

Envirotainer's Sustainability Report FY2018



Background

Sustainable development is a strong trend in the world and is a focus area for Envirotainer Holding AB and its subsidiaries ("Envirotainer"). According to the UN Global Compact report for 2017, there is an increasing adoption of the UN Global Compact principles by companies and countries. Companies that understand future business needs for sustainability will more easily meet the requirements of future generations and play an important role in helping to create a more sustainable world.

Envirotainer has focused on sustainability issues for many years, and sustainability is an important part of our business model. Based on our philosophy

of continuous improvement, we strive to further improve our sustainability impact in all areas to contribute to the UN Sustainable Development Goals of the 2030 Agenda for Sustainable Development.

Scope

This 2018 sustainability report covers our own facilities, products, services, and staff. Other partner stations and staff are not included.



Summary of Focus Areas for 2019

Product development

Our product development during 2019 will focus on:

- weight to resource consumption ratio
- modularization to minimize waste and optimize reuse of components
- increased ratio of recyclable materials

Transportation / repositioning

As part of our sustainability development work in 2019 we will continue to optimize the repositioning of our fleet of temperature-controlled containers. This includes both improved planning to minimize the number of movements of containers but also a further evaluation and development of our supplier base.

Supplier collaboration

New forwarders have been selected to enable CO2 follow-up and measurements. During 2019 we will work closely with these suppliers concerning data for CO2 footprint when repositioning our temperature-controlled containers (that are certified air cargo Unit Load Device, ULD) and establish a way to calculate the CO2 emission for all our ULD repositioning activity.

Social sustainability

In 2019 we will strengthen our reporting regarding health, safety and risk management and regularly present the results to the management team and the board.



Company History

Envirotainer AB was founded in 1985. In 1995, the first container with an active temperature control system was developed and marketed. During the second half of the 1990s, the company partnered with leading airlines and has since then established a network of airline and forwarder partners for worldwide leasing services. Envirotainer has further focused its strategy, resulting in today's main emphasis on temperature-controlled transport for the healthcare and biotech industries. In 2018 Envirotainer had approximately 300 employees.

Envirotainer introduced cold chain management services in 2004, including product validations in the company's own testing facilities, and qualifications in the field. The year after, in 2005, the company launched its revolutionary RKN e1 electrical heating and compressor cooling container, designed for the highest requirements of temperature-controlled transport.

In 2006 the QEP Training and Quality Program was launched, to acknowledge service providers that are capable of properly managing temperature-controlled shipments using the Envirotainer containers. In 2010 the company launched the latest addition to the Envirotainer fleet, as the electrical heating and compressor cooling RAP e2 container received EASA certification. This LD-9 size container has been developed by Envirotainer engineers, using a proprietary composite technology.

Our Markets

Envirotainer is the global market leader in secure cold chain solutions for the pharmaceutical supply chain, providing services to more than 600 pharmaceutical companies, 100 airlines and 40 major freight forwarders. It is represented in more than 100 countries and 200 airports. The network includes more than 60 service and repair stations of which four are owned and operated by Envirotainer. The company's own stations are located in Rosersberg, Amsterdam, Singapore and

Atlanta. Furthermore, there are three Operation Centers, located in Frankfurt, Singapore and Dallas. The Supply Chain and R&D departments are located in Rosersberg and the head office is located in Upplands Väsby, both of which are located just outside Stockholm, Sweden.

Our Business

Envirotainer develops, manufactures and offers leasing of innovative cold chain air transportation solutions, including validation, support and service, for pharma products that require a temperature-controlled environment. Due to a truly global presence with the world's largest active container fleet, the most extensive logistics network, and more than 30 years of industry expertise, Envirotainer is able to meet the customers' need for innovative and reliable temperature-controlled solutions – available from any location to any destination. The company operates through an open, global network of airlines and forwarders.

Envirotainer manufactures all the active temperature-controlled containers it uses for its business, together with certain spare parts, in the production facility in Rosersberg, outside Stockholm. According to the Swedish law on Annual Reports, Årsredovisningslag (1995:1554), companies that carry out activities that are subject to authorization or notification under the Environmental law (1998: 808) need to state the impact on the external environment.

Envirotainer's operations require environmental permits. The group holds permits to produce both aluminum containers and composite containers at the Rosersberg production site in Sweden since 2014. For the production of aluminum containers, the permits refer to the use of polyurethane as insulation material. The company uses best available technology, "BAT", in the manufacture of aluminum containers with polyurethane isocyanates. For the production of the composite containers the permits refer to the emission of



styrene and acetone into the air. In addition, the manufacture of composite containers uses best available techniques "BAT".

All emissions from the manufacturing are reported to the relevant authorities and are well within the defined limits of our permits. During 2018 the company produced 589 new aluminum and composite containers, which was a decrease of 32% from 2017. Production in the years to come is estimated to be within existing permit limits. No change of the current production methods is planned during 2019.



