



AIR FACTORY SRL Società Benefit

**ANNUAL IMPACT REPORT
FY 2023**

Approved by CEO of AIR FACTORY SRL S.B. on April 29, 2024

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1. LETTER FROM THE FOUNDERS

“The 2023 Synthesis Report of the IPCC (Intergovernmental Panel on Climate Change) emphasizes the urgency of undertaking more ambitious actions and demonstrates that, if we act now, we can still ensure a livable and sustainable future for all”, said IPCC Chair Hoesung Lee. **"Integrating effective and equitable climate action will not only reduce losses and damages to nature and people but also provide broader benefits."**

The IPCC is the United Nations body for assessing the science related to climate change. It was established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) in 1988 to provide policymakers with periodic scientific assessments on climate change.

According to the projections developed in the Report, future climate changes will have increasingly severe impacts on natural and human systems and will accentuate regional differences. Among the most serious risks are: the extinction of some animal species and the alteration of natural ecosystems; health risks related to heat and humidity; and the impact on food production.

The impact of the choices made by various actors (governments, businesses, and civil society) in terms of reducing harmful emissions and interventions to enhance resilience to climate change is crucial for understanding and mitigating future scenarios.

The pandemic, wars, and the climate crisis teach us that the time to act is now. **The benefit corporation model naturally demonstrates our concrete commitment to sustainability and the desire to protect our environmental mission.**

Our purpose, as a consultancy and provider of solutions for the control of environmental data quality, particularly in the testing and calibration laboratory sector, is to support businesses on a path toward greater environmental sustainability: our services enable companies to have complete transparency and verifiability of their emission testing and sampling processes.

For this reason, Air Factory is constantly seeking the most advanced methods, models, solutions, and technologies that allow us to have a positive impact on people's lives and cities, on social and work dynamics, on the way business is conducted, and ultimately, on the planet. This attitude towards research and anticipation, in line with the values of our founders, aims to strengthen Air Factory's leadership in the air quality monitoring and testing sector as a benefit corporation: by achieving the Common Benefit Purposes and through impact assessment.

2. AIR FACTORY

Air Factory is an **innovative startup and benefit corporation** that designs and develops Interlaboratory Circuits (ILCs), particularly Round Robin and Proficiency Testing (PT) schemes, in the field of emissions from stationary sources. These efforts are aimed at ensuring data quality and continuously improving the quality management systems of testing and calibration laboratories.

The company also specializes in theoretical and practical training activities (instrumentation use, testing in simulation stacks) for the training of emission sampling technicians and technical supervisors. Additionally, Air Factory provides consultancy services to businesses and laboratories to ensure compliance with regulatory obligations and authorizations (such as Integrated Environmental Authorization (AIA), Single Environmental Authorization (AUA), Environmental Reports) and to facilitate correct interpretation of current environmental protection legislation.

Air Factory presents itself to the market with **three service lines**:

- **Design and development of Interlaboratory Circuits (ILCs);**
- **Training activities;**
- **Environmental consultancy services.**

Interlaboratory Circuits (ILCs) are a fundamental tool for assessing and improving the accuracy of measurements in testing and calibration laboratories. The two main systems are:

- **Round Robin:** This involves testing identical samples from different test objects to determine the precision (repeatability and reproducibility) of each parameter reported in the test method.
- **Proficiency Testing:** These schemes are designed to assess the competence of laboratories in the field of emissions from stationary sources.

Proficiency tests are comparison tests conducted among multiple laboratories to verify their ability to provide reliable test results.

Proficiency Testing is a crucial process for evaluating the accuracy and precision of measurements performed in environmental laboratories. It is a program in which known samples are distributed to participating laboratories, which then analyze the samples and submit their results. These data are then compared with known reference values to determine the effectiveness of the measurements performed by the laboratories.

Air Factory has activated two types of stacks for air analysis:

- **PT Flow:** This Proficiency Test is dedicated to assessing the speed and flow rate within ducts. This service is designed to ensure the quality assurance of results in the context of measuring atmospheric emissions from stationary sources. It targets laboratories

with management systems accredited by the relevant body (ACCREDIA) or those aiming to achieve accreditation for the manual and automatic determination of flow speed and rate in ducts (manual method), in compliance with the UNI EN ISO 16911-1:2013 standard.

- **PT Pitot:** The circuit for determining the k-factor of Pitot tubes (PT PITOT) primarily aims to ensure the quality of results in measurements of atmospheric emissions from stationary sources. This service is aimed at laboratories with management systems accredited by the relevant body (ACCREDIA) or those seeking accreditation for the manual and automatic determination of fluid speed and flow in ducts (manual method), in accordance with the UNI EN ISO 16911-1:2013 standard.

