTORS

Employees will be given equal opportunities regardless of gender, age, ethnic or national affiliation, religion, sexual orientation, or disability. The employee survey is used to ensure that any discrimination is revealed and remedied.

ACTIVITIES COMPLETED DURING THE YEAR

- Strengthened the AddLife Academy organisation
- Continued the digitalisation of AddLife Academy
- Started roll-out of group common IT platform
- Leadership trainings with focus on value-based conflict management

OUTLOOK FOR 2022

- Update Code of Conduct and implement digital Code of Conduct training with refreshment for all employees
- Continue implementation of group common IT platform
- Review the whistleblower function

AddLife Academy

Corporate culture and business skills

Our own business school, AddLife Academy, is key to success and central to the development of employees and thus to the entire group. Here we build our common values.



AddLife's most important resource is the employees. Their competence development varies according to the companies' size and operations. From a group perspective, AddLife ensures training in basic areas linked to corporate culture and business acumen that all employees should know and apply in their everyday lives. As an employee, the first contact with AddLife Academy is through the introduction course Vision & Corporate Philosophy. The course lays the foundation for what AddLife is, our common values and ground, code of conduct, financial sustainability and a first approach to basic requirements for growth, profitability and sustainable development. The course is mandatory regardless of the role in the company. Furthermore, AddLife Academy offers 10 different standardised trainings to ensure competence development within the group:

- Leadership
- Sales 1
- Sales 2
- Soft selling
- Negotiating skills
- Public procurement
- Digital customer meetings
- Presentation skills
- Marketing
- Finance

A part from these corporate trainings within AddLife Academy, most subsidiaries also offer local formation to employees according to their business context. Thus, AddLife Academy serves as both a minimum formation for all employees, as well as offering specialised training for specific competences. In addition, the specialised training courses serves as a forum where participants within same professional category from different subsidiaries meet, discuss and share knowledge.

Furthermore, AddLife Academy also carries out tailor-made projects based on the needs of the companies. Examples of projects during 2021 are the implementation of a new sales process, training in value-based sales and coaching of management teams. The combination of both standardised and tailor-made training is a unique value-add. In 2021, the standardised program in AddLife Academy was expanded and there is a continuous development and improvement of what we offer. Most training was conducted digitally, through online-meeting platforms. In the near future AddLife will further improve the academy by updating with a new learning management system which will make the digital training more interactive, easy to follow up and flexible for the employees. In 2021, about 1,340 employees participated in AddLife Academy. The average corporate learning time per employee was eight hours, excluding local held training. We have had

3,230 course participants since start 2016.

Responsible market participant

AddLife has set high standards for how we should act and operate, with high business ethics standards. Consequently, we attach great importance to ensuring employee awareness and knowledge of our code of conduct.

The 2021 materiality assessment combined with the stakeholder dialogues shows that patient well-being, long term growth and sustainable development and ethical business practices are prioritised areas for Addlife for future growth. We will continue working with the material topics during 2022. For example, we will identify most relevant focus areas, integrate these into strategy and create concrete actions and KPIs.

AddLife proactively works with suppliers and customers and interacts with society to drive the sustainability from a business relevant perspective.

As a serious market participant, AddLife takes responsibility for the entire transaction towards customers and society. In this way, we create a sustainable delivery chain by ensuring compliance with ethical guidelines, national and international laws and regulations. AddLife wants to serve as a role model and during the COVID-19 pandemic we have carefully maintained an ethical approach with respect to allocation of products, but also about pricing. This in a market situation of huge supply challenges.

Across companies and markets, AddLife is present and active in various industry organisations to ensure and influence a high standard of ethics and best outcome for patients. This also includes a commitment to the existing operating guidelines for interaction with healthcare professionals according to each association, for example Swedish Medtech.

Within the group, 72 percent of our operating companies have an ISO certification, usually within quality and occupational health. 26 percent has the environmental management certificate, ISO 14001.

Zero tolerance towards corruption, bribery or unfair anti-competitive actions is core to our company culture. This is our commitment to the society and the people whose lives we strive to improve. It is also a commitment to our suppliers, who entrust their brand to us, and to our customers, who rely on fair and long-term partner relations.

Our code of conduct supports the UN Global Compact, ILO core conventions and OECD Guidelines for Multinational Enterprises, which are integrated in our business.

