



AQ M-Tech Sustainability Report 2022



Time period: 2022-01-01 – 2022-12-31



AQ M-Tech AB

1. Executive Summary

We at AQ M-Tech AB are proud to present our sustainability report for the business year 2022. We recognize our responsibility as an industrial company to act in a sustainable and responsible manner towards society and the environment. This report highlights our progress, goals, and commitments to reduce our impact and promote sustainable development. With our sustainability commitment we are committed to integrating sustainability into everything we do, from our product development to our day-to-day operations. This report outlines our efforts to address CO2 emissions and achieve our ambitious carbon reduction targets.

AQ M-Tech is a part of AQ Group (publ. listed) company. AQ M-Tech is 100% owned by our mother company AQ Group.

2. Introduction

- **Company overview:** AQ M-Tech is an industrial company specializing in develop, manufacture, and assemble electromechanical components and systems to demanding industrial customers. Our organization consists of 125 employees, and we are in two separate factories in Uppsala. One on Bolandsgatan 10 and one on Stålgatan 8. Both facilities are rented and controlled by our landlords that also works to improve the sustainability. We are a subsidiary to AQ Group, a global supplier to demanding industrial customers.
- **Market overview:** Our sales in the market are 80% local in Sweden and 20% are located globally.

3. Sustainability strategy and governance

- **Vision and mission:** Our vision is to be an ever-growing partner to our customer with high demands and to be a natural choice for them.
- **Stakeholder:** Our mother company is listed and is yearly presenting a sustainability report and reports to UN Global Compact. Our customer has a high sustainability requirement and push us to make a yearly Ecovadis assessment. We are also a member in "Svenskt Näringsliv" that secures good working agreements to our employees.



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4. Environmental performance

- **CO2 and energy targets:** We have established clear and measurable CO2 reduction targets in alignment with our commitment to combat climate change. We have also established clear and measurable energy reduction targets to reduce our impact on energy in our production. These targets are integral to our sustainability strategy.
- **Suppliers:** We work with our suppliers, and we are performing a yearly assessment on our suppliers, ISO14001 certified suppliers are preferred. Our suppliers are the area that affects our CO2 emissions the most and we will during 2024 start a project to be able to calculate our Scope 3 emissions.
- **CO2 emissions:** We have tracked and reported our CO2 emissions according to the Greenhouse Gas Protocol Initiative (GHG) Scope 1 and Scope 2.
- **Water:** The organization is not a large water consumer, still we have installed equipment that reduces the water consumption in our machining department. These installations are also contributing to better work conditions since the use of biocides are eliminated and the air is prevented from oil mist.

Production Equipment - ESG



3Nine

- Reduces the oil mist for better work environment and extended life cycle of the fluid (water and oil)

Oil shimmer

- Removes leak oil from cutting fluid to extend the life cycle of the fluid (water and oil)

