

ESG & Q Report September 2022

- _Environmental*
- _Social*
- _Governance*
- _Quality*



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_01 Introduction

Back in September 2015, the United Nations adopted a global action plan for sustainable global development by 2030.

Seventeen Sustainable Development Goals (SDGs, listed below), subdivided into 169 sub-goals (or targets), have been defined, which take a comprehensive approach to issues such as poverty, inequality, environmental degradation, climate change, production conditions or consumption patterns, taking into account social, environmental and economic factors.

Through responsible occupational health and safety management, sustainable procurement processes, the use of environmentally friendly refrigerants, the continuous optimisation of production processes with regard to energy and waste efficiency, through the increasing recyclability of all products and through a focus on our employees and our fellow human beings, AHT would like to make an active contribution to the implementation of these ambitious goals!

Our ESG&Q report this year is intended to provide an overview of current activities in the AHT Group that we have set in order to achieve our common goals in the areas of environment, social affairs, corporate governance and quality.

The current ESG&Q policy can be found on the AHT website:
<https://en.aht.at/company/sustainability/>



Detailed information on the individual destinations can be found at <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>!

_02 Environmental

The DAIKIN Group, of which AHT is a part, has set itself the goal of reducing its greenhouse gas emissions to zero by 2050.

Together with DAIKIN, AHT takes one step at a time, year after year, with various projects, new, sustainable and environmentally friendly products and sustainable trade, to get closer to this vision. AHT continuously calculates the total CO₂ footprint for each of its production plants. This elaborate calculation is used to identify the main sources of emissions and to be able to initiate changes. In addition to carbon dioxide, other parameters are also recorded – as before – and measures for improvement are introduced, such as the use of volatile organic compounds (VOCs). The company aims to use as few resources as necessary during its production process. For this reason, the waste streams are also monitored and each quantity is checked to see if it is necessary.

Among others, the following projects within the AHT Group at the Rottenmann site make a significant contribution to this vision:

Eco-friendly environment

_Expansion of the photovoltaic system - 3rd phase

The climate-neutral and thus environmentally friendly design of the AHT production facilities is one of the company's most important goals. A related project is the expansion of the photovoltaic systems, which has now reached the 3rd expansion stage. Using AHT's large roof areas to generate its own electricity has been proving cost-reducing for years and sends out a signal about the importance of environmental protection in the region. When the 3rd phase is completed in 2023, 5565 photovoltaic panels will be installed on the roofs of the AHT and will cover almost 20% of the energy needs; the excess electricity generated will be used to heat water in the future. As in the past two phases, a further CO₂ saving of 70 tonnes will be achieved in the third expansion phase. This will reduce AHT's CO₂ footprint by over 210 tonnes.



_Renewal of the heating distributors

During the course of the last year, 2021, the first step toward an efficient and modern heating system began with the removal and replacement of the 47-year-old heating manifold. In the future, 130,000 kWh of electricity/year will be saved with new energy-efficient heat pumps at the AHT Rottenmann site. Additional water volume control, string control valves and intelligent control will also save 70,000 m³ of natural gas per year and, at the same time, reduce the company's dependence on external energy sources.

Eco-friendly products

The most environmentally friendly refrigerant on the market - use of R290 (propane)

AHT is a pioneer in the use of natural refrigerants and is proud to provide customers around the world with high-quality and reliable products using the standard refrigerant R 290 (propane), which has the lowest GWP in the range of applications.

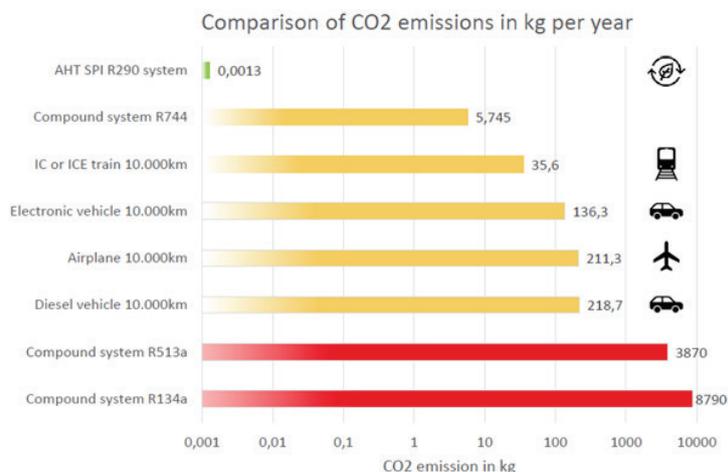
Explanation: GWP is the abbreviation for the global warming potential of a substance. The GWP of a refrigerant, therefore, defines its relative global warming potential in relation to CO₂ (= GWP 1). The value describes the greenhouse effect for a certain period of time – in the case of refrigerants, usually over 100 years. Nowadays, the GWP is often presented over a period of 20 years, as there are no longer 100 years available to achieve the climate neutrality targets set by the EU by 2050. Furthermore, refrigerants remain in the atmosphere for a relatively short time, so a shorter period of 20 years better reflects the true impact of these refrigerants on the climate.

