

QleanAir Sustainability Report

Report based on facts from 2019

2020



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Sustainability Report 2020

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About the report

This report includes a voluntary account of QleanAir Scandinavia AB's (556303 9162) reporting of sustainability in accordance with Section 6 paragraphs 10-12 of the Swedish Annual Accounts Act.

A word from the CEO

To our stakeholders,

People spend 80-90% of their time indoors. The quality of the air we breathe affects our mental health, physical development, capacity for work and quality of life. That is why we are passionate about creating top-quality indoor environments. We have more than 25 years' experience in providing filter-based solutions that capture, filter and generate clean indoor air.

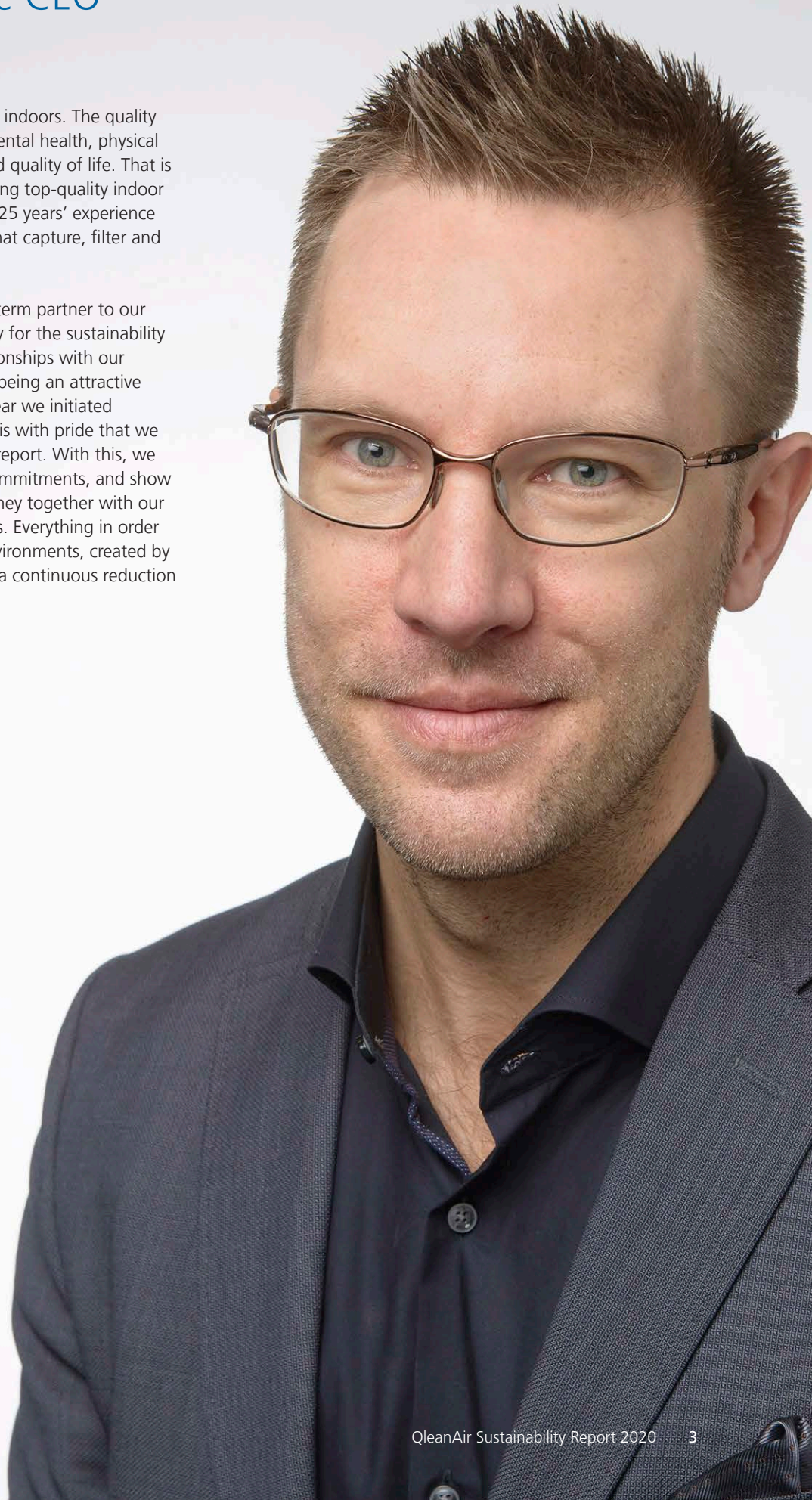
We want to be a reliable and long-term partner to our stakeholders by taking responsibility for the sustainability of our products, having good relationships with our suppliers and service partners, and being an attractive employer. That is why during the year we initiated strategic sustainability work, and it is with pride that we now publish our first sustainability report. With this, we want to be transparent with our commitments, and show that we are on a development journey together with our customers, employees and suppliers. Everything in order to guarantee top-quality indoor environments, created by people who enjoy their work, with a continuous reduction of our environmental impact.

Solna, Sweden, April 20, 2020.



Andreas Göth

CEO, QleanAir Holding AB



We are QleanAir Scandinavia

QleanAir Scandinavia's purpose is to protect people from dangerous particles and gases and strive for a cleaner environment. For more than 25 years, we have been working to develop solutions that protect people from being exposed to passive smoking and unhealthy indoor environments.