Waste Management

Our customer turn to air freight for security, Waste is primarily created from three activities within the business system:

- Manufacturing of new containers and spare parts
- Regular maintenance and repair of containers at the service stations
- Scrapping and dismantling of containers at the end of their life-cycle (12 years for e-containers and 10-15 years for t-containers)

An overall goal of Envirotainer's waste management is to minimize waste and maximize sorting in fractions to improve the possibilities of recycling.

In 2018 waste created in the production facility from the manufacturing of new containers and spare parts amounted to 155.9 tons. Waste is sorted in fractions (below) and most of it is recycled by reworking in different ways.

Plastic	0.2%
Electrical	1.8%
Chemical	1.9%
Paper	44.2%
Aluminum	15.3%
Wood	27.7%
Unsorted	8.8%

Waste from the regular maintenance and repair of containers consists primarily of used batteries and used cooling media.

Handling of the MRU (Mechanical Refrigerating Unit) including cooling media is done by subcontractors having a global service organization. They are responsible for cooling media waste management.

Envirotainer's subcontractors also manage handling of used batteries from our containers.

For this purpose, the company only uses battery destruction companies that have the appropriate environmental certifications. During 2018 the company replaced 700 batteries which were sent to a recycling plant in Germany. Waste from scrapping and dismantling containers at the end of their life cycle is managed by the local service stations. In 2018, a total of 129 containers were scrapped, corresponding to 5% of the total container fleet. The waste from this activity amounted to 81.9 tons.

Future Work

Envirotainer strives to reduce the unsorted fraction of waste material in coming years and to use approved destruction companies worldwide. Envirotainer stations dismantle panels, base panels, composite material etc. in fractions for correct destruction.

In agreements with suppliers the company will request them to always follow local and Envirotainer specific rules for destruction. For this Envirotainer needs to receive MSDS for all components and parts to know how to fraction and destruct them in a correct way. Checkpoints of correct destruction will be included in internal audits, which are performed once a year.

Energy Consumption

The electricity consumption in 2018 in our facilities was in total 1561 MWh where 89% derived from renewable sources such as wind, solar or hydro. The production site in Rosersberg, Sweden, uses most of that energy, followed by our stations in Amsterdam, Atlanta and Singapore. Depending on production levels in Rosersberg, the use of electricity will vary from one year to another.

Transportation / Repositioning

Envirotainer's CO2 footprint is primarily generated by the repositioning of the container fleet which is done in order to cater to customer needs. According to the calculation model used, the CO2 load was 17 967 tons in 2018 for repositions, see Table 1. Truck or rail is used for intra-continental container repositioning, while air and boat transports are used for intercontinental repositioning.

Transport

Sum of Co2 (Tons)	
Air —————	17 127
Boat —————	33
FTL truck ———	68
Rail —————	39
Grand Total —	17 967



Social Sustainability

Envirotainer is committed to sustainable growth and in 2018 the company has made efforts to ensure awareness and understanding of the company's Code of Conduct, Core Values and Governance framework. These guidelines form the foundation of how Envirotainer does business in and are important tools to guide behaviour and ultimately performance. The company has also reviewed and relaunched its policies and employee handbooks. To ensure continuous improvement of the social aspects of sustainability, the company believes that well-informed managers is a key component. Therefore, the company has initiated a global leadership program, which includes all managers. This initiative will be completed in 2019.

In 2019 the company will also strengthen the reporting regarding health, safety, and risk management and will regularly present the results to the management team and the board of directors.

Code of Conduct

The Envirotainer Code of Conduct outlines the main principles of Envirotainer's corporate responsibility, as well as the personal, ethical and professional principles to which all Envirotainer employees should adhere. The Code gives guidance to relations with employees, customers, suppliers, shareholders, and society as a whole.

The same principles are applicable for the company's suppliers as they play a key role in managing Envirotainer's global supply chain of temperature-controlled services in a responsible manner. Envirotainer will monitor suppliers and partners to comply with the Code of Conduct. Business will not be done with suppliers that fail to comply with applicable laws and regulations.

The guiding principles for Envirotainer's Code of Conduct are based on the UN Global Compact

Initiative as well as the UN Code of Conduct for Suppliers.

All Envirotainer managers have the responsibility to inform employees about the Code, and all employees have the responsibility to keep informed about the Code. The Code includes information about Envirotainer's whistle-blower function.

Throughout the year, focus has been to increase awareness and understanding of the Code among all employees. In 2018 Envirotainer created an e-learning course on the Code of Conduct and all employees conducted the training. The Code is now integrated in the onboarding process for all new recruitments and its importance is emphasized through various communication channels, whenever possible, such as CEO updates and the intranet. It was also included as a natural part of the Envirotainer Governance framework, which was launched in 2018.

No reports of breaches of our Code of Conduct were submitted in 2018. Since Envirotainer is committed to sustainable growth, the company will continuously reinforce the importance of timely and accurate reporting of all potential breaches of our Code of Conduct.

From 2019 and onwards the Code will be an important and continuous focus in the global induction program in order to ensure that all employees are aware of its existence and importance. A new whistle-blower line is to be implemented in 2019 for all employees, through which they can report potential breaches to the Code.