Propane has a lower GWP than initially thought. The latest IPCC6 (IPCC = Intergovernmental Panel on Climate Change, often referred to as the „Intergovernmental Panel on Climate Change“) report states that propane R290 has a 20-year GWP of only 0.02 and a 100-year GWP of only 0.072, whereas it was previously thought to have a 100-year GWP of three.

This means that all R290 AHT units have a lower impact on global warming than products with other environmentally friendly refrigerants, such as CO₂.

A practical example:

The following graph shows the environmental impact of different systems. A cooling system with 50 linear meters of vertical display cases was considered for the calculation. The assumption is a typical remote system with R744 (CO₂) compared to an AHT semi-plug-in system consisting of AHT Vento cabinets with R290 refrigerant connected to a glycol circuit (also called a water circuit). It is important to mention that due to the working pressure, the refrigerant is released to the environment in case of a critical failure of the district cooling system. All calculated transport units are calculated for one person and a range of 10,000 km per year.



This comparison shows that an AHT SPI R290 System uses 99 % less CO₂ Emission than a R134a, R513a or R744 Remote System generated.

Source leakage rate: VDKF LEC data 2014-2018

Source vehicles: <https://www.quarks.de/umwelt/klimawandel/co2-rechner-fuer-auto-flugzeug-und-co/>

Source GWP: <https://www.ipcc.ch/report/ar6/wg1/#FullReport>

_Key findings from the IPCC 2021 report:

1. Measuring the GWP over 20 years leads to greater accuracy of the value. This is positive for R290, but negative for hydrofluorocarbons (HFCs), fluorolefins (HFOs) and HFO blends, as their GWP is higher than previously estimated.
2. The reference value for the GWP calculation is the GWP of CO₂, which is one. The GWP of R290 is 0.02 for 20 years and 0.072 for 100 years, not three (100-year GWP) as initially assumed.
3. AHT R290 products have the lowest GWP value on the market.

_Significant energy savings with AHT - an example

Superbrugsen Videbæk has exchanged its ageing R404 units for new environmentally friendly and energy-saving units from AHT. A total of 25 MONTREAL XL units have been installed in the store. In addition to the MONTREAL XL units, a control system was installed. The system continuously measures the performance of the equipment and provides important key figures for switching to demand-driven maintenance instead of scheduled maintenance. It also gives the shop manager an overview of the equipment's energy consumption and maintenance status.

After only one month of using the new equipment, Superbrugsen Videbæk has already achieved energy savings of 25%. The company is very satisfied with the result of the conversion and the use of the new equipment. In addition, the powerful LED lighting of the MONTREAL XL enabled 60 old lighting fixtures to be removed. Another enormous energy saving.



_03 Social Issues

_AHT supports SOS Children's Village

As a successful and sustainable company and one of the largest employers in the region, it goes without saying that AHT also focuses on the well-being of others. AHT currently supports an SOS Children's Village in Styria and in Brazil. In Styria, a house sponsorship in the amount of € 8,000 was taken over for the „Haus Ulm“ of the SOS children's residential group. In addition, AHT will support the SOS Children's Village at events with its „WO/Manpower“.

The SOS Children's Villages receive about 2/3 of their funds from the public sector. The rest has to be raised through donations and sponsoring.

„Social commitment is a matter of course for us as a company. It is a great pleasure for AHT to contribute to the children's residential group „Haus Ulm“ with our house sponsorship,“ explains AHT CEO Martin Krutz.

Due to its international orientation and its own production site in Brazil, AHT has decided to support another SOS Children's Village project. The project „SOS Youth after alternative care“ is intended to support 334 young people between the ages of 17 and 19 who are, therefore, about to move out of the SOS Children's Village. For them, this means that they will have to organise their lives themselves in the future, provide for their own upkeep and arrive in society both professionally and socially.