The quality of the air we breathe is directly linked to our health and ability to perform. Improved air quality boosts performance in many of our daily activities, including by increasing our ability to concentrate. Through our various products, we can contribute to a healthier work environment, safe products and efficient processes.

With our unique specialist expertise and full-service offering, we are today the market leader in Europe and Japan in Cabin Solutions. We offer smoke cabins that protect against passive smoking, free-standing air purifiers and cleanrooms that ensure clean zones. These offers comprise our three business areas *Cabin Solutions*, *Facility Solutions* and *Room Solutions*. The group has operations in Sweden, Germany, China, Japan and the USA and a further nine European countries, and its head office is in Stockholm. In 2019, the company achieved sales of 221 million kronor, and the group 457 million kronor. At the time of writing, we have installed approximately 8,400 units with over 2,500 customers worldwide.

Vision

QleanAir will become a world-leading supplier of standalone solutions for the air purification of indoor environments within the product categories in which we choose to work.

Cabin solutions



Facility solutions



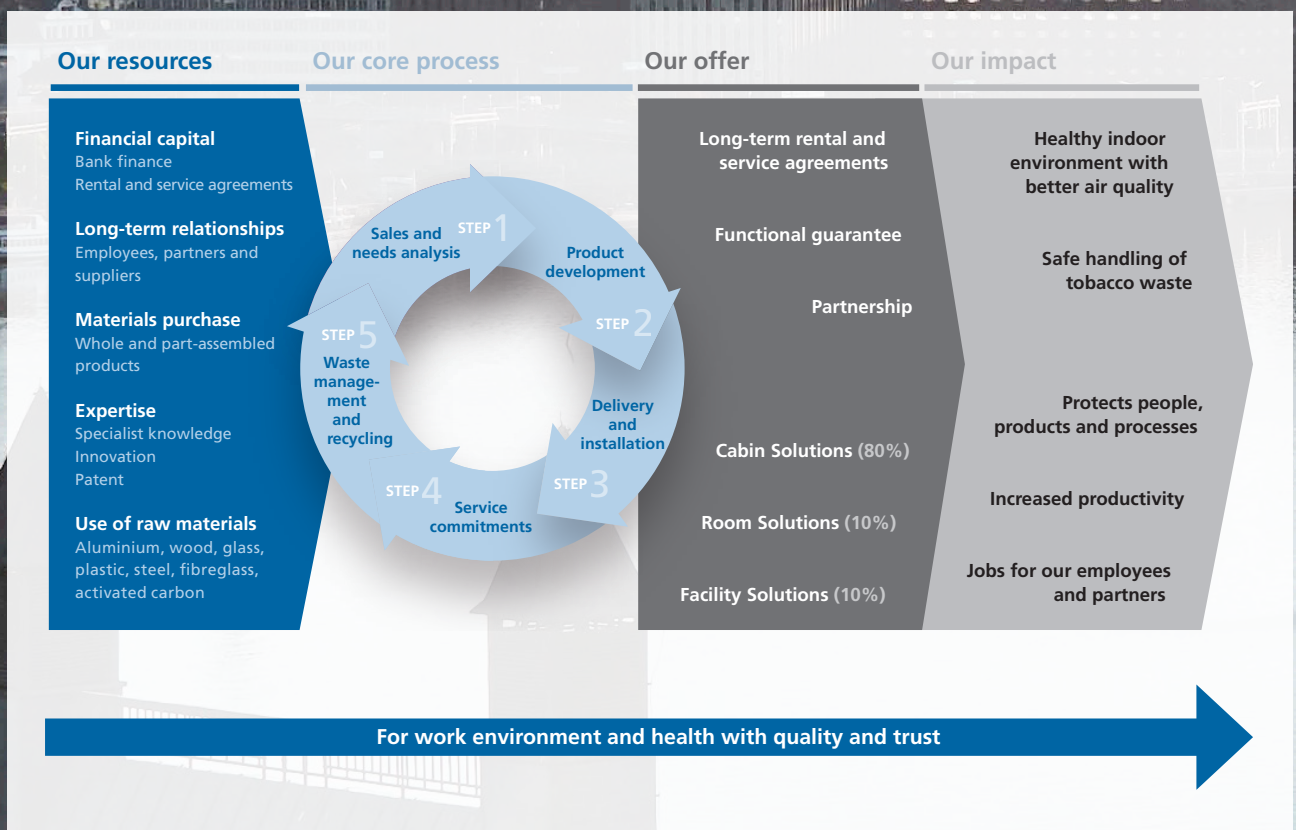
Room solutions



Our business model

At QleanAir, we conduct marketing, sales and product development of our air purification systems. We continuously work with innovation and development to enable more efficient and environmentally positive solutions. We have outsourced manufacturing, assembly and logistics to carefully selected suppliers, and we have hired market and service partners who perform installation, service, maintenance and part of our sales. With these partnerships, we want to offer our customers a total offering with a contact point and a full-service offer. Our maxim: *“For work environment and health with quality and trust”*, should

permeate everything we do. We at QleanAir strongly believe that reliable and long-term relationships are the key to successful collaborations, which is why we not only offer products but also lease agreements with full-service commitments to ensure the sustainability and positive impact of our products on air quality over the long term. The result of our operations is healthier work environments, more efficient production with less dust and fewer harmful particles and gases. We also ensure that tobacco waste does not end up on the ground, through the safe handling of our cabins’ butts and ash, and we create jobs for our employees, partners and suppliers worldwide.