The sole accreditation body (ACCREDIA) requires testing laboratories to demonstrate proficiency at least annually in simulation stacks through proficiency tests or interlaboratory circuits. **Air Factory supports laboratories in measuring their proficiency in sampling environmental pollutants with the ultimate goal of improving the air we breathe.**

The competence of laboratories is fundamental for measuring and thereby contributing to the improvement of living conditions in an increasingly compromised environment.

The company provides **sustainable simulation systems** that have minimal environmental impact, especially in the field of fine particulate matter (PM). **Through a metrologically controlled aerosol generation process and total recovery of the generated material**, a Proficiency Test scheme is conducted based on emission sampling of low-concentration particulates.

The theoretical and practical training activities, which include the use of advanced instrumentation and testing on simulation stacks, are fundamental elements for the preparation of atmospheric emission sampling technicians and technical supervisors. Air Factory has conducted several courses for UNI, the Italian standardization body.

Furthermore, environmental consultancy activities have been provided in the sector of legislative compliance related to the integrated environmental authorization of chemical and pharmaceutical companies.

The strength of Air Factory lies mainly in its founders, who have extensive international experience in atmospheric emission control in the energy and waste-to-energy sectors.

Founded in July 2023 by the founder after over 10 years of experience in emissions and organizing PT schemes at the national level, Air Factory, thanks to the inclusion of TCR TECORA in its corporate structure—an industry leader in designing, manufacturing, and selling environmental sampling instrumentation in the field of air quality—**has specialized in providing these services to analytical laboratories in the energy, waste-to-energy, and chemical-pharmaceutical sectors within just six months of operation.**

Throughout 2023, the company organized PT schemes with a high number of participants for a **total of 10 clients and trained over 300 professionals**, in addition to interacting with a network of more than 80 air certification laboratories.

In addition to its legal headquarters and main office in Milan, the company has an operational office and open innovation lab in Piacenza. Air Factory will also open a new office in Cogliate (MB) in 2024.

In just six months, the startup has:

- Participated in **ECOMONDO - THE GREEN TECHNOLOGY EXPO**: the leading international fair in the green and circular economy sectors, which is a meeting point for industries, stakeholders, policymakers, opinion leaders, local authorities, the research community, and institutions, integrating key elements that define the EU's environmental policy development strategies. Air Factory participated in a training event in collaboration with UNI, the Italian Standardization Body.
- Initiated **strategic partnerships for service development** with various municipal energy companies nationwide.
- Participated in several **national grants and calls**:
 - Microcredit Grant by the Lombardy Region
 - New Enterprise Grant by the Lombardy Region
- Started a **POC (Proof of Concept)** with the Mario Negri Institute and A2A for air quality monitoring using indicators such as effects on various pollinators (mainly bees) in the province of Pavia.

Air Factory has also joined the following associations:

- Lombardy Energy Cleantech Cluster (LE2C)
- Greentech - The Cluster of the Emilia Romagna Region
- UNI - Italian Standardization Body
- AssIEA Italian Association of Environmental Experts

In 2023, Air Factory has proven to be one of the most promising innovative Italian startups in the field of environmental data quality control, in compliance with required standards and procedures.

3. THE BENEFIT CORPORATION

Benefit Corporations (BC) represent an evolution of the very concept of a company: they integrate, in their corporate purpose, goals beyond profit, aiming to have a positive impact on society and the environment.

This represents a paradigm shift from the traditional model of corporations. While traditional companies have the sole purpose of generating profits to distribute to shareholders, benefit corporations have a dual purpose: to create value for shareholders and for other stakeholders.

The United States pioneered this virtuous and innovative legal form in 2010 (Benefit Corporation), followed by Italy, the first European country and the second in the world.

The regulation of benefit corporations is contained in Law No. 208 of 28/12/2015 (Stability Law 2016) Article 1, Paragraphs 376-384, and it came into effect on January 1, 2016.

Benefit Corporations voluntarily aim to pursue, in the course of their business activities, one or more common benefit purposes, which means pursuing one or more positive effects on people, communities, territories and environment, cultural and social assets and activities, entities and associations, and other stakeholders.