The project that has now been launched aims to prepare these young people for the new tasks and challenges over the next 18 months with the help of workshops and peer tutoring (a method of learning support). At the same time, the employees of the SOS Children's Village are to attend further training and workshops so that they can better coordinate the planning of the move-out phase together with the young people. In addition, targeted networking and cooperation with other institutions and social agencies are to be achieved to create an even larger and better support network.

AHT takes over € 13,500 of the project costs and thus enables the implementation of the project. In addition, AHT provides the SOS Children's Village with five PARIS freezers.

„AHT's support is a tremendous help to us. Without this extremely generous donation, the project could not have been implemented,“ explains Joanna Sultanum Calazans from the SOS Children's Village in Brazil.

„Due to our location in Brazil, we as the AHT family feel very connected to this region and want to assume our overall social responsibility here as well. Therefore, it was natural for us to support this important project,“ says AHT CEO Martin Krutz.

AHT CEO Martin Krutz symbolically hands over the cheque to the pedagogical director of the children's residential group Stübing Simone Hinterecker, Larissa and Felicitas. Unfortunately, the personal handover fell victim to the pandemic.



SYMBOLIC
CHECK DELIVERY

Assistance to Ukraine

_Collection campaign for donations in kind

With the beginning of the Ukraine conflict, AHT asked itself - how can we help quickly and unbureaucratically? Through an acquaintance of an AHT employee, contact was quickly established with a refugee shelter in western Ukraine. Provided with a list of urgently needed items, an appeal was made to the AHT staff for donations in kind. The willingness to help was enormous and within a week 2 vans were filled to the roof with food, pet food, first aid equipment, blankets and clothing. At the end of March, members of the company fire brigade, led by Heinz Fessel, set off for the Slovakian-Ukrainian border to hand over the relief supplies in person.



**WE SAY
THANK YOU!**

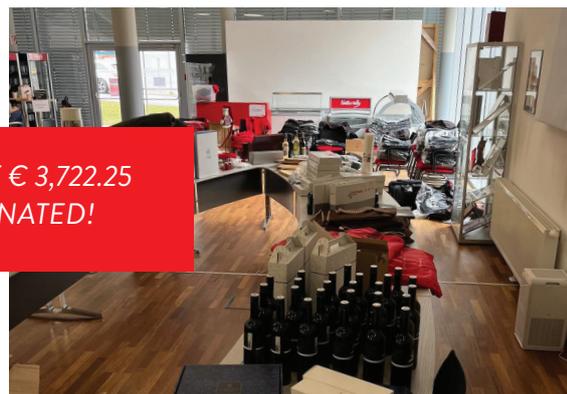
_ Flea market

AHT went through its warehouses and came across a variety of great items that were offered to employees at a flea market. There was something for everyone from shopping baskets to sports bags and clothing to ties and bottle openers. The flea market was held under the motto: Every donation counts. Therefore, everyone gave as much as they wanted or could give for the goods offered.

An impressive sum of money will be donated 100% to the needy in Ukraine.



**A TOTAL OF € 3,722.25
WAS DONATED!**



Focus on employees

_Welcome to the AHT team

Onboarding, giving good orientation and also being warmly welcomed emotionally are important issues at AHT.

To ensure that the AHT onboarding process can be handled well even in times when face-to-face meetings are difficult, AHT has set itself up flexibly for personal and/or virtual exchanges. Ideally, onboarding starts with a Welcome Morning in personal contact. In a variety of other modules, the individual business units introduce themselves to the new colleagues. Of course, this offer also applies to those returning from maternity leave. These modules are always interactive and take place virtually or in person

_Internal communication and exchange with employees

Regular short surveys – called pulse surveys – offer employees the opportunity to give their feedback (anonymously) on specific topics.

This helps the management and HR to gain insight into what is going well, what should be strengthened or where countermeasures need to be taken. These Pulse Surveys also provide a good „mood picture“ of how the organisation is doing with topics such as mobile working, internal communication, leadership behaviour, career opportunities and so on. In addition to AHT newsletters, a regular direct exchange on company topics relevant to all is also offered through so-called „Info & Dialog“ events.

_The future of AHT: AHT Youngsters go digital - and in Freshhhen Hoodies!

In the last two years, there has been a digitalisation push at the AHT apprenticeship training. All office apprentices – currently ten industrial clerks and two IT systems technicians – have been equipped with laptops. And due to the pandemic, AHT implemented something that previously seemed impossible: apprentices working in a home office. Communication with colleagues and superiors also worked here via MS Teams. Be it for training sessions or ongoing coordination, feedback discussions during a change of department or webinars. Of course, the apprentice meetings were also held virtually. In the meantime, the youngsters at AHT are already very adept at handling virtual or hybrid meetings via MS Teams and even holding a presentation with screen parts is no problem.

