

CORPORATE SOCIAL RESPONSIBILITY (CSR) REVIEW 2021

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 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 ESG 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 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 2021 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 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 2021	2017	2018	2019	2020	2021
Number of tolling lanes in operation	E	>2 100		1 810	1 890	~2 000	>2 200
Travel emissions							
Number of ton CO ₂ pr. million NOK in sales	E	<0.20	0.414	0.339	0.241	>10%	0.031
OBUs shipped by sea	E	>10%			5.7%	6%	9%

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 2021 we had more than 2200 lanes in operation, in line with our target for the year. For 2022 we plan to add new KPIs related to the positive impact of e.g. efficient traffic signal management on emissions from stop-and-go traffic.

Internally we continue to reduce travel year on year, and due to the COVID-19 pandemic there has been almost no travel in 2021. We have had a steady decline in CO2 emission from travel since 2016. In 2016 we had a CO2 emission from travel of 530 ton compared to 27 ton in 2021. 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 organization has established a goal to increase sea freight, using sea transportation instead of air freight when possible. 9.0% of our on-board units were shipped by sea freight in 2021, up from 6% in 2020 and just short of the 10% goal. We expect to

reach and exceed our goal when the Covid-19 pandemic ends and both shipment and port handling becomes more effective and efficient.

Compliance with environmental standards

Q-Free fulfils all environmental requirements imposed by the Norwegian authorities and the European Union. Q-Free Norge AS has an environmental management system that is 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 our 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 2021	2017	2018	2019	2020	2021
Employee satisfaction* (HCI/Winning temp)	HS	>7.5	4.00	4.04	4.11	7.5	7.7
Absence rate (sickness)	HS	<2%	1.35%	1.55%	2.7%*	1.4%	1.5%
Accidents	HS	0	0	1	0	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. In 2021 we rolled out our employee survey, WinningTemp, globally and achieved a total score of 7.7 versus the average index score of 7.5

2021 was a year without accidents for Q-Free. Moreover, the sick leave in Q-Free Norge AS was 1.5% in 2021, which is below the national average for comparable workplaces and below our 2% target.

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. In 2021 we have initiated a cooperation with ADA, a career network for female tech students at the Norwegian University of Science and Technology (NTNU) in Trondheim, Norway.

Health and safety is always a top priority. Q-Free Norge AS was the first Q-Free subsidiary to receive the ISO 45001 certification in 2019.

In 2021 the H&S focus shifted to more psychosocial areas like: work related stress, mental health, internal bullying and harassment, decreased psychological security and feedback culture, and decrease cross-functional relationships and team culture and home-office.

The risk assessment of these topics and discussions in various fora have increased the common understanding of its importance. Proposed risk mitigation actions have also been presented for the Tolling Management team.

Health and Safety risks assessments are completed yearly. The risk assessments are adjusted depending on the region, local activities, projects and products, and are designed to accommodate local legislation and requirements. We are still working to implement robust H&S risk assessment in all parts of our value chain.

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.

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, and is revised and distributed internally on annual basis.

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. Q-Free is also implementing an Anti-Corruption Compliance procedure to better identify, monitor 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, as well as our employment agreements 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.