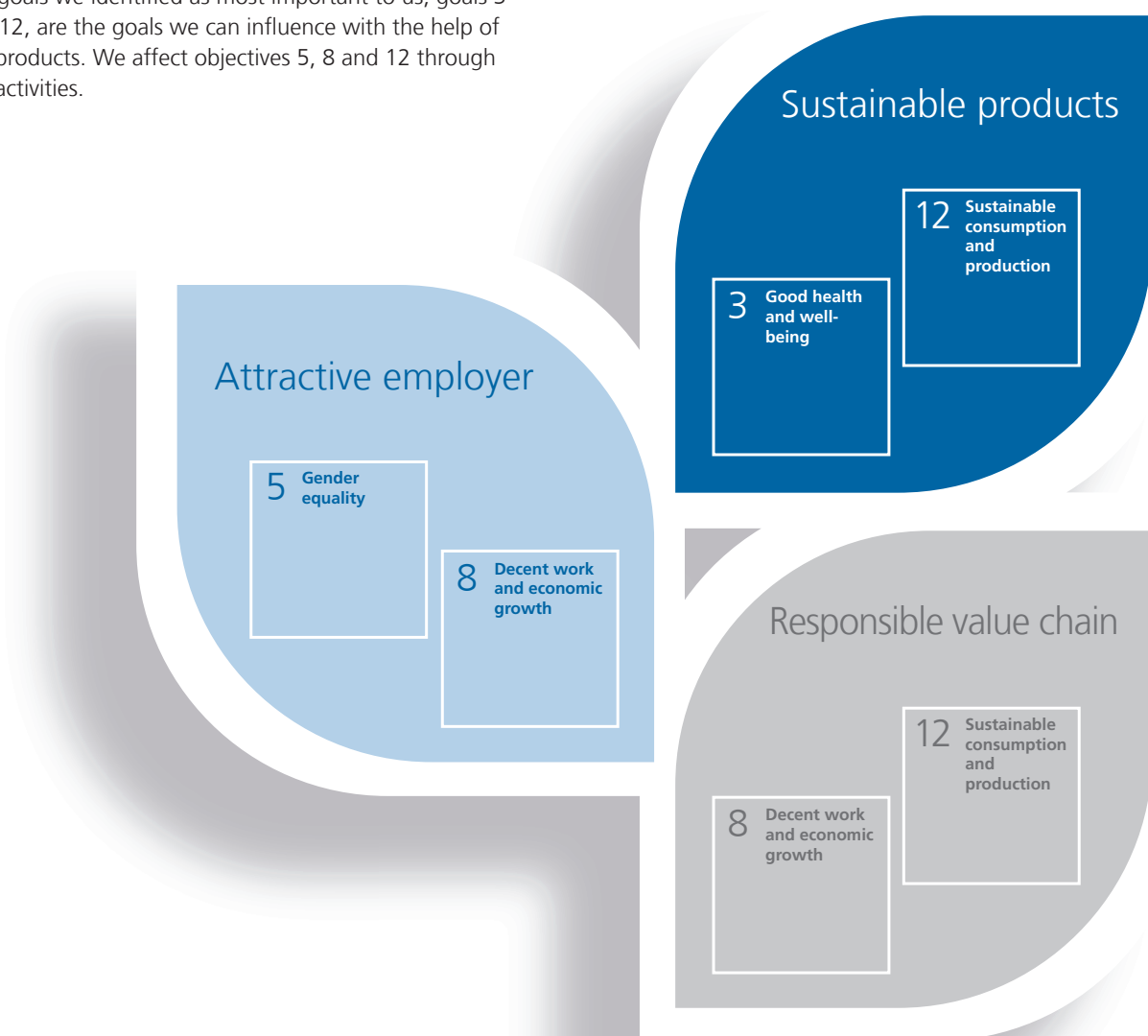


Towards a sustainable company

We at QleanAir want to contribute to sustainable development, accept our responsibility to reduce our negative environmental impact and increase our positive impact on the people in our value chain. During the year we therefore developed a model for our strategic sustainability work. This model is based on a materiality analysis, which is described in detail on page 9.

We work purposefully to increase the experience and quality of our products and service commitments, while at the same time it is important for us to be an attractive employer and to have long-term and responsible relationships with our suppliers and partners. To clarify our commitments, we have formulated this as: *Sustainable products, Responsible value chain and Attractive employer.*

Based on these three focus areas, we have then mapped out which of the UN's 17 global goals we influence, both positively and negatively, with our products and activities. The goals we identified as most important to us, goals 3 and 12, are the goals we can influence with the help of our products. We affect objectives 5, 8 and 12 through our activities.