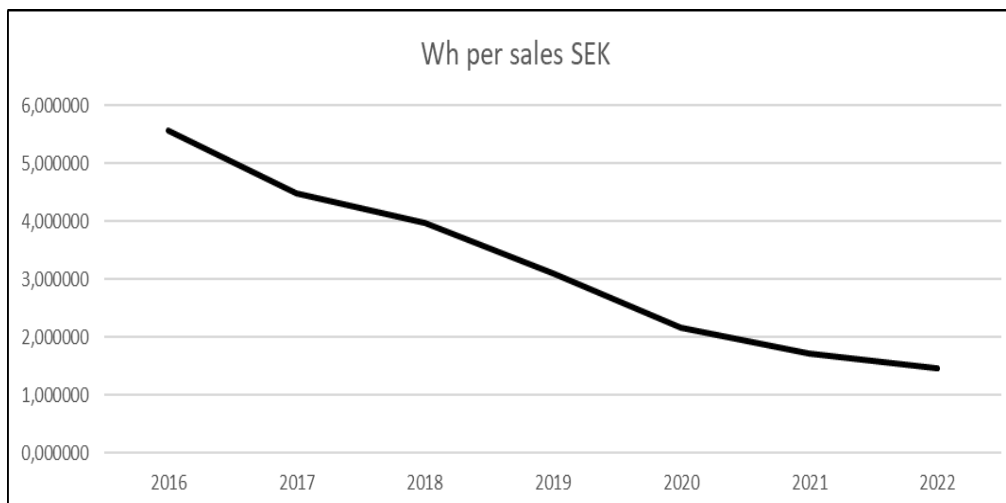
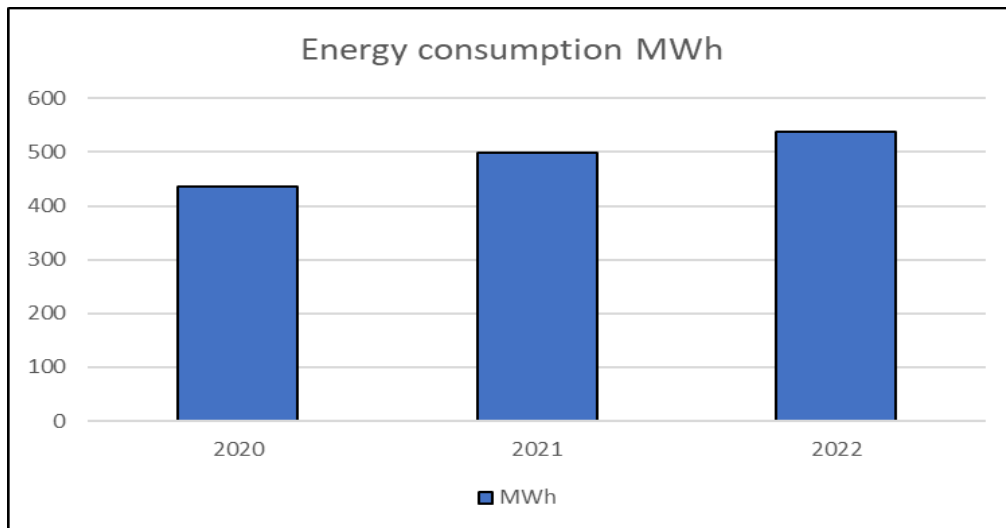
Fluid worker

- UV cleaning of cutting fluid to extend the life cycle of the fluid (water and oil). Also to excludes biocides in the cutting fluid



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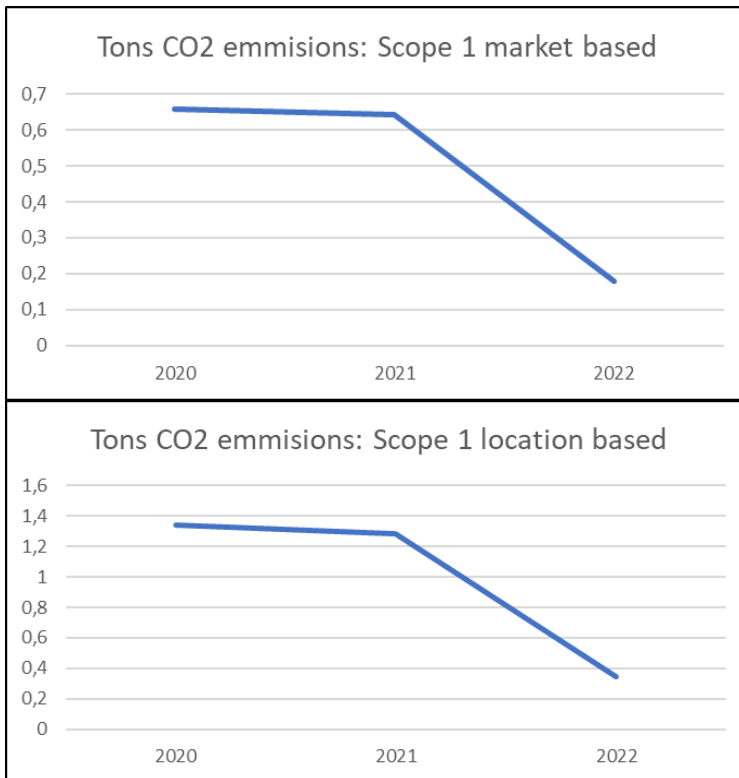
- **Renewable energy:** We report on the share of renewable energy sources in our energy mix, and we are only using energy from fossil fuel free energy sources reflecting our commitment to transitioning to cleaner energy alternatives.
- **Energy consumption:** Our energy consumption data highlights areas for efficiency improvements and guides our efforts to optimize resource utilization. We measure our energy consumption to sold SEK and we have a target to reduce this every year with improved manufacturing processes and better energy management in our facility and in our production. The improvements come from better production planning and switch to LED lightning, reuse of our heat generated from machines in our production. The people in our organization have also a higher energy awareness which leads to for example turn off lights and machines when not in use.