These purposes must be pursued in a responsible, sustainable, and transparent manner, and their management requires managers to balance the interests of shareholders with the interests of the community. **The implications of this change are profound in terms of protecting the company's mission and governance, strategy for value creation, transparency, and corporate management.**

A Benefit Corporation chooses to:

- Explicitly state in its articles of association the purpose for which it exists and balance the interests of shareholders with those of all other stakeholders;
- Fully measure all its impacts and communicate them transparently through an impact report, integrated with the company's traditional reporting;
- Adopt governance that allows managing the company as a means of regenerating society and the biosphere.

This annual "Impact Report" aims to fulfill the obligation of transparent communication. This legal form requires companies to introduce a new role within the company: the impact manager, who, together with management, ensures that the company, in conducting its activities, also aims to have a positive impact on people, society, and the environment, and pursues the benefit purposes declared in its articles of association.

The Impact Manager appointed at Air Factory is Dr. Camilla Mallone.

Impact Report 2023

For this reason, Air Factory—a benefit corporation since its founding—has initiated an impact assessment based on the **B Impact Assessment (BIA)** standard to measure the impacts of its activities, as required by Italian benefit corporation legislation, in the following areas: **Environment, Governance, Workers, and other Stakeholders.**

The BIA integrates the principles of the **United Nations Global Compact** to facilitate the identification and assessment of significant corporate actions for the Sustainable Development Goals (**SDGs**) of the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly on September 25, 2015.

4. AIR FACTORY AND THE SDGs, THE UN SUSTAINABLE DEVELOPMENT GOALS

To manage Air Factory's performance concerning the SDGs and guide improvement actions, an analysis of over 300 factors was initiated in 2023 using the **SDG Action Manager** tool. This tool, provided publicly by B Lab, enables benefit corporations to measure, compare, and concretely improve their actions concerning the SDGs.

All goals are important; however, **the SDGs identified as priorities** are those on which Air Factory's actions have the most significant impact, requiring a greater responsibility in its business strategies and awareness of their potential impact within the company's competencies.

The priority SDGs identified are as follows:

SDG 9 - INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Air Factory aligns with target 9.4 to "upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes." Beyond supporting scientific research enhancement activities, the company adopts technologies in industrial sectors and encourages innovation to monitor and protect the environment, specifically air quality.

SDG 11 - SUSTAINABLE CITIES AND COMMUNITIES

Protecting air quality in urban areas is a priority for Air Factory. The company collaborates with various entities and regional clusters to disseminate best practices for monitoring and implementing relevant regulations, including through training activities.

SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

The company has initiated the procedure to obtain ISO 17043 certification, which attests to the competence and independence of Proficiency Testing Providers (PTP) in managing interlaboratory test evaluation schemes or rounds.

SDG 13 - CLIMATE ACTION

Air Factory's core business supports the dissemination, training, and implementation of air pollution protection regulations in accordance with international ISO standards and Accredia.

By prioritizing these SDGs, Air Factory demonstrates a commitment to leveraging its expertise and resources to contribute meaningfully to sustainable development and environmental protection.

5. IMPACT REPORTING

5.1 B-IMPACT ASSESSMENT (BIA)

The B Impact Assessment (BIA) is a benchmark developed by the non-profit organization B Lab, designed to rigorously and quantitatively evaluate a company's social and environmental impact. It is freely available online worldwide.

Air Factory has chosen the B Impact Assessment as the tool to assess its social and environmental impact, as detailed in this report. Companies that score at least 80 points on the BIA can achieve B Corp certification.

One of the fundamental principles of B Corps is interdependence, which involves mutual responsibility among B Corps, accountability to stakeholders, and commitment to future generations.

5.2 COMMON BENEFIT GOALS 2023

During 2023, Air Factory implemented various measures aimed at reducing its impact on society and the environment, as described below.

1. Community Engagement

The startup committed to raising awareness about current environmental issues through educational programs in collaboration with entities like ARPA (Regional Agency for Environmental Protection) of Tuscany and the Mario Negri Institute.

2. Territorial Impact

The company engaged in activities to promote environmental sustainability culture by enhancing indoor and outdoor air quality in urban and territorial settings. Specifically, Air Factory participated in network activities with the Greentech Cluster of Emilia-Romagna and LE2C - Cluster Energy Cleantech of the Lombardy Region to disseminate best practices for controlling micro-pollutants and managing Indoor Air Quality (IAQ).

3. Environmental Contribution

Air Factory's activities are notable for their contribution to spreading air pollutant regulatory frameworks and combating climate change. The company's efforts include promoting compliance with international standards and enhancing air quality monitoring and management.