Overall objectives

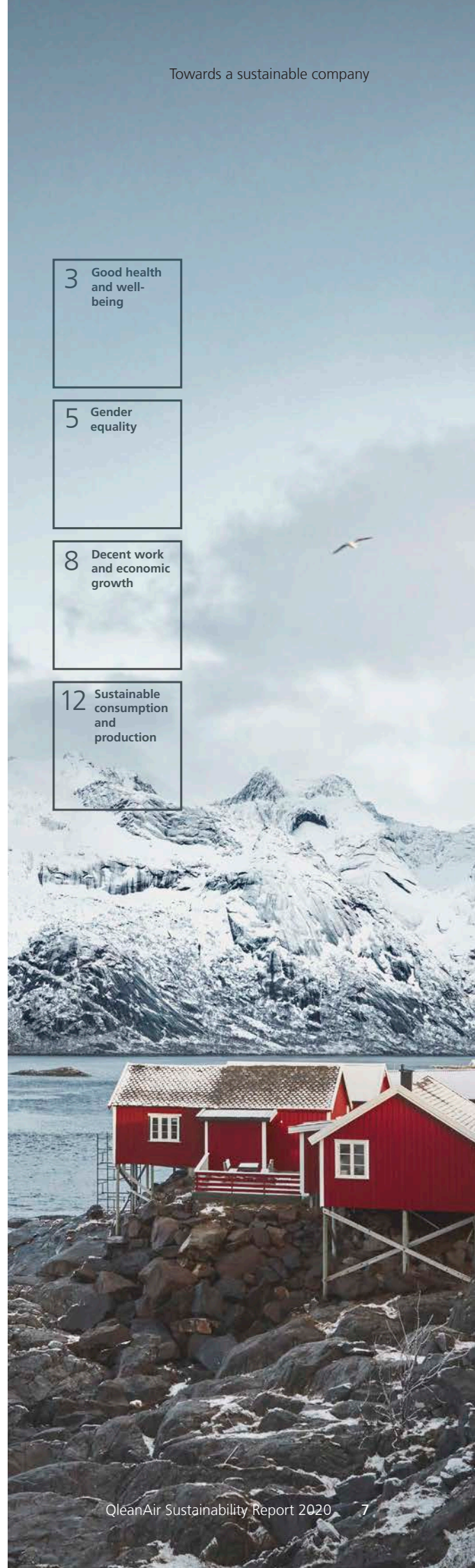
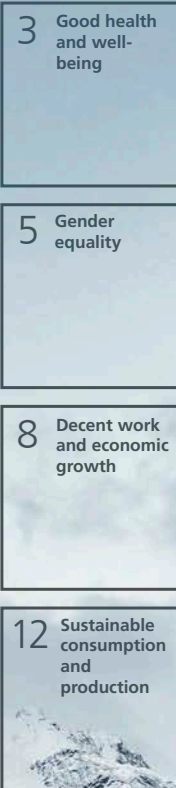
The quality of the air we breathe is directly linked to our health and ability to perform. Our cabin solutions handle all the negative consequences of tobacco smoke, and offer a healthy, safe and cost-effective solution where we protect non-smokers without burdening smokers. By trapping and filtering the particles and gases released in connection with smoking, we protect people from harmful pollution and contribute towards goal 3 and increased good health. Read more about this on page 10.

In addition to protecting people and contributing to increased good health, we also contribute towards goal 12 and sustainable production by protecting processes and products from harmful particles and gases with our air purifiers and clean rooms. The air purifiers capture and purify the air using a high-tech filtration system before releasing it back into the environment. As our cleanrooms create an environment that protects products and processes, we develop turnkey solutions for industries that place high demands on clean and sterile environments. We also work to streamline our and our suppliers' consumption of resources through, for example, the recycling of returned products and safe waste management. Read more about this on page 11.

By working to ensure a decent and equal work environment with good working conditions, we also want to contribute to goals 5 and 8, both in our own activities and with our suppliers. Read more about this on pages 12-14.

Management system and policy documents

The tools that serve as overall instruments in this work are our quality and environmental management systems ISO 9001 and 14001. We use our management systems for continuous monitoring and development and to ensure that we work with high quality and a low environmental impact in all our business processes. In addition to management systems, we have a number of policies relating to CSR, quality and the environment, work environment and travel and road safety, which are also used as key tools for our governance. Our suppliers and partners also sign up to our Code of Conduct, which stipulates their responsibility for human rights, anti-corruption and business ethics. To ensure that our employees know what is required and expected of them in their professional role, they also have to sign this.