AddLife's goal is that 100 percent of all employees shall be aware of and trained in the code of conduct. In 2021 the awareness was 86 percent and approximately 90 percent have been trained. Around 10 percent of the employees have participated in a refreshment course, which leaves room for improvement. To reach these goals, and to further equip our employees, we have an ambition to launch several initiatives. For

CODE OF CONDUCT

86%

EMPLOYEES AWARE OF ADDLIFE'S CODE OF CONDUCT

Target	2021	2020	2019
100%	86%	83%	86%

INCIDENTS OF CORRUPTION

0

Target	2021	2020	2019
0	0	0	0



example, improve our code of conduct training inside the AddLife Academy as well as digitalise the introductory and a new refreshment training.

We will also improve our existing whistleblower function, making it more visible for employees and partners. In 2021, one complaint was received through this function, though not related to code of conduct breach.

During the year, AddLife has contributed to greater awareness of the importance of diagnostic information and enabled health systems to manage and follow-up the pandemic. The advantages from different diagnostic tests, for example patient benefits and system cost savings, will be further spread through AddLife in collaboration with other industry organisations.

ACTIVITIES COMPLETED DURING THE YEAR

- Majority of new employees have received code of conduct training
- Increased number of ISO certifications

OUTLOOK 2022

- Develop code of conduct training
- Update and improve awareness of whistleblower function

Materiality assessment

The materiality assessment provides guidance in the choice of content in this sustainability report, the strategic direction and how to integrate sustainability throughout AddLife's business.

Materiality is the point at which a sustainability topic becomes relevant to the ability to create lasting value. In 2021, a future-focused assessment to see how priorities are evolving was conducted. The assessment allows better understanding of expectations from customers, employees, investors, suppliers and society, how sustainability influences the strategic direction and the group's impacts on people and the planet to 2030.

AddLife's most material topics are issues that substantively:

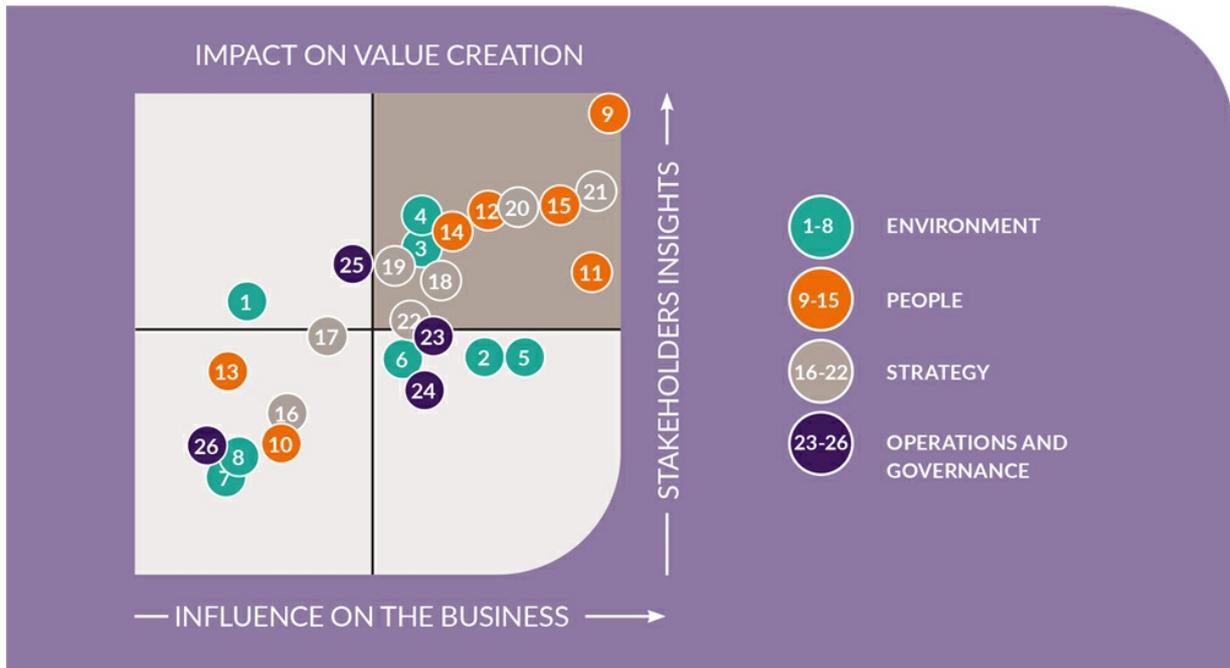
- Reflect the significant economic, environmental and social impacts
- Influence the ability to create lasting value, build trust and reduce risks
- Influence stakeholders' perception of AddLife's performance and ability to deliver value to them