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- Scope 1:** We have reduced our car fleet and changed from fossil fuel cars to electric cars, The CO2 emissions are reduced to 0 for the EV's in Scope 1 when we are calculating according to market based method. When we calculate we do that according to location based method according to the residual mix in Nordic market: [Residualmix för 2022 - Energimarknadsinspektionen \(ei.se\)](https://www.ei.se/Residualmix_for_2022)
 The figures are recalculated according to the residual mix (location-based method) and therefore the electrical vehicles are also contributing to CO2 emissions. We are buying certified green energy; our real market-based contribution is 0 for EV cars.





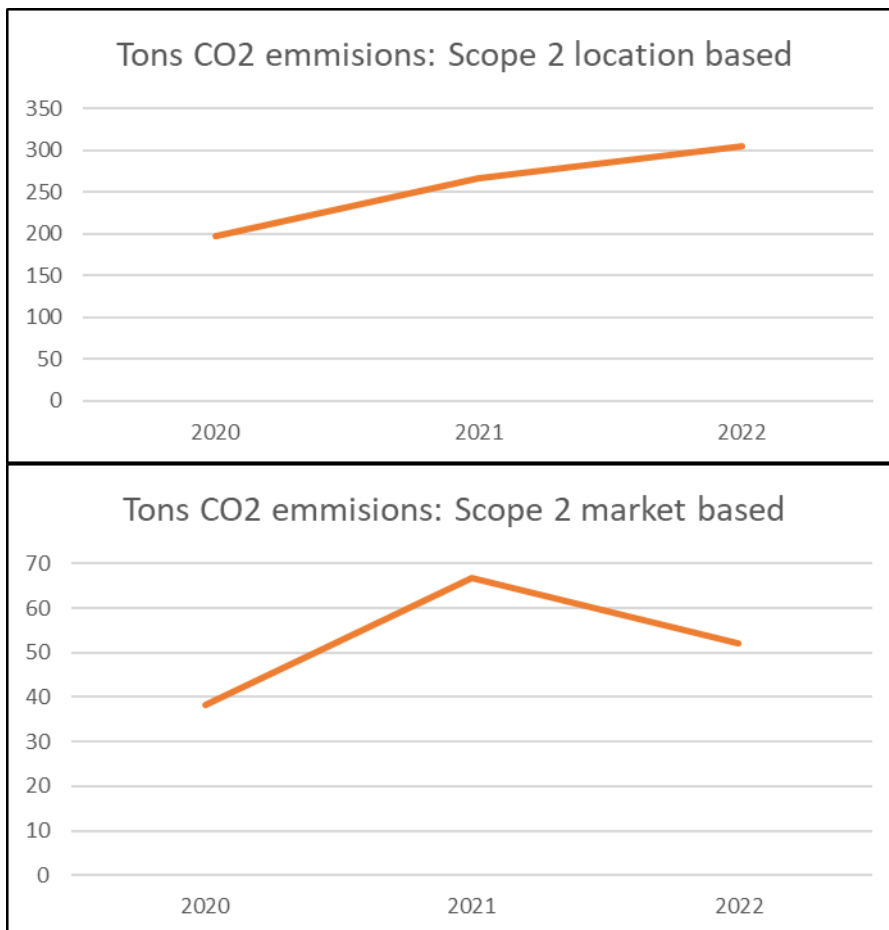
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• **Scope 2** Our facilities are heated with electricity and district heating. The district heating is sourced thru our landlord that supplies us with premises that are heated. The figures are calculated according to the landlord. The electricity sourced for our production is sourced from our supplier with certified fossil free green energy. When we calculate we are presenting the figures according to location based method and we use the residual mix in Nordic market for the electricity according to:

[Residualmix för 2022 - Energimarknadsinspektionen \(ei.se\)](#)

[Smart uppvärmning med låg miljöpåverkan | Vattenfall](#)

Since we are only buying electricity to our production that are CO2 free, our own contribution is zero according to marked-based method. We are presenting both location-based and marked-based figures.





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- **Mercury elimination:** During 2022 we completed the work to eliminate mercury in our production. We have during the year removed all fluorescent tubes and low-energy lamps and switched to LED lightning.



- **Waste disposal:** We continue to work with our waste management strategy. By reusing and recycling materials in our production and promoting circular economic principles, we strive to reduce the amount of waste even more in the future.





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5. Social responsibility

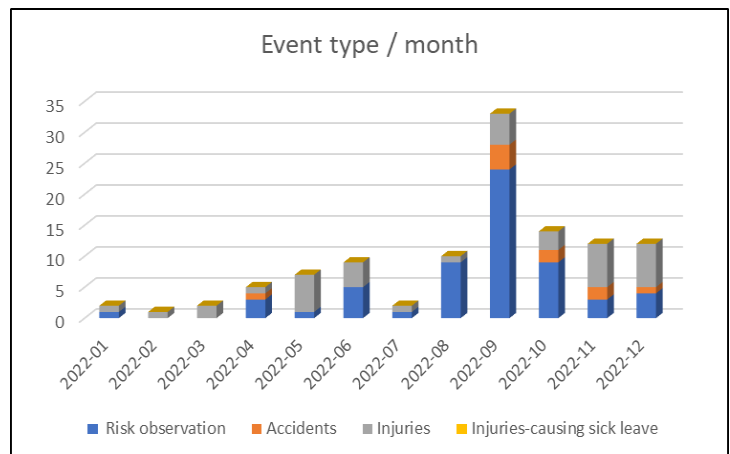
- **Core values:** In AQ Group we have our core values that are presented and lived by our organization.
- **Hand in hand foundation:** AQ is a partner of the Hand in Hand foundation that supports aspiring entrepreneurs in an Indian village to help them to a better life.



<https://www.handinhandsweden.se/>

- **Safety:** Our goal is to reach zero work-related accidents and create a workplace where health and safety is the highest priority. To monitor this, we use the IA-system, and we are reporting risk observations, accidents, injuries, injuries-causing sick leave.

During the year we had 39 injuries but 0 injuries causing sick leave.



- **Employee:** All employees have information about the development in the company and are aware of our goals and work together to reach them. Employees has been internally educated and new staff are trained in our management systems ISO9001 and ISO14001. All our employees, 125persons, are covered with collective agreements and are insured for damage and accidents and has a pension provision according to the collective agreement. We have an agreed occupational health care for all staff.
- **Political and religion:** We are neutral in religion and politics. Neither the name AQ M-Tech nor its assets are used to promote political parties or religious organizations.
- **Human rights and diversity:** We support and respect the protection of internationally proclaimed human rights within our areas of interests and we follow up regularly that the organization is not part in any violation against human rights. Diversity is a strength. AQ Group hires and treats its employees in a manner that does not discriminate regarding sex, transgender identity or expression, ethnicity, color, religion or other belief, disability, sexual orientation, age, political opinion, social origin, HIV/AIDS status, trade union membership.