Our stakeholders

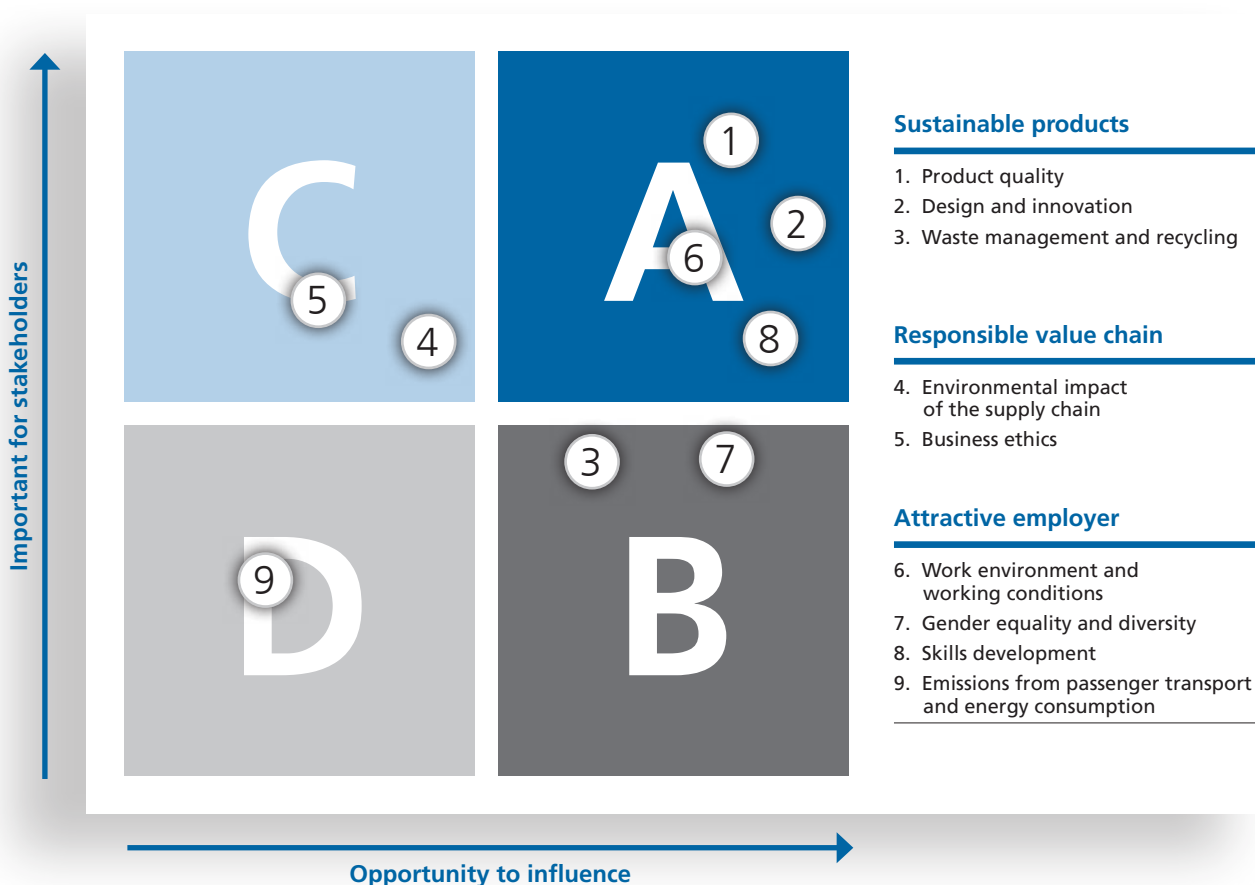
For QleanAir, it is important that we continuously increase our understanding of our stakeholders. Their demands, expectations and needs form the basis of our sustainability work. Therefore, we have mapped out the most important stakeholders that affect and are affected by our activities. Through regular dialogue with them, we can form a better idea of what sustainability areas we should prioritise and communicate in the future. The analysis was conducted in 2018 and has since been revised in 2019. The stakeholders most important to us and the issues identified as important in dialogue are presented in the table below.

Our stakeholders

Stakeholder	Form of dialogue	Key issues
Customers	Procurement meeting Customer survey Customer meeting	Clean air Price Quality Energy efficiency Business ethics Delivery times
Owners	Shareholders' meeting	Share development Healthy work environment for employees and customers Sustainability control, e.g. policy for the environment, work environment and business ethics
Employees	Performance review Staff meeting Intranet Training	Developing duties Skills development Good work environment Opportunity for salary development Business ethics Opportunity to make a difference
Suppliers and Partners	Contract signing Ongoing contact Training Partner conferences Supplier assessments Annual audits	Ability to pay Long-term contracts Stable economy Trustworthiness Working documentation, e.g. drawings, manuals Training

Materiality analysis

In order for QleanAir to take a focused and strategic approach to sustainability, we have analysed our most important sustainability areas. This was done in a project group consisting of the CEO and quality and finance managers together with external specialists. The analysis takes into account which areas we have the greatest opportunity to influence with our activities in relation to how important the issues are to our stakeholders. The result forms the basis for QleanAir's strategic work going forward and has been divided into our three strategic focus areas.



■	Focus
■	Manage on an ongoing basis
■	Increase our impact
■	Monitor

Sustainable products

We work systematically to further develop and improve our offering. All improvement work is prioritised based on the effect on overall goals, which we strive for by being a reliable partner where we provide a full-service offering with functional guarantee. Our full-service offering includes investment advice, capacity planning, pollution reduction consultancy, air quality testing and analysis, as well as long-term agreements with a functional guarantee with service and maintenance. Our customers buy not just a product, but a collaboration where we constantly receive feedback, follow up our efforts and improve our processes. In order to offer sustainable products, we aim for a high product quality with long life, design and innovation as well as responsible waste management and recycling.



Product quality

We work diligently to continuously improve and develop our product quality. We have regular dialogue with our customers to create a better understanding of their needs and how we can find solutions that contribute to their efficiency and well-being. Through our full-service offering, we have close dialogue with our customers to continuously identify development opportunities around our products. For us, product quality also includes our products having a long lifespan and a significant positive effect on our customers' air quality. We evaluate the quality of our products by measuring the lifespan, the efficiency of our products' air purification and the number of customer complaints and reports of faults.