The process engaged group management, internal experts, customers, suppliers, employees and representatives of society and comprised of five steps:

- Navigating 2030 – Reviewed research on how the industry will be influenced by four macro trends to 2030—Access to resources, Demographic shifts, A changing environment, and an Interconnected world.
- Internal ranking and weighting – 15 internal experts weighted and ranked 26 topics across four areas relating to environmental and people impacts, strategic imperatives and operations and governance.
- Deep-dive interviews and surveys – By combining 16 stakeholder interviews, 16 responses to customer and supplier surveys and the insights from employee survey, a validation and adjustment of the ranking and additional knowledge was added.
- Strategize – The outcome of the assessment will serve as foundation for integration that will be announced in 2022.

Our top six take-aways:

1. Sustainability is set to increase in importance, driven by investor, employee and customer expectations and changing business landscape.
2. Environment-related topics and their influence on the ability to create value are expected to increase.
3. Talent management, responsible sourcing and material traceability influence AddLife's ability to create value. Their importance to stakeholders is not as high.
4. Stakeholders hold AddLife accountable for monitoring and assessing supplier sustainability risks.
5. AddLife's purpose and ability to contribute to society are important to attracting new talent. Skills development is key to retaining and empowering talent.
6. Expectations from employees on the importance of work-life balance and wellbeing are high.



ENVIRONMENT

- 1. Energy use and efficiency
- 2. Climate impact along the supply chain
- 3. Plastics
- 4. Packaging
- 5. Responsible sourcing**
- 6. Circularity
- 7. Water efficiency
- 8. Biodiversity loss and ecosystems

PEOPLE

- 9. Product quality and service**
- 10. Community involvement
- 11. Talent attraction and retention**
- 12. Employee health and well-being
- 13. Occupational health & safety
- 14. Diversity and inclusion
- 15. Patient well-being**

STRATEGY

- 16. Fair pricing
- 17. Ethical marketing and labelling
- 18. Multi-stakeholder collaboration
- 19. Product and service innovation
- 20. Business model innovation**
- 21. Long-term growth and sustainable development**
- 22. Access to healthcare

OPERATIONS AND GOVERNANCE

- 23. Data protection and privacy
- 24. Human and labor rights
- 25. Ethical business practices**
- 26. Taxes paid

EU Taxonomy report 2021

This is AddLife's first EU Taxonomy Report, based on EU regulations to establish a framework that facilitates sustainable investment ("EU taxonomy"). The aim of the EU taxonomy is to establish common definitions for and reporting about which economic activities are in line with the EU's 2030 Sustainable Development Goals.

The EU taxonomy describes which sectors should report, which economic activities "should be covered by the taxonomy" (within its scope) and which business operations meet the technical review criteria to be "compliant with the taxonomy requirements" in accordance with EU goals.

AddLife's business operations are mainly associated with economic activities that are not currently covered by the EU Taxonomy Regulation.

Key ratios	Total 2021 (SEKm)	Proportion of Taxonomy eligible economic activities (%)	Proportion of Taxonomy non-eligible economic activities (%)
Net sales	7,993.0	0.0	100.0
Capex	754.3	0.0	100.0
Opex	33.5	0.0	100.0

Accounting principles

The proportion of the business operations that are environmentally sustainable according to the EU Taxonomy Regulation should be reported using three financial ratios. To calculate the three ratios, net sales, capital expenditure (capex) and operating expenditure (opex) have to be identified according to the taxonomy.

Net sales

Net sales is the part of the net sales derived from products or services

Capital expenditure

The reporting of total capital expenditure refers to additions to tangible assets during the year before depreciation, write-ups and write-downs, and excluding changes in fair value. Tangible assets arising from business combinations are also included. See [Notes 15](#) and [16](#).

Operating expenditure

In the context of the EU taxonomy and the Regulation, operating expenditure is defined as direct non-capitalised expenditure relating to research and development (R&D), building renovation activities, short-term leases, maintenance and repairs, and direct costs related to the day-to-day maintenance of assets, i.e. not the total operating costs, but only costs relating to the maintenance of the assets. Only R&D, repairs and maintenance are included in this report, as all other areas are considered to be insignificant.