

CORPORATE SOCIAL RESPONSIBILITY (CSR) REVIEW 2020

INTRODUCTION AND CONTEXT

Q-Free's purpose is to help society and customers tackle mobility, safety, and environmental challenges related to traffic and help sustain urban growth and quality of life. This is the focal point of everything we do and is underpinned by our 3 strategic solution offerings Q-Flow (for improved mobility), Q-Safe (for increased traffic safety), and Q-Clean (for environmentally-friendly transportation).

However, the opportunities presented by further linking our financial investments and business goals to social progress are enormous. As a company we acknowledge that we must invest time and resources into understanding and resolving the CSR/ESG issues most relevant to our industry and company to maximize shareholder value and build competitive advantages.

Therefore, our increased focus on non-financial reporting this year sends a strong signal to our shareholders that we believe our future success depends on our continuous ability to look at CSR and ESG not only as a set of preventive risk management activities, but as strategic frameworks that enable us to unlock new opportunities required to create sustainable profitable growth over time.

THE 3 PILLARS OF Q-FREE'S CSR EFFORTS

Q-Free's corporate social responsibility program has three main pillars:

1. Contribute to a more sustainable transportation system (E)
2. Be a professional, fair and attractive employer and business partner (S)
3. Conduct our business responsibly and meet expectations of key stakeholder groups (G)

1. CONTRIBUTE TO A MORE SUSTAINABLE TRANSPORTATION SYSTEM

SDGs as guiding stars for our sustainability efforts

The 17 Sustainable Development Goals – shorthand as “SDGs” and also known as the Global Goals – were adopted by all United Nations Member States in 2015 to mobilize all countries to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

With the launch of the SDGs, improved traffic solutions were stated as a global focus area, aiming to provide all citizens with access to safe, affordable and sustainable transport by 2030 while reducing the number of global deaths and injuries from road traffic accidents by 50 percent. In the words of the UN: “Transport is not an end in itself, but rather a means allowing people to access what they need: jobs, markets, social interaction, education, and a full range of other services contributing to healthy and fulfilled lives.”

Q-Free directly contributes to 4 SDGs:

- Good health and well-being (SDG 3)
- Decent work and economic growth (SDG 8)
- Industry, innovation, and infrastructure (SDG 9) and
- Sustainable cities (SDG 11)

These four SDGs fit our vision, mission, values, market position, current strategy, and identity. They are not only guiding stars for us in our sustainability efforts, they are also a confirmation that there is consensus in what we view as important when building a new and more sustainable transportation system for all. In the management section of our 2020 annual report we provide more details on our specific commitments, contributions and planned actions to support the 4 SDGs above.

Measurable KPIs

We have an ambition to continuously maximize the positive effects our solutions have on the environment while reducing our own internal footprint. Although Q-Free has a net positive impact on the environment, it is still important for us to design, manufacture, sell, and deliver our products and services with the smallest possible ecological footprint. Therefore, we regularly conduct environmental aspect analyses. The ownership of environmental management has improved within top and middle management through clear, annual environmental goals that are measured and acted upon:

KPI	Area	Goal 2019	Goal 2020	H2 2016	2017	2018	2019	2020
Number of tolling lanes in operation	E	>2 000	>2 100			1810	1890	~2 000
Number of traffic signal controllers	E							
Travel emissions								
Number of ton CO ₂ pr. million NOK in sales	E	<0.25	<0.20	0.606	0.414	0.339	0.241	0.046
OBU's shipped by sea	E	>10%	>10%				5.7%	6%

The number of tolling lanes in operation is a clear indication of our positive environmental impact. By introducing tolls, governments can increase the cost of road traffic and thus enable a shift to greener transportation modes. In 2020 we had close to 2000 lanes in operation, in line with our target for the year. Similarly, our traffic controllers help reduce idling time and stop-and-go-traffic at intersections. By the end of 2020 we had approximately 35 000 controllers installed as targeted.