Goals

- Customer complaints fewer than 1 fault per facility every 5 years
- Fault reports during installation must not exceed 1%
- Purified air: 25% annual increase

To be able to increase the lifespan of our products, we first and foremost need to be able to measure the product lifespan today. Our goal is to be able to follow the lifespan for each product category, but since our different product categories have been on the market for varying lengths of time, it is difficult to obtain these figures. For example, we have some cabins that have an average lifespan of eight years, while the majority of our air purifiers have not been on the market long enough and are still in use by our customers. There are also examples of products with a lifespan of over fifteen years. At present, we must therefore assume an average of the lifespan of all our products for the entire group, which amounts to about five years. We intend to increase this through our full-service offering, which maintains the product's function over time. What we cannot influence is our customers' environment. Some production environments have different levels of wear and degrees of use, which affects the lifespan.

Another important performance indicator for us is how efficient our air purification is, that is, how much clean air we deliver each year to our customers and their users. In 2019, the group as a whole cleaned 43 billion cubic metres of air. If you relate that to the size of our Stockholm-based arena, the Globe, which has a capacity of about 16,000 spectators, we clean just over 70,000 Globes a year, which corresponds to 8 arenas per hour.



To monitor how satisfied our customers are with our product quality, we measure the number of customer complaints. Compared with the previous year, the number of fault reports for our products in relation to the total installed base has decreased by 18 percentage points, while fault reports in connection with delivery and installation have increased by 11 percentage points. We are investigating this to be able to see patterns and act quickly on identified problems.

Customer complaints	2017	2018	2019
Fault reporting of the product¹	0.74%	0.63%	0.45%
Fault reports in connection with delivery and installation²	1.6%	0.89%	2%

¹ Number of product-related customer complaints in relation to total installed base. Includes the entire group.
² Number of delivery- and installation-related complaints in relation to total installations completed during the year. Includes European installations.



Design and innovation

We depend on being able to offer competitive technical solutions to preserve our market position. The markets within our different product categories differ significantly, which means that the competitive situation varies within the different product categories. As important as it is to ensure that our products maintain high standards and good quality, it is equally important that we are creative and innovative in order to make our products simpler and safeguard them for our users. Our ability to innovate will determine our long-term success, and our innovations will support our customers in their development.

In addition to product managers, we have our own product development department, which works to develop new products as well as continuously improve existing products.

In this way, we have control over how the products are designed and produced, what materials are used and what their composition looks like. We are aware that through our material choices we can reduce our negative environmental impact, which is something that has become increasingly important in the development process. We have developed a five-step process for product development that explains the typical workflow when a product goes from being an idea to its market launch. This is to ensure that we work in a structured way with our product development, and to make the customer feel confident that our products are well thought-out and well designed. Compliance issues are decentralised within QleanAir, as it is our product managers who are responsible for identifying regulatory requirements and local customer needs during the product development process.

Waste management and recycling

Today, our products consist of raw materials such as aluminium, wood, glass, plastic, steel, fibreglass and activated carbon. One important factor that significantly reduces our and our products' environmental impact is the possibility of reusing the material from discarded products in the manufacture of new products. When a product is returned, the local service depot attempts to restore the product so that it is as good as new again. The goal is to create a completely circular system where all material can be restored and reused in a new product that can be leased to a new customer with the same quality as if the product were brand new. By reusing a large proportion of our material, we can offer high-quality products while being economical with our natural resources and reducing our waste. The material that cannot be reused today is sorted and recycled in accordance with our waste management instructions. Since our service partners have a great responsibility for waste management, these instructions are common to our

entire business and something that is communicated to our service partners. To be able to sort the material that cannot be reused, we at QleanAir have clear guidelines for how we select and produce materials and products. It is important that the material can either be classified as waste for incineration or that it is possible to recycle.

In addition to waste from our products, we also handle the disposal of ash and cigarette butts collected from our cabins. Butts that would otherwise end up in nature or pose a fire risk. To ensure that the butts in our cabins are handled responsibly, we have a unique odour- and fire-resistant ash management system (ASH), which is recommended by the Swedish Technical Research Institute. The system removes the risk of fire and all bad odours from the butts, while also having a built-in capacity control that helps create optimal safety and optimum function. To increase the proportion of butts that are processed responsibly, we measure how many butts we process and aim to increase this figure by 10% a year.

Goals

Processed environmental waste in the form of cigarette butts should increase by 10% on an annual basis

Waste management	2019
Handled tobacco waste ¹	2,282 m ³

¹ Includes the entire group.

Responsible value chain

QleanAir has a global business and value chain. With our business model, we depend on third-party suppliers for manufacturing, assembly and logistics as well as installation, service and maintenance. This means that we become subject to risks related to our value chain. Our choice of business model means that we place a great deal of responsibility and trust on our partners and suppliers, and it is of the utmost importance that misunderstandings are eliminated and risks are minimised in order for us to have a responsible value chain. Therefore, we sign agreements based on long-term cooperation with our suppliers. There are clear instructions on what we as a customer expect and require regarding the environment, human rights and anti-corruption. Of our total purchasing volume, we have about ten critical suppliers, for which we, for various reasons, are directly dependent on being able to fulfill commitments to customers with high quality.

Environmental impact of the supply chain

At QleanAir, we have assessed logistics and transport to and from our suppliers as one of the largest areas of our environmental impact. We have thus identified this as a priority environmental area for us in the future. To try to reduce the negative environmental impact of the supply chain, today we place requirements on our freight forwarders. These requirements mean, for example, that they must optimise their routes, choose environmentally friendly vehicles, prioritise a boat or train before a truck or flight, and that they must be environmentally certified to ISO 14001 or similar. We also require of the airlines that transport our products that they have a progressive approach to the environment and sustainability.