4. Third Sector Collaboration

The startup has undertaken initiatives to promote and support cooperation and collaboration opportunities with public and private entities, institutions, and non-profit associations. These efforts aim to encourage and facilitate projects focused on air quality awareness and monitoring.

5. Employee Welfare

Air Factory is committed to ensuring a workplace that fosters both personal and professional growth. The company prioritizes creating a supportive environment where employees can thrive and develop their skills.

By adopting these measures, Air Factory demonstrates its dedication to reducing its societal and environmental footprint, while also contributing to the overall well-being of the community and its employees.

5.3 IMPACT EVALUATION

In the B Impact Assessment (BIA) self-evaluation, Air Factory scored 59 out of 200 points, distributed as follows:

- Governance: 17.1 points
- Workers: 14.1 points
- Community: 13.5 points
- Environment: 8.7 points
- Customers: 5.5 points

Understanding the economic, social, and environmental impact generated by its activities is the starting point for assessing the current situation and consequently identifying improvement actions to implement.

Achievements and Areas for Improvement

Governance

We are satisfied with the results achieved in Governance, particularly in defining and achieving the company mission to promote sustainability and circularity. This includes educating on air pollutant regulations and fostering a culture of eco-sustainability and environmental improvement.

Community

We have committed to promoting, directly or in collaboration with other entities, the research and development of innovative services, technologies, and business models aimed at improving air quality, which significantly impacts people's quality of life.

Environment

In the area of Environment, we aim to establish ourselves as a benchmark for sustainable innovation in pollutant sampling. We aspire to be a practical-strategic guide for companies, laboratories, institutions, municipalities, organizations, schools, and citizens, promoting sustainable development projects and raising awareness on environmental issues.

Customers

We have focused on helping our clients reduce their environmental impact by measuring and monitoring air pollution. This serves as a baseline for efficiency improvements, yielding both economic and environmental benefits.

Workers

We have conducted informative and awareness campaigns for our staff to spread the culture of sustainability. In the future, we aim to promote sustainable mobility projects, products, and services, particularly those involving alternative and emission-free transport. Additionally, Air Factory is committed to creating a Corporate Ethical Code by next year.

By recognizing these achievements and identifying areas for improvement, Air Factory is dedicated to enhancing its impact across all dimensions of the B Impact Assessment, striving to meet higher standards of social and environmental performance.

5.4 GOALS 2024

1. Implementation of new company procedures:

The company aims to implement 2 new company procedures in order to promote a more sustainable and efficient business model.

These new procedures will be implemented by 12/31/2024:

1. **Definition of its ethical processes through the adoption of a Corporate Code of Ethics;**
2. **Definition of a procedure for soliciting feedback, comments, and eventual complaints from customers.**

The **Corporate Code of Ethics** is a document containing a series of social and moral rules drafted by the company to which all members of the company must adhere. It serves as the charter of fundamental rights and duties where the ethical-social responsibilities of the company and the values it embraces are defined. Its purpose is to remind everyone, at all times, of the spirit that animates the company and the reason for its creation.

This document will be made available to everyone, and its adoption will be communicated through training aimed at all workers, managers, **CEO**, and new hires. Any changes to it will be communicated to all parties involved through subsequent training.

The company has decided to define a **formal process for requesting feedback, comments, and complaints from customers**: a procedure aimed at collecting useful testimonials from customers to constantly improve the services offered, attention to the customer, and the capabilities of individual figures.

2. Reduction and monitoring of its environmental and social impact:

The company commits to measuring KPIs/metrics or identified and defined results to determine if it is achieving its social and environmental objectives. The measures that will allow achieving the goal of reduction and monitoring include:

- Monitoring direct electricity consumption and that of suppliers to increase the percentage produced from sustainable low-impact sources;
- Monitoring and recording water consumption;
- Raising awareness and providing guidelines for remote workers (virtual office) such as recycling and energy efficiency;
- Implementation of an inclusive personnel policy, especially in the recruiting phase (No discrimination Policy).

6. CONCLUSIONS

The strategies adopted regarding Common Benefit Goals and SDGs are subject to annual review by **CEO**, in order to ensure their consistency with any new guidelines and current regulations, taking into account internal developments and market practices that will be developed in this area over time.

The Annual Impact Report 2023 will be published on the company's website, as well as deposited with the competent Business Register for accessibility by all stakeholders, and communicated to all employees of the Company.

This first impact report marks an important step for Air Factory Srl Benefit Company: it expresses the startup's commitment to reducing its impact on society and the biosphere with the aim of contributing to a better future.