Internally we continue to reduce travel year on year. In the 2017-2019 period we had a reduction of 299 tons of CO₂ emissions due to less travel. During 2020 we had a reduction of 190 tons amid the Covid-19 pandemic. Thanks to positive experiences with digital meetings and interaction, our travel patterns will be permanently altered going forward and save both money and emissions. Our Supply chain have increased sea freight when possible instead of air freight. 6.0% of our on-board units were shipped by sea freight in 2020 and the goal for next year is 10%.

Compliance with environmental standards

Q-Free fulfils all environmental requirements imposed by the Norwegian authorities and the European Union. Q-Free Norge AS's environmental management and operations are certified in accordance with ISO 14001:2015. Furthermore, the Group is working actively to encourage our sub-contractors to choose the most environmental-friendly alternatives wherever possible.

Q-Free's Environmental Policy is publicly available on the website.

2. BE A PROFESSIONAL AND ATTRACTIVE EMPLOYER

A safe and rewarding work environment

Our Code of conduct and values (Excellence, Passion, Innovation, and Collaboration – EPIC) provide clear requirements for employee performance and behavior – both internally in the workplace and in interactions with customers, business contacts, and others who are affected by our operations. The Code of Conduct is available on our website.

Q-Free considers the knowledge and experience of our employees as one of our most valuable assets. We want to attract, develop, and retain talented, innovative, and passionate employees. In return, we want to provide a competitive compensation and a safe and rewarding work environment where employees can develop and grow both personally and professionally. We have chosen three KPIs to measure how the company delivers on its promise:

KPI	Area	Goal 2019	Goal 2020	H2 2016	2017	2018	2019	2020
Employee satisfaction* (HCI/Winning temp)	HS	>7.5	> 7.5	4.00	4.0	4.04	4.11	7.5
Absence rate (sickness)	HS	<2%	<2%	1.5%	1.35%	1.55%	2.7%*	1.4%
Accidents	HS	0	0	0	0	1	0	0

*In the period 2016-2019 the employee satisfaction score was based on a scale of 1 to 5 (5 being the best). From 2020 a new scale of 1 to 10 (10 being the best) was implemented.

Due to the rapid changes we see in the world of work today, the need to monitor and strengthen the employee experience in Q-Free has become more urgent. As a response to this, we made an important shift in 2020 from the traditional annual employee survey to weekly AI-powered pulse surveys. Pulse surveys provide real-time insights into our strengths and areas of improvement, thus allowing us to respond with timely and appropriate measures as we go. The aim is to strengthen our internal communication and improve the way we work for the better good of all our employees.

2020 was a year without accidents for Q-Free. Moreover, the sick leave in Q-Free Norge AS was 1.4% in 2020, which is below the national average for comparable workplaces.

Diversity and equal opportunities

Q-Free promotes and respects internationally accepted human rights, including those

specified by the International Labor Organization. We support the right to freedom of association, and oppose any form of child labor, forced labor, and discrimination. Q-Free actively encourages all representatives, partners, and suppliers to follow the same principles.

We are an international company with employees from more than 35 different nationalities and with diverse backgrounds. Hence, we strive to avoid discrimination of individuals or groups based on their age, gender, disability, race, sexual orientation, ethnic origin, religion, political affiliation, or any other reason. Q-Free has established an anonymous reporting mechanism where incidents or violation in relation to our working environment can be reported. There have been no reported incidents in recent years.

Gender equality and non-discrimination of male or female employees will be of particular importance to us as Q-Free's workforce consists of only 17% female employees. Disciplines such as technology development, engineering, and technical sales have traditionally attracted a majority of male applicants. However, with more women graduating with technical degrees and the documented benefits of a better balanced gender ratio, we have established a goal to increase the share of women in Q-Free to 25% by end of 2023. The gender diversity requirements pursuant to Norwegian legislation are already fulfilled as the Board of Directors currently has a 40-60 gender representation among shareholder-elected board members.