We work with so-called Assembly centres where assembly and some production takes place. This means that our critical suppliers are not direct suppliers to us, but suppliers to our Assembly centres. These centres work with their own supplier evaluations, but need to ensure that our requirements and conditions are met. We encourage our suppliers to take responsibility in the development and use of environmentally friendly technology. To reduce the negative environmental impact of our supply chain, we will continue to work on identifying where the negative environmental impact is happening and how we can work to have a greater influence on our subcontractors.

Business ethics

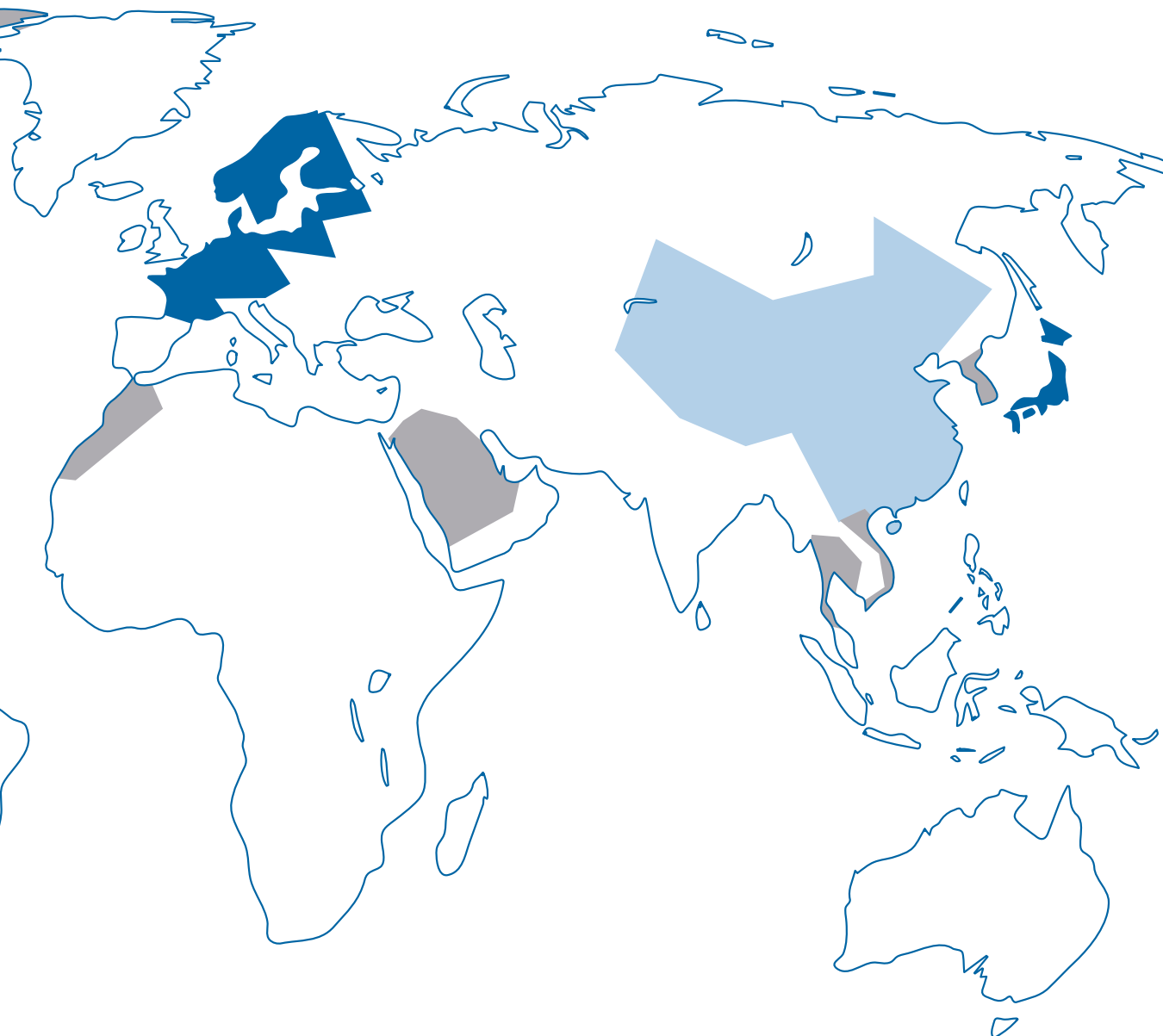
We have identified that the main risks for corruption and human rights violations are in our value chain. Since this is beyond our direct control, we work to identify and reduce the risk of violations in collaboration with our subcontractors. To manage these risks, we have developed a Code of Conduct that describes our expectations in terms of ethical and sustainable behaviour and approach.



- QleanAir sales staff and/or market partners
- Distribution cooperation with third parties
- Pilot market

The Code supports the UN's international human rights regulations and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and applies to all suppliers and partners who sign it in the context of entering into a contract. Our Code of Conduct is reviewed annually and sets out guidelines and requirements for both our suppliers and their subcontractors regarding their impact on the environment, human rights and anti-corruption.