Human Rights and Anti-Corruption

Envirotainer has recognized and adopted all Human Rights and Anti-Corruption principles as stated in the UN Global Compact Initiative. This is further described in Envirotainer's Code of Conduct.



No reports of breaches of our Code of Conduct with regards to Human Rights and Anti-Corruption were submitted during 2018.

Business ethics is high on the group's agenda, representing an issue that is continuously addressed, for example in the onboarding process. Guidelines on anti-corruption are set out in the Code of Conduct. The stated policy is one of zero tolerance of corruption, bribes, and unfair anti-competitive practices. No cases of corruption were found to have occurred during the year.

The company has established a whistle-blower guideline for persons who want to report any deviations from the Code of Conduct, where both Human Rights and Anti-Corruption are included. The whistle-blower guideline will be implemented in 2019.

Employees – Engagement, Health and Safety

Envirotainer conducts employee surveys annually to ensure continuous improvement of Envirotainer as a great place to work. The results of the surveys show the level of trust that employees have for Envirotainer as an organization and indicate both strengths and improvement areas. This serves as input for how to create the best conditions for employee commitment and a sustainable working life. In 2018 the response rate was 93%, an increase from 90% last year, and the Trust Index increased from 66% in last year's survey to 71% in 2018. 80% of the respondents stated that – taking everything into account – Envirotainer is a great place to work. This is a significant improvement by 8%-points from last year and substantially above the benchmark of Swedish companies with more than 250 employees.

Throughout the year, all departments have compiled actionable plans based on the results to ensure that the company acts on potential deviations and low scores and take necessary measures to further improve results and become an even greater place to work. The next employee survey will be deployed in 2019.

Employee Appraisal

All Envirotainer's employees are important, and management strives to engage, develop, and coach every individual and team to achieve their goals. Yearly performance appraisals are performed to ensure that everyone in the company knows the company's and their own individual goals and performance and have a continuous dialogue on employee competence development.

In 2019, adjustments to the performance process will be implemented. The purpose is to increase clarity and transparency in the process. Managers are to be trained early 2019.

Company Communication

Good communication within the company is key to ensure employee satisfaction and an efficient organization. Company information is distributed via the intranet Digital Workplace as well as

through regular updates from management and regular departmental meetings.

Envirotainer strives at communicating in a structured manner, ensuring that all employees are aware of our corporate objectives, focus areas, and related information.

Risk and Safety

Envirotainer is committed to provide safe and healthy working conditions in compliance with Swedish law for the facilities in Sweden and with local law abroad. The company works diligently to reduce and eliminate occupational hazards and has a structured approach to work with workplace environment.

The company operates with clearly stated guidelines, roles and responsibilities in the Rosersberg production facility and at headquarters. This includes regular meetings, structured safety checks and follow-ups. Workplace representatives, responsible managers, and HR are involved in the process. Incidents in the workplace are reported in a structured manner.

Safety procedures at production facilities and headquarters have been revised and relaunched. Updated routines have been communicated in 2018 to all managers.

Risk Management

The company has a facility access control system in the supply chain and R&D facility and at headquarters. Each manager is responsible for continuous improvement of safety procedures and the company strives for a culture that encourages reporting, analysis and effective management of health and safety issues.

Risks at Envirotainer are tracked and monitored on a regular basis. All personnel are covered by travel insurance when traveling and employees are covered by additional insurances based on country specific needs.

Envirotainer will review the need for additional background checks in the network.

Supplier Sustainability

Most of the existing suppliers have been introduced to Envirotainer's new Code of Conduct during 2018. The remaining suppliers will be introduced through regular contract renewal. When introducing new suppliers, the Code of Conduct is part of the contract. All new contracted transportation suppliers have agreed to the Code of Conduct and support the company with sustainability data, such as CO2 emissions.

Future Work

New forwarders have been selected to enable CO2 follow-up and measurements. During 2019, the company will work closely with these

suppliers concerning data for CO2 footprint when repositioning our ULDs and establish a way to calculate the CO2 emission for all ULD repositioning activities.



Customer Satisfaction and Expectations

Envirotainer regularly performs customer insight research to understand customers' views and needs today, as well as trends for the future. During the fall of 2018, a customer study was conducted with around 350 respondents. The method used was a combination of online and telephone interviews.

The three main target groups – pharmaceutical companies, airlines and forwarders – were all represented in the study. A key customer satisfaction indicator for Envirotainer is the NPS (Net Promoter Score). Envirotainer enjoyed high scores of NPS in this survey, and an overall improved score compared to last year's study. This indicates a continued strong need for the

company's temperature-controlled products and services among our customers.

Future Work

In the 2018 study Envirotainer continued to investigate the importance of environmentally friendly solutions for the company's customers, and the results underline the findings from previous studies. Sustainability in terms of environmental impact is not a priority for customers' decision makers when they are selecting temperature-controlled solutions for air freight. However, market factors, regulations, or company strategies could impact this in the future. These factors are also important input for the development of new products and services.



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