Going forward we will strive to break down any barriers that may have restricted female applicants in the past. We will systematically address the entire employee journey to ensure we cater to the needs to women from attraction, recruitment, and onboarding to development, retention, and promotions. Activities to minimize gender biases in our employee communication and educate employees to set boundaries and take full advantage of flexible work options to assure work-life balance in a remote work environment, will be key.

Compliance with health and safety standards

Q-Free Norge AS was the first Q-Free subsidiary to receive the ISO 45001 certification in 2019. This is a consequence of Q-Free's efforts to enhance the Health and Safety measures in the company.

The positive feedback from the certification auditors on our ongoing efforts is only a stepping stone to further improve – our commitment to Health and Safety does not stop after getting certified. Locally elected H&S representatives ensure an open channel for the employees to address their health and safety concerns. We have regular Committee meeting with the H&S representatives to review our health and safety performance, as well as address any relevant subjects for our work environment.

Health and Safety risks are reviewed and updated yearly. The risk assessments are adjusted depending on the region, local activities, projects and products, and are designed to accommodate local legislation and requirements. Improvements in Health and Safety have been documented in the risk register along with all the H&S committee minutes from the meetings. We are still working to implement robust H&S risk assessment in all parts of our value chain.

These subjects are also documented in our management system and the Q-Free Employee Handbook.

3. CONDUCT OUR BUSINESS RESPONSIBLY

Ethics guidelines

High ethical standards and business conducts are prerequisites for running a sustainable company and gaining the trust of our key stakeholders as well as local, national, and international communities. This is a shared responsibility between the company itself and each of Q-Free's employees and representatives.

The Q-Free Code of Conduct contains guidelines for ethical behavior in both internal and external business settings and is designed to guide and stimulate ethical awareness as a basis for everyday actions and behavior. The Code of Conduct is applicable to Board members, managers, employees, contracted consultants, representatives and everyone else acting on behalf of Q-Free.

Anti-corruption

The Code of Conduct clearly states that Q-Free has a zero tolerance for all forms of corruption and bribery. It also demands that any suspicion of misconduct is reported. Personal interests or personal gains shall not affect the work of a Q-Free representative, and any action or interest that compromises integrity or objectiveness shall be avoided. The Code of Conduct explicitly governs areas relating to conflicts of interest, gifts, and money laundering.

Fair and open competition in all markets is always pursued by Q-Free. We have a desire to win contracts based on a competitive offering of products, services, and solutions. Q-Free adheres to national and foreign antitrust laws, while the Code of Conduct states that no formal or informal agreements shall be entered if competition is thereby unfairly restricted.

Q-Free identifies and monitors corporate risks including corruption and conducts analyses to define and evaluate how to address and mitigate these risks. In order to ensure that our employees have the competence to achieve our goals, we have conducted and will continue to conduct internal sessions how to prevent corruption and bribery.

These subjects are also documented in our management system.

Insider trading rules

As a publicly listed company, Q-Free complies with the laws, regulations and continuing obligations for listed companies concerning the disclosure of information. The Code of Conduct emphasizes the confidentiality requirements and prohibits misuse of information about Q-Free, or relating to insider trading, as regulated by the Securities Trading Act.

Supplier monitoring

Q-Free monitors and evaluates its suppliers. It is very important to us that our suppliers follow and comply with our high corporate social responsibility standards and conduct their business responsibly. As part of the process of selecting suppliers, we evaluate product quality/performance, labor practices and human rights, financial performance, management system, environmental performance, information security and health and safety. Our agreements allow for audits of each supplier, and corporate social responsibility is part of these audits.

THE WAY FORWARD

In Q-Free, we believe that combining a profitable business model with a strong social cause is the best way for a company to make a positive impact. A strong social cause is not a side activity of but rather an integrated part of our strategy. This is also why we, over the next years, will take an even more proactive role towards increasing our social impact while delivering profitable business results.