To ensure compliance with our Code of Conduct, we work continuously with ongoing review, dialogue and



supplier assessments. To determine whether a partner or supplier is capable of meeting our requirements, we conduct continuous supplier assessments in the form of desktop analyses, dialogue and visits by buyers and quality managers. In these we assess aspects such as economy, management system, production and delivery quality, service level, work environment and sustainability work. To be able to quickly handle reports of serious irregularities and misconduct within or outside the company, we have introduced a whistle-blower function. The purpose is to have an open and secure channel with an independent company for anyone who suspects or detects misconduct.

Business ethics

Code of Conduct	2019
Endorsed by proportion of critical suppliers	100%

Goals

All our critical suppliers must adopt and sign our Code of Conduct

Attractive employer

With 97 employees in the group, we have a great responsibility to act as a safe and attractive employer. At QleanAir, we want to have long-term personal relationships with our employees and partners, where we offer secure employment and collaboration, a decent and equal work environment and continuous skills development. For us, being an attractive employer also means having a business that works to reduce its negative impact on the environment.

Work environment and working conditions

As a company with roots in Sweden, basic employment law issues such as the abolition of child labour, freedom of association and the elimination of forced labour are seen as hygiene factors. However, we are aware of the challenges that exist both locally and globally with work-related ill-health. A good and safe work environment and good working conditions are therefore an important issue for us that we never take for granted. No employee should have to risk injury or illness due to deficiencies in the work environment and we see a decent and pleasant work environment as one of the conditions for us to be productive and competitive, and have greater opportunities to recruit new qualified employees.

Goals

We must develop and retain our employees and be an interesting employer when recruiting new qualified employees.

Through our systematic efforts with the work environment, we work with ongoing reviews of the business with risk mapping and safety rounds. Our biggest physical work environment risk is traffic safety when driving a passenger car in service. We have therefore developed a traffic safety policy that is communicated to all our employees through our business management system and intranet. Psychosocial work environment risks such as perceived stress are also something we take at least as seriously as our physical risks. Our work environment policy stipulates that an honest and open attitude should prevail in the workplace, and all employees should be given the opportunity to influence their own work situation. This is something that is followed up and documented in our performance reviews.

Work environment	2017	2018	2019
Staff turnover rate	12%	29%	21%
Attendance	99.8%	95%	96%

Gender equality and diversity

Our organisation must be characterised by the belief that all employees have equal rights, opportunities and obligations regardless of gender, gender identity, ethnic affiliation, religion, disability, sexual orientation or age. Since we have operations in several countries and customers around the world, our diversity in the organisation is crucial for us to understand and communicate with our different markets. Seven languages are spoken at our head office alone. We have an almost equal organisation with a gender distribution of about 60% men and 40% women in the organisation and the board. However, we have a way to go to reach an equal management team and sales organisation. Therefore, we are in dialogue with our recruitment partner to look for female candidates. We also need to work to encourage female leadership throughout the organisation to increase the proportion of internal recruits to the management team.

Gender equality	Men 2019	Women 2019
Gender distribution at QleanAir Scandinavia	62%	38%
Gender distribution on board	50%	50%
Gender distribution in management team	100%	0%

CSR policy	2019
Endorsed by proportion of employees	100%

Through our Code of Conduct, QleanAir condemns all forms of harassment and discrimination, including those protected by applicable laws and regulations. All employees have signed the Code. We have informed all employees of our whistleblower function, to make everyone feel safe in reporting any misconduct. Instructions on how to proceed are described in our CSR policy and matters are handled by our chairman.

Skills development

We operate in an industry that is dependent on specialist knowledge. Therefore, it is of utmost relevance for us to be an employer that attracts talents and makes them stay with us for a long time. Being an attractive employer is about having a clear and good leadership that strives for continuous and stimulating development for our employees. We therefore work continuously to provide instruction and training for our employees to increase their product knowledge, sales ability and personal development.

To ensure that all employees and partners receive the same introductory training, everyone undergoes QleanAir Basic Training. In this we go through factors and aspects that play a major role in our reputation and organisational culture. In 2019 we also organised a large conference for employees, service and sales partners in Europe.



Individual skills development needs are identified mainly in performance reviews, where an evaluation of completed training efforts is also made.

Emissions from passenger transport and energy consumption

In addition to transport to and from our suppliers, the survey of our environmental impact showed that our own energy consumption and emissions from passenger transport relate to those parts of the business where we have a negative impact on the environment. Passenger transport includes both transport within the organisation and the distances our service partners travel when installing and servicing the products. Although our service partners' environmental impact is not our direct impact, we see this as something for which we need to take responsibility. At QleanAir we always explore the possibility of conducting meetings digitally and, at meetings that cannot be replaced with a digital solution, we try to minimise travel by coordinating meetings. Since the transports from our service partners account for the majority of our emissions from passenger transport, we also work on optimising their service rounds, choosing environmental cars and applying eco-driving.

Goals

Emissions from passenger transport must not exceed 2% of sales

Energy consumption (Kwh)	2017	2018	2019
QleanAir Scandinavia AB	73,616	65,917	69,431

Emissions from passenger transport (tonnes of CO ₂)	2017	2018	2019
QleanAir Scandinavia AB	21.8	18.9	20.8
Service Partners	174.8	216.6	213.3
Total	196.6	235.5	234.1
Revenue (million SEK)	197.4	224.0	220.7
Carbon intensity (tonnes/million SEK)	1.0	1.05	1.06



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