Despite all the great opportunities offered by digitalisation, the company is glad that the BuK.li (job and career fair of the Liezen region) was able to take place again in person last November. This is the most important career fair for young people in the Liezen region. The rush was enormous; neither exhibitors nor visitors let themselves be kept away by the vaccination or isolation (2G) and masking regulations. And for the information day „Apprenticeship at AHT“, which takes place every year in February, AHT was again able to welcome around 50 interested young people and their parents in the in-house visitor centre this year. In the meantime, the apprentice intake for this year is as good as completed. Two motivated youngsters already started their training in May 2022; ten more will follow in September. AHT trains around 35 apprentices each year in seven commercial and technical apprenticeships.

Another highlight from the apprentice area is the AHT Youngsters clothing. All apprentices and the close team of trainers were equipped with cool T-shirts, hoodies and caps with the AHT Youngsters slogan „be Freshhh get started“. Especially the hoodies are also very popular with other employees.



*_Workplace Health Promotion / „Healthy Moments“ at AHT
An update on workplace health promotion at the Rottenmann site*

In April, AHT was already able to celebrate the first anniversary of „Gsunden Momente“.
From the beginning, the goal was to integrate workplace health promotion as a fixed component and a central task in the company. In the course of 2021, the „Healthy Moments“ have become a fixed term for the workforce, and it is now impossible to imagine the company without them.

A large number of measures and activities have already been implemented. The focus in 2021 was on strengthening physical health and well-being, reducing health-related stresses and strains, and focusing on the areas of nutrition and exercise.

In addition to a virtual walk with great participation by the staff, a back fitness program was also offered with effective but simple exercises that were demonstrated directly at the workplaces by a trained trainer and practiced together. An outdoor break area was created that offers both relaxation and exercise opportunities.

The first steps towards healthier nutrition have been taken in the company canteen and fresh apples from the region are available every day. Vaccinations are also part of the standard offer to the workforce.
A continuation of workplace health promotion and related activities is also planned for the coming financial year, focusing on the transition to a company health management system to make health promotion visible and measurable to the outside world.



THE FOCUS IN 2021 WAS
ON STRENGTHENING
HEALTH AND REDUCING
PHYSICAL STRAINS



Working safely with AHT

Continuation of the „Zero Risk“ campaign

Safety in the workplace is the top priority for AHT. Therefore, the already high standard has been and will be further expanded.

In our own training centre, dangers are made aware in a safe environment, and AHT employees are allowed to familiarise themselves with how to avert such situations.

A morning meeting is held each day, and each department manager presents how safety was improved in their department the previous day.

In addition, a monthly meeting is held in which dangerous risks from the company's own operations, but also from other companies with which the AHT is networked, are discussed once again. An open exchange takes place, in which the need for improvement at individual stations is also clearly discussed.

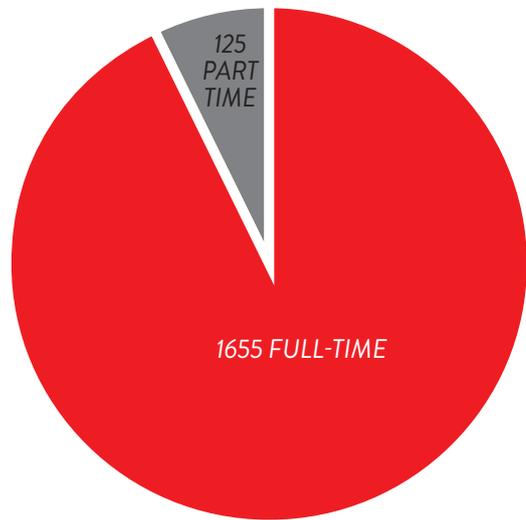
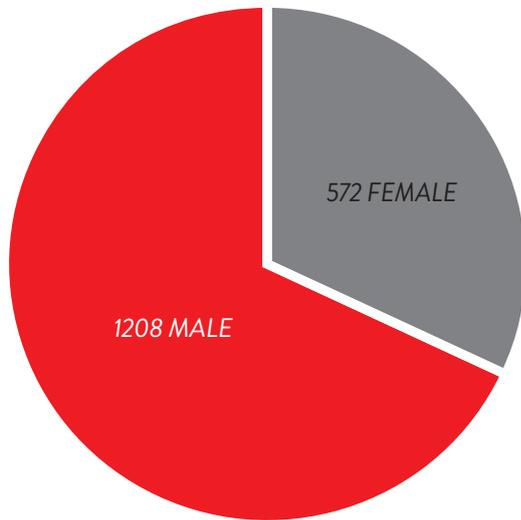
As one of these measures, a task force was set up to minimise hazards from sheet metal and packaging, as these were present due to our production methods. All possible scenarios were examined, and preventive measures were taken to avoid risks as far as possible.

In a further step, a production line was selected to act as a sample line for improving occupational safety. First and foremost, the current status was recorded and a five-stage plan developed. At the end of each stage, progress is checked before a new stage is started. In addition to more rigorous implementation of standards already implemented, this sample line is also used to test new procedures and processes and evaluate their effectiveness before they are rolled out throughout the company.



KEY FIGURES OF THE AHT GROUP (INCLUDING TEMPORARY WORKERS)

_Total: 1780 employees (as of June 2022)



_Children´s Academy meets AHT Youngsters

For the second time in a row, the AHT Youngsters were able to contribute in the program of the Rottenmann Children´s Academy (summer activity program). This year, in addition to activity stations operated in the training workshop and the visitor center, the company fire brigade was also integrated. This enabled the AHT Youngsters to offer a program that included commercial as well as technical and creative activities. Grilled delicacies ensured the culinary well-being of the 9 to 13-year-old guests. On the day of graduation AHT provided a chest freezer filled with ice cream as a reward. The AHT Youngsters are already looking forward to being part of the Children´s Academy again next year.



_04 Governance

Securing and complying with all legal requirements, providing a safe working environment as well as fair, trustworthy and ethically correct actions determine our daily work.

The following principles define the corporate ethics of the AHT and DAIKIN Group:

- _01* Ensuring compliance with all legal requirements
- _02* Placing safe, high-quality products and services that anticipate end-users' future needs
- _03* Conducting all business activities on the basis of the principles of fair competition
- _04* Practising fair sourcing by maintaining amicable yet demanding and competitive relationships with suppliers
- _05* Respect for intellectual property rights and confidentiality in connection with business and trade secrets
- _06* Timely and appropriate disclosure of company information
- _07* Being a company that aims to minimise the potential negative impact of its activities on the environment
- _08* Ensuring the safety of all our activities
- _09* Fostering a dynamic work environment that encourages pride and enthusiasm in every employee
- _10* Protect the assets of the company
- _11* Restraint in the exchange of entertainment and gifts
- _12* Maintaining a firm stance against unlawful, anti-community and unethical behaviour

These core elements are supported by the following guidelines, which can be consulted at any time on request, and by regular staff training:

- _Corporate Communication Handbook*
- _Ethical Code*
- _ESG&Q Policy*
- _Guideline Public Relations Work*
- _Anti Bribery Policy*
- _Privacy Policy (GDPR)*
- _Economic Sanctions*
- _Export Manual*



_05 Quality

The further development of the management systems, as well as the sharpening of the awareness of the necessary high-quality standard of the products and processes, remains the focus from a quality perspective. The continuous improvement of management processes is an ongoing task. The revision and updating of all existing procedural instructions are a focus of AHT in order to meet the current requirements.

Another step is to improve existing metrics that help deepen the approach to fact-based decision-making. New internal training is being developed that is necessary to improve process assurance and procedures in a wide variety of areas. Every process works better and faster when you have sufficient experience in handling your tasks. The main training will remain, and AHT will try to make them interactive so that a deepening can be done for necessary processes.

_Basic knowledge of a quality management system according to ISO9001:2015

_Document management, where to find which documents?

_Why are derogations needed?

_What are an 8D report and corrective & preventive actions?



The supplier management issue was greatly improved with the hiring of a quality engineer in the middle of last year. Many supplier audits have been carried out, and a lot of checks and measures have been integrated that have helped to reduce the error rate of the current main suppliers. An important step from now on will be to establish improved communication to also create an understanding of the importance of delivering defect-free products. AHT now wants to develop a detailed supplier concept that will then be integrated over a longer period of time, first with the main suppliers and then gradually involving all AHT suppliers.

AHT will define a process of minimum requirements, which tasks our suppliers have to fulfil and which methodological competences are expected.

Driving continuous improvement must be a task for everyone because only together can improvements be implemented more easily in order to increase customer satisfaction further and strengthen the bond with AHT.

_06 General

For any questions, comments, suggestions or further information, please feel free to contact our AHT General Affairs team.