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6. Economic performance

- **Economics:** AQ M-Tech is a part of AQ Group AB (publ.) and we refer to AQ Group economic reports. The reports can be found on AQ Group webpage: [Financial information \(aqgroup.com\)](http://aqgroup.com/financial-information)

7. Product sustainability

- **Production methods:** We are constantly working to reduce the use of energy in our production and improve the production methods. Some of these actions taken can be read about under chapter 4.
- **Quality:** We are constantly working to deliver quality in our production. With less non conformances we are reducing to need for extra freights and the need to produce new products which also helps to cut waste and scrap. This is our DNA, and we will continue our journey to deliver 100% product quality.
- **Eco-friendly material selection:** As we are an OEM manufacturer, we are not able to change material our self's, but we are always challenging our customers to change material, design etc. to reduce the cost but also to reduce the CO2 footprint on the final product. We are mainly working in stainless steel that can be recycled unlimited during its life cycle. For other parts we are working in plastics, and we work together with our customers to reduce the use of plastic with changed production methods. When we start our production, we are always aiming to choose the material causing less waste when produced.

8. Stakeholder engagement

- **Governance:** Our senior leadership actively oversees and supports our sustainability initiatives, with regular updates provided to the board of directors. All employees working for AQ have received training in AQ's Code of conduct.
- **Annual self-assessment:** There are global goals for all areas where we work with sustainability, and these goals are monitored regularly through the AQ Group Self-Assessment. Results, both positive and negative, gives power and energy to our development for a sustainable business now and in the future.
- **Whistleblower:** We have a whistleblower function in AQ that can handle report of violation of the AQ code of conduct.
- **Stakeholder engagement:** We engage with stakeholders, including customers, suppliers, employees, and local communities, to gather insights and feedback, enhancing our sustainability approach.



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9. Performance indicators and targets

- **Carbon reduction strategy:** We have adopted a comprehensive strategy that focuses on energy efficiency, renewable energy adoption, process optimization, and sustainable transportation to reduce our carbon footprint.
- **Risk assessment:** We recognize the potential risks associated with climate change and regulatory shifts. AQ M-Tech will start a project during 2024 to implement the recommendations from Task force on Climate-related Financial Disclosures in reporting the climate risks with our stakeholders. Our strategy will include provisions to mitigate these risks and adapt to changing conditions.

10. Outlook and commitments

- **Future:** Our roadmap includes project start of Scope 3 measurements during 2024, improved partnership with our suppliers and customers to better understand the focus areas to continued efforts to advance sustainability and exceed our CO2 reduction goals.
We have identified our biggest CO2 impacts in Scope 3 measurements upstream as purchasing of material and goods. In downstream the biggest impact is use of the products we are producing. To be able to calculate both upstream and downstream we need to extend our partnership with our suppliers and customers to get the data that we need.
- **Stainless steel:** Our biggest customer has started a project to change the stainless-steel material to thinner sheets. To be able to do that we need to work together to find new methods like tape in the cabinets. We are also eager to see if we can be a pioneer to weld and manufacture a pharma cabinet in CO2 free stainless steel when available.
- **Our own products:** A new project has started with our biggest customer to reduce the use of plastic material. For our product Air Sensor, the plastic consumption will be decreased with 91% due to change of method in production from machined parts to injection molded parts. This project will go live during 2024/2025 and will significantly improve our plastic reduction with approximately 1800 kg polypropylene/year: CO2 equivalents 3510 kg/year.
- **Carbon reduction goal:** Reduce CO2 emissions by 20% until 2030 compared to the base year of 2020.
- **TCFD:** AQ M-Tech will start a project during 2024 to implement the recommendations from Task force on Climate-related Financial Disclosures in reporting the climate risks with our stakeholders.



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11. Conclusion

AQ M-Tech remains dedicated to sustainable industrial practices, and this Sustainability Report showcases our ongoing commitment to addressing CO2 emissions and contributing to a greener future. By improving our productivity and efficiency, we can achieve long-term profitability and create value for our stakeholders. We are excited to continue our journey towards a more sustainable and responsible future where AQ M-Tech AB continues to contribute to sustainability and adheres to our commitment create a better world for current and